



**SINO-LIFE GROUP LIMITED**

**中國生命集團有限公司**

Incorporated in the Cayman Islands with limited liability

Stock Code : 8296

資本服務科技  
科技創造價值

**2023**  
THIRD  
QUARTERLY  
REPORT



## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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*This report, for which the directors (the “Directors”) of Sino-Life Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company.*

*The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement herein or in this report misleading.*

# CONDENSED CONSOLIDATED QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023 (UNAUDITED)

The board (the “Board”) of Directors hereby presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months and the nine months ended (the “Period”) 30 September 2023 together with the comparative unaudited figures for the corresponding periods in 2022 (the “Prior Period”), as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Three months ended		Nine months ended	
		30 September 2023	2022	30 September 2023	2022
		RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
<b>Revenue</b>	4	<b>14,549</b>	20,019	<b>55,380</b>	56,966
Cost of sales and services rendered		(7,757)	(8,788)	(31,592)	(25,924)
<b>Gross profit</b>		<b>6,792</b>	11,231	<b>23,788</b>	31,042
Fair value loss on financial assets measured at fair value through profit or loss (“FVTPL”)		(4,444)	(3,056)	(4,460)	(2,474)
Decrease in fair value on financial liabilities measured at FVTPL		1,530	–	1,530	–
Other income and other net gains	5	711	3,097	3,173	4,605
Selling expenses		(3,867)	(1,369)	(5,314)	(4,307)
Administrative expenses		(4,636)	(5,697)	(24,868)	(24,836)
Other operating expenses		–	(20)	(4)	(298)
<b>(Loss)/profit from operations</b>		<b>(3,914)</b>	4,186	<b>(6,155)</b>	3,732
Finance costs		(377)	(475)	(1,320)	(1,457)
<b>(Loss)/profit before taxation</b>		<b>(4,291)</b>	3,711	<b>(7,475)</b>	2,275
Income tax expense	6	(14)	(1,826)	(1,391)	(6,850)
<b>(Loss)/profit for the period</b>		<b>(4,305)</b>	1,885	<b>(8,866)</b>	(4,575)
<b>Other comprehensive (expenses)/income for the period</b>					
<b>Item that may be reclassified subsequently to profit or loss:</b>					
Exchange differences arising on translation of foreign operations		(1,402)	(2,339)	1,244	(3,319)
<b>Other comprehensive (expenses)/income for the period, net of income tax</b>		<b>(1,402)</b>	(2,339)	<b>1,244</b>	(3,319)
<b>Total comprehensive expenses for the period, net of income tax</b>		<b>(5,707)</b>	(454)	<b>(7,622)</b>	(7,894)

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
Notes	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>(Loss)/profit attributable to:</b>				
Owners of the Company	(2,335)	1,700	(6,429)	(4,662)
Non-controlling interests	(1,970)	185	(2,437)	87
	<b>(4,305)</b>	<b>1,885</b>	<b>(8,866)</b>	<b>(4,575)</b>
<b>Total comprehensive (expenses)/income attributable to:</b>				
Owners of the Company	(3,740)	(638)	(5,015)	(7,544)
Non-controlling interests	(1,967)	184	(2,607)	(350)
	<b>(5,707)</b>	<b>(454)</b>	<b>(7,622)</b>	<b>(7,894)</b>
<b>(Loss)/earnings per share</b>				
Basic and diluted (RMB cents)	7	0.23	(0.84)	(0.63)

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to owners of the Company

	Attributable to owners of the Company											Non-controlling interests		Total equity
	Share capital	Share premium	Merger reserve	Statutory reserve	Statutory surplus reserve	Properties revaluation reserve	Foreign currency translation reserve	Share-based compensation reserve	Other reserve	Accumulated losses	Total	interests		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 31 December 2021 (Audited) and At 1 January 2022 (Unaudited)	69,218	220,633	(16,261)	790	12,058	5,495	(16,675)	-	361	(161,011)	114,608	(9,020)	105,588	
(Loss)/profit for the period	-	-	-	-	-	-	-	-	-	(4,662)	(4,662)	87	(4,575)	
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(2,882)	-	-	-	(2,882)	(437)	(3,319)	
Other comprehensive income	-	-	-	-	-	-	(2,882)	-	-	-	(2,882)	(437)	(3,319)	
<b>Total comprehensive expenses for the period</b>	-	-	-	-	-	-	(2,882)	-	-	(4,662)	(7,544)	(350)	(7,894)	
Equity-settled share-based transactions	-	-	-	-	-	-	-	1,900	-	-	1,900	-	1,900	
Capital contributions from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	26,400	26,400	
<b>At 30 September 2022 (Unaudited)</b>	69,218	220,633	(16,261)	790	12,058	5,495	(19,537)	1,900	361	(165,673)	108,964	17,030	125,994	
At 31 December 2022 (Audited) and At 1 January 2023 (Unaudited)	69,218	220,633	(16,261)	790	12,058	5,152	(18,775)	1,900	361	(161,858)	113,218	17,599	130,817	
Loss for the period	-	-	-	-	-	-	-	-	-	(6,429)	(6,429)	(2,437)	(8,866)	
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	1,414	-	-	-	1,414	(170)	1,244	
Other comprehensive income/(expenses)	-	-	-	-	-	-	1,414	-	-	-	1,414	(170)	1,244	
<b>Total comprehensive income/ (expenses) for the period</b>	-	-	-	-	-	-	1,414	-	-	(6,429)	(5,015)	(2,607)	(7,622)	
Lapse of share option	-	-	-	-	-	-	-	(544)	-	544	-	-	-	
Acquisition of non-controlling interests	12,723	2,277	-	-	-	-	-	-	(4,642)	-	10,358	(30,953)	(20,595)	
<b>At 30 September 2023 (Unaudited)</b>	81,941	222,910	(16,261)	790	12,058	5,152	(17,361)	1,356	(4,281)	(167,743)	118,561	(15,961)	102,600	

# NOTES TO THE CONDENSED CONSOLIDATED THIRD QUARTERLY FINANCIAL STATEMENTS

*For the nine months ended 30 September 2023*

## 1. GENERAL

The Company was incorporated on 24 February 2005 in Cayman Islands as an exempted company with limited liability under the Cayman Islands Companies Law. Its shares are listed on GEM of the Stock Exchange on 9 September 2009.

The Company is principally engaged in investment holding. The subsidiaries are mainly engaged in the provision of funeral and related services in the People's Republic of China (the "PRC"), Taiwan and Hong Kong Special Administrative Region, the PRC ("Hong Kong"), sale of burial plots and tombstones and provision of cemetery maintenance services in Socialist Republic of Vietnam ("Vietnam"), provision of advisory service on stem cells and immunocytes in both the PRC and Hong Kong, and sales of advance biotechnical machineries and other electronic products in Hong Kong. The Company and its subsidiaries are herein collectively referred to as the "Group". The addresses of the Company's registered office and principal place of business are The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands and 18/F., Ovest, No. 77 Wing Lok Street, Sheung Wan, Hong Kong respectively.

## 2. BASIS OF PREPARATION

The Group's unaudited condensed consolidated third quarterly financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

These unaudited condensed consolidated third quarterly financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”). These unaudited condensed consolidated third quarterly financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2022 (the “2022 Annual Financial Statements”), which have been prepared in accordance with HKFRSs.

The HKICPA has issued certain new and amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. These unaudited condensed consolidated third quarterly financial statements have been prepared in accordance with the same accounting policies adopted in the 2022 Annual Financial Statements, except for the changes in accounting policies that are expected to be reflected in the annual financial statements for the year ending 31 December 2023. Note 3 of these unaudited condensed consolidated third quarterly financial statements provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these unaudited condensed consolidated third quarterly financial statements.

These unaudited condensed consolidated third quarterly financial statements have been prepared under the historical cost convention, except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- investment properties;
- freehold land and buildings;
- financial assets measured at FVTPL; and
- financial liabilities measured of FVTPL.

The preparation of these unaudited condensed consolidated third quarterly financial statements in conformity with the HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2022 Annual Financial Statements.

These unaudited condensed consolidated third quarterly financial statements contains unaudited condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 Annual Financial Statements. These unaudited condensed consolidated third quarterly financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

These unaudited condensed consolidated third quarterly financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand, unless otherwise stated.

With a review of the financial statements presentation, certain items in these unaudited condensed consolidated third quarterly financial statements were reclassified which would result in a more appropriate presentation of events or transactions.

All intra-group assets and liabilities, equity, income and expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

These unaudited condensed consolidated third quarterly financial statements have not been audited by the Company's auditor, but have been reviewed by the Company's audit committee (the "Audit Committee").



### 3. CHANGES IN ACCOUNTING POLICIES

#### 3.1 New and amended standards adopted by the Group

The Group has adopted the following new and amended HKFRSs (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA for the first time for these unaudited condensed consolidated third quarterly financial statements.

HKFRS 17	Insurance contracts
HKAS 1 (Amendments)	Disclosure of Accounting Policies
HKAS 8 (Amendments)	Definition of Accounting Estimates
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
HKAS 12 (Amendments)	International Tax Reform – Pillar Two Model Rules

The Group concluded that the adoption of these new and amended standards in the current period has had no material impact on the amounts reported and/or disclosures set out in these unaudited condensed consolidated third quarterly financial statements.

#### 3.2 New standards and amendments to standards issued but not yet effective for the accounting period beginning on 1 January 2023 and not early adopted by the Group

	<b>Effective for accounting periods beginning on or after</b>
HK – Int 5, <i>Amendments to HKAS 1</i>	1 January 2024
HKAS 1 (Amendments), <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
HKAS 1, <i>Non-current Liabilities with Covenants</i>	1 January 2024
HKFRS 16, <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
HKFRS 7 and HKAS 7 (Amendments), <i>Supplier Finance Arrangements</i>	1 January 2024
HKFRS 10 and HKAS 28 (Amendments), <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

The Group is in the process of making an assessment on the impact of these new standards and amendments to standards and preliminary results showed that their application are not expected to have material impact on the financial performance and the financial position of the Group.

## 4. REVENUE

Revenue represents the fair value of consideration received and receivables for the services rendered to customers and goods sold to customers. The amount of each significant category of revenue during the Period and the Prior Period are as follows:

	<b>Nine months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
Funeral services and cremation services provided in funeral parlours and funeral services centres under the Group's management	<b>49,531</b>	54,352
Funeral arrangement and related consultancy services	<b>2,331</b>	2,130
Sales of burial plots and tombstones	<b>472</b>	484
Sales of advanced biotechnical machineries and other electronic products	<b>3,046</b>	–
	<b>55,380</b>	56,966

The following table sets out information about the geographical locations of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods delivered.

### Revenue from external customers

	<b>Nine months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
The PRC	<b>49,531</b>	54,352
Taiwan	<b>1,483</b>	1,145
Hong Kong	<b>3,894</b>	985
Vietnam	<b>472</b>	484
Total	<b>55,380</b>	56,966

## 5. OTHER INCOME AND OTHER NET GAINS

	Nine months ended 30 September	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest income on bank deposits	358	173
Total interest income on financial assets measured at amortised cost	358	173
Rental income from investment properties	468	901
Gains on disposals of financial assets measured at FVTPL	2,039	2,948
Net exchange (losses)/gains	(158)	49
Sundry income	466	534
	<b>3,173</b>	<b>4,605</b>

## 6. INCOME TAX EXPENSE

- (a) Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profit above HK\$2,000,000.

No provision for Hong Kong profits tax has been made as the Group has no assessable profits in Hong Kong for the Period and the Prior Period.

- (b) The Group is not subject to any taxation under the jurisdiction of the Cayman Islands, Independent State of Samoa ("Samoa") and British Virgin Islands ("BVI") for the Period and the Prior Period.

- (c) During the Current Period and Prior Period, all subsidiaries operating in the PRC are subject to Enterprise Income Tax rate at 25% in accordance with the Law of the PRC on Enterprises Income Tax.

In prior years, Chongqing Xizhou Funeral Service Company Limited (“Chongqing Xizhou”), an indirect wholly-owned subsidiary of the Company, considered to a preferential tax rate of 15% in accordance with 西部大開發企業所得稅優惠 since 2011 and up to 2020; and 《關於延續西部大開發企業所得稅政策的公告》 (Announcement No. 23 of the Ministry of Finance in 2020) issued in April 2020 (collectively the “PRC Preferential Tax Regulations”) for a period from 1 January 2021 to 30 December 2030, when the annual revenue from the encouraged business exceeded 60% of Chongqing Xizhou total revenue in a fiscal year.

During the Prior Period, Chongqing Xizhou was notified by the local tax authority that its principal activities did not meet the criteria for an encouraged business under the PRC Preferential Tax Regulations. This led to Chongqing Xizhou being subjected to a 25% Enterprise Income Tax rate. Following negotiations between Chongqing Xizhou and the local tax authority, the local tax authority reaffirmed its original decision, resulting in Chongqing Xizhou paying an additional amount of approximately RMB3,269,000.

- (d) Bau Shan Life Science Technology Co., Ltd. (“Bau Shan”), a direct subsidiary of the Company, and Bao De Life Enterprise Co., Ltd. (“Bao De”) and Bu Lao Lin Limited (“BLL”), both indirect subsidiaries of the Company, are subject to Taiwan Enterprise Income Tax at 17% for both the Period and Prior Period on taxable profits determined in accordance with the Income Tax Act and other relevant laws in Taiwan. No provision for Taiwan Enterprise Income Tax has been made as Bau Shan, Bao De and BLL have no assessable profits for both the Period and the Prior Period.
- (e) Bao Son Life Company Limited (“Bao Son Life”) and Hoan Loc Viet Duc Hoa Corporation (“HLV Duc Hoa”), the indirect non-wholly-owned subsidiaries of the Company, are subject to Vietnam Corporate Income Tax at 20% (The Prior Period: 20%) on taxable profits determined in accordance with the relevant laws and regulations in Vietnam. No provision for Vietnam Corporate Income Tax has been made as Bao Son Life and HLV Duc Hoa have no assessable profits for the Period and the Prior Period.

## 7. (LOSS)/EARNINGS PER SHARE

### (a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share for the three months and nine months ended 30 September 2023 and 2022 are as follow:

	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss)/profit attributable to the owners of the Company (RMB'000)	<b>(2,335)</b>	1,700	<b>(6,429)</b>	(4,662)
Weighted average number of ordinary shares ('000)	<b>819,230</b>	742,500	<b>768,171</b>	742,500
Basic (loss)/earnings per share (RMB cents)	<b>(0.29)</b>	0.23	<b>(0.84)</b>	(0.63)

### (b) Diluted (loss)/earnings per share

No adjustment has been made to the basic (loss)/earnings per share amounts presented for the three months and nine months ended 30 September 2023 and 2022 as the impact of the share options had anti-dilutive effect on the basic (loss)/earnings per share amounts presented. Therefore, the diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share.

## 8. DIVIDENDS

The Directors do not recommend payment of any dividend for the Period (The Prior Period: Nil).

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The COVID-19 pandemic has had a significant impact on China's consumer market and service companies. However, with the relaxation of COVID-19 pandemic control measures in the third quarter of 2022, product demand picked up and exceeded expectations, leading to higher-than-anticipated revenue during the nine months ended 30 September 2022 (the "Prior Period"). However, during the nine months ended 30 September 2023 (the "Current Period"), the demand for the products of Sino-life Group Limited (the "Company") and its subsidiaries ("the Group") returned to normal levels, resulting in a single-digit percentage decrease in revenue from funeral services and cremation services provided in funeral parlours and funeral services centres.

On geographical basis, the Group's revenue from the operation in the People's Republic of China ("PRC") and Socialist Republic of Vietnam ("Vietnam"), have recorded a decrease during the Current Period, as compared with the Prior Period.

On the contrary, performance in Taiwan and Hong Kong Special Administrative Region, the PRC ("Hong Kong") were improved mainly due to the fully relaxation of the sanitary restrictions in Taiwan and Hong Kong.

The Group has been actively seeking diversified sources of income in order to enhance returns to the shareholders of the Company (the "Shareholder(s)"). The Group has formed a business system focusing on traditional funeral services and emerging biotechnology. While, the traditional funeral services business currently accounts for a large proportion of the Group's business and the revenue of the Group is mainly derived from the PRC, biotechnology is also the Group's long-term focus for its business development. The Group has also formed a professional investment team, including but not limited to, (i) expert consultants in the biotechnology industry; (ii) investment and research professionals with solid experience in investment in biotechnology related industry; and (iii) professionals in management, finance, legal, etc.

With the gradual elimination of the impact of the COVID-19 pandemic, the advanced biotechnical machineries distributed by the Group were gradually be delivered and installed during the Current Period. In order to further promote the rapid development of the biotechnology business, the Group established a specialized and comprehensive investment platform in December 2021, mainly focusing on investment in the development direction of biotechnology, including but not limited to, biomedicine, medical healthcare, life science instruments etc., as well as those emerging industries which could create synergy effect.

During the Current Period and the Prior Period, the amount and percentage of the revenue derived from respective geographical segments were as follow:

	Nine months ended 30 September			
	2023		2022	
	RMB'000	%	RMB'000	%
The PRC	<b>49,531</b>	<b>89.4</b>	54,352	95.4
Taiwan	<b>1,483</b>	<b>2.7</b>	1,145	2.0
Hong Kong	<b>3,894</b>	<b>7.0</b>	985	1.7
Vietnam	<b>472</b>	<b>0.9</b>	484	0.9
	<b>55,380</b>	<b>100.0</b>	56,966	100.0

### *The PRC*

Business in the PRC continues to be the major source of income of the operations of the Group during the Current Period. The Group's revenue derived from the PRC market was approximately RMB49,531,000 for the Current Period (The Prior Period: RMB54,352,000), representing a decrease of approximately 8.9% from the Prior Period.

In the PRC, the Group is principally engaged in provision of funeral, cremation and cemetery services in funeral parlours and funeral service centres under the Group's management in Chongqing. The Group also carried out the advisory service on the stem cell and immunocytes under an agency agreement in Guangzhou city, Guangdong province.

The Group's provision of funeral, cremation and cemetery services business during the three months ended 30 September 2023 remained relatively stable as compared with the previous two quarters. However, during the Prior Period, particularly in third quarter of 2022, the Group's funeral arrangement and related consultancy services experienced an unexpected surge in demand in the PRC, and the demand for these services returned to normal levels during the Current Period. Consequently, the revenue generated from funeral business of the Group in the PRC market for the Current Period amounted to approximately RMB49,531,000, which represented a year-on-year decrease of approximately 8.9% as compared to the Prior Period's revenue of RMB54,352,000 due to the high base effect from the Prior Period.

On the other hand, with respect to the advisory services on stem cells and immunocytes of the Group, the Group is mainly responsible for customising health consulting solutions for customers, and entrusts suppliers to provide stem cell or immune cell services for the customers of the Group. During the COVID-19 pandemic, the Group's sales plan could not be effectively implemented due to social distancing restrictions which the Group could not effectively approach its customers. Since May 2022, the Company has not received orders from customers. In order to avoid further incurring losses, the Company has temporarily suspended its sales activities and will closely monitor market conditions to resume the sales activities when any opportunities arise.

### ***Taiwan and Hong Kong***

In Taiwan and Hong Kong, the Group is principally engaged in the sales of funeral services deeds, which was accounted for by the Group as receipt in advance, and provision of funeral arrangement services to the deed holders and non-funeral services deed holders, which are accounted for by the Group as revenue. The Group also recognised revenue from sales of advance biotechnical machineries and other electronic products in Hong Kong during the Current Period.



Business in Taiwan strongly bounced back and recorded revenue of approximately RMB1,483,000 for the Current Period (The Prior period: RMB1,145,000), representing a year-on-year increase of approximately 29.5% from the Prior Period, after the relaxation of sanitary restrictions in Taiwan since the end of 2022.

On the other hand, during the Current Period, business in Hong Kong recorded revenue of approximately RMB3,894,000 (the Prior Period: RMB985,000), of which approximately RMB3,046,000 (the Prior Period: RMB Nil) and RMB848,000 (the Prior Period: RMB985,000) were derived from the Group's stem cells and immunocytes and other businesses and funeral services respectively.

During the Prior Period, particularly in February and March 2022, the Group's funeral arrangement and related consultancy services experienced an unexpected surge in demand in Hong Kong. However, the demand for these services returned to normal levels during the Current Period. Consequently, the revenue generated from funeral business of the Group in Hong Kong market for the Current Period amounted to approximately RMB848,000, which represents a year-on-year decrease of approximately 13.9% as compared to the Prior Period's revenue of RMB985,000.

Meanwhile, with the easing of the COVID-19 sanitary restrictions, an advance biotechnical machinery has successfully installed and fulfilled the revenue recognition criteria, revenue amounted to approximately RMB3,046,000 was recognized in respect of the Group's sales of advanced biotechnical machineries and other electronics products business in Hong Kong during the Current Period. As at 30 September 2023, the Group recorded approximately RMB7,090,000 unearned revenue in connection to its sales of advanced biotechnical machineries and other electronics products in Hong Kong during the Current Period.

### ***Vietnam***

The COVID-19 pandemic control measures were relaxed in the first quarter of 2022 in Vietnam and hence the operation of the Group in Vietnam gradually resumed to normal. During the Current Period, the Group recorded revenue of approximately RMB472,000 from Vietnam market, which was relatively stable as compared to the Prior Period's revenue of approximately RMB484,000.

## FINANCIAL REVIEW

During the Current Period, the Group's revenue was approximately RMB55,380,000 (the Prior Period: RMB56,966,000), representing a decrease of approximately 2.8% as compared with the Prior Period.

The decrease in revenue of approximately RMB1,586,000 during the Current Period was mainly attributable to the decrease in the revenue from provision of funeral, cremation and cemetery services business in the PRC of approximately RMB4,821,000 as the result of the normalization of the demand for the Group's products, netted by the increase in the revenue from sales of advanced biotechnical machineries and other electronic products in Hong Kong of approximately RMB3,046,000 upon the successful deliveries and installations of the advanced biotechnical machineries during the Current Period.

Cost of sales for the Current Period was approximately RMB31,592,000 (The Prior Period: RMB25,924,000), increased by approximately 21.9% as compared with the Prior Period. The increase in cost of sales for the Current Period was mainly due to the inflationary pressure (i) the increased cost of services for the Group's funeral, cremation, and cemetery services due to the inflationary pressure; and (ii) the increase in cost of machineries as the result of the fulfillment of the revenue recognition criteria of the Group's sales of advanced biotechnical machinery and other electronics products in Hong Kong.

Other income and other net gains was approximately RMB3,173,000 during the Current Period and represented a decrease of approximately 31.1% as compared with the Prior Period of approximately RMB4,605,000. The decrease was mainly contributed by the decrease in gains on disposals of financial assets measured at FVTPL of approximately RMB2,039,000 during the Current Period (the Prior Period: RMB2,948,000).

Compared with the Prior Period, the Group's selling expenses increased by 23.4% year on year to approximately RMB5,314,000 during the Current Period as the result of increase in selling activities. Administrative expenses remained relatively stable which increased by approximately 0.1% year on year to approximately RMB24,868,000 during the Current Period.

Finance costs of the Group mainly consisted of the interest expenses on the bank borrowings and the interest expenses on the lease liabilities under HKFRS 16. The finance costs decreased to approximately RMB1,320,000 from that of the Prior Period of approximately RMB1,457,000. The decrease in finance costs during the Current Period was mainly due to decrease in the interest expenses on the lease liabilities, netted by the increase in the interest on bank borrowings as the result of increase in the interest rate.

The loss attributable to the owners of the Company for the Current Period was approximately RMB6,429,000 (The Prior Period: RMB4,662,000). Loss per share for the Current Period was approximately RMB0.84 cents (The Prior Period: RMB0.63 cents).

## **SIGNIFICANT INVESTMENTS HELD**

As at 30 September 2023, the Group also invested approximately RMB15,835,000 (31 December 2022: RMB26,006,000) in certain equity and debt securities, and exchange trade funds ("ETF") listed outside Hong Kong. These listed equity and debt investments are denominated in RMB and were classified as financial assets measured at fair value through profit or loss ("FVTPL"). The directors of the Company considered that the closing price of those listed equity and debt securities and ETF as at 30 September 2023 was the fair value of those investments. As at 30 September 2023, the fair value of the Group's investment portfolio was approximately RMB15,835,000 (31 December 2022: RMB26,006,000).

## CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

Capital commitments outstanding at 30 September 2023 and 31 December 2022 not provided for in these unaudited condensed consolidated third quarterly financial statements are as follows:

	<b>30 September 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Capital expenditure contracted but not provided for:		
– Investments in associates	<b>2,460</b>	2,460
– Investment in a joint venture	<b>6,500</b>	6,500
	<b>8,960</b>	8,960

The Group did not have any contingent liabilities as at both 30 September 2023 and 31 December 2022.

Save as disclosed above, the Group had no other material capital commitments, material contracts, contingent liabilities or significant investment plans.

## SIGNIFICANT ACQUISITIONS AND DISPOSAL OF INVESTMENTS

On 26 April 2023, the Company and Zhongke Xunda Biotechnology (Shenzhen) Company Limited (“Zhongke Xunda”)\* (中科訊達生物科技(深圳)有限公司), a company established in the PRC, an indirect wholly owned subsidiary of the Company, entered into a sale and purchase agreement (the “SPA I”) with Shenzhen Nanyue Crown Block Bio Intelligent Equipment Investment Co., Ltd. (“Nanyue CB”)\* (深圳市南嶽天車生物智能裝備投資有限公司), a company established in the PRC. Pursuant to the SPA I, Zhongke Xunda (as purchasers) agreed to acquire from Nanyue CB (as vendor) the RMB16,200,000 paid-up capital of Zhongke Zhenhui (Guangdong) Medical Technology Company Limited (“Zhongke Zhenhui”)\* (中科臻慧(廣東)醫療科技有限公司), a company established in the PRC contributed by Nanyue CB, which is equivalent to 20.25% of the equity interest in Zhongke Zhenhui at a consideration of RMB15,930,000 (equivalent to HK\$18,160,000), which shall be satisfied by way of issue of the convertible bonds in the principal amount of HK\$18,160,000 (the “Convertible Bonds”) to Nanyue CB or its nominee(s) under the specific mandate (the “Specific Mandate I”) to be granted by the Independent Shareholders (being defined as “Shareholder(s) other than those who are required under the GEM Listing Rules to abstain from voting on the resolution(s) to be proposed at the EGM (as defined below) to approve the SPA I, the SPA II (as defined below) and the transactions contemplated thereunder”) to the Board at the EGM for the allotment and issue of 187,000,000 shares of the Company (the “Conversion Shares”) (based on the maximum number of Conversion Shares to be issued as a result of any adjustments in the initial conversion price of HK\$0.126 per Conversion Share (the “Conversion Price”) pursuant to the terms of the Convertible Bonds) to the holders of the Convertible Bonds upon exercise of the conversion rights attaching to the Convertible Bonds at the Conversion Price.

As at the date of the SPA I, Nanyue CB is controlled as to approximately 71.25% by Mr. Xu Jianchun (together with his associates), the chairman and an executive Director of the Company, and therefore a connected person of the Company.


Upon completion of the SPA I, Zhongke Zhenhui will be held as to 71.25% by Zhongke Xunda and 28.75% by Nanyue CB. The financial information of Zhongke Zhenhui will continue to be consolidated into the consolidated financial statements of the Group.

On 26 April 2023, the Company and Zhongke Xunda entered into a sale and purchase agreement (the “SPA II”) with Shenzhen Huaxin Times Investment Co., Ltd. (“Shenzhen Huaxin”)\* (深圳市華信時代投資有限公司), a company established in the PRC. Pursuant to the SPA II, Zhongke Xunda (as purchasers) agreed to acquire from Shenzhen Huaxin (as vendor) the RMB15,000,000 paid-up capital of Guangdong Zhenyuan Investment Company Limited (“Guangdong Zhenyuan”)\* (廣東臻遠投資有限責任公司), a company established in the PRC, contributed by Shenzhen Huaxin, which is equivalent to approximately 21.43% of the equity interest in Guangdong Zhenyuan at a consideration of RMB15,000,000 (equivalent to HK\$17,100,000), which shall be satisfied by way of the issue of the Consideration Shares to Shenzhen Huaxin or its nominee(s) under the specific mandate (the “Specific Mandate II”) to be granted by the Independent Shareholders to the Board at the EGM for the allotment and issue of 142,500,000 shares of the Company (the “Consideration Shares”).

As at the date of the SPA II, Guangdong Zhenyuan, is controlled as to approximately 42.86% by Shenzhen Huaxin and approximately 57.14% by Zhongke Zhenhui, an indirect non-wholly owned subsidiary of the Company, and therefore, Shenzhen Huaxin is a connected person of the Company.

Upon completion of the SPA II, Guangdong Zhenyuan will be held as to approximately 21.43% by Zhongke Xunda, approximately 57.14% by Zhongke Zhenhui and approximately 21.43% by Shenzhen Huaxin. The financial information of Guangdong Zhenyuan will continue to be consolidated into the consolidated financial statements of the Group.

For details of the SPA I and the SPA II, please refer to the Company’s announcements dated 26 April 2023, 5 June 2023 and 15 June 2023 and the circular of the Company dated 23 June 2023.



An extraordinary general meeting of the Company (the “EGM”) has been held on 12 July 2023, and the SPA I, the SPA II and the transactions contemplated thereunder have been approved by the Independent Shareholders. Up to the date of this report, both the SPA I and the SPA II have been completed.

## **PROSPECTS**

Under the pressure of multiple factors, the world economy has experienced a relatively obvious stagflation. China’s economy faced a series of challenges such as the COVID-19 pandemic, the Russian-Ukrainian conflict, the adjustment of the real estate market, the significant interest rate hike by the Federal Reserve, and geopolitical rivalry, which led to an increase in the complexity, severity and uncertainty of the development environment.

Meanwhile, despite of the relaxation of the “zero-COVID” policy near year end of 2022, there are still uncertainties on the road of the society’s return to normal.


In light of the current economic environment, the Company continues to closely monitor the developments of the China’s economy in the post pandemic era and the Russian-Ukrainian conflict, impacts of which will depend on future developments, which are highly uncertain, constantly evolving and difficult to predict. These impacts may differ in magnitude depending on a number of scenarios, which we continue to monitor and take into consideration in our decision making as we continue to assess medium to long-term impacts.

In the face of the complex and ever-changing global economic environment and the uncertainties surrounding the road of the society's return to normal, China's economy has been under increasing downward pressure. In order to achieve stable growth, China has continued to make its best effort to restore the normal production and living in order, during the post pandemic era, while optimizing the role of counter-cyclical adjustment, continuously supporting stable growth with macro policies and vigorously supporting the development of strategic emerging industries. Industries such as the new energy, new materials, Internet of Things, biotechnology have been developing rapidly. Further changes in economic conditions for the Group arising thereof may have impact on the financial results for the year ending 31 December 2023 of the Group, the extent of which could not be estimated as at the date of this report. The Group will keep continuous attention on the situation and react actively if any circumstances arose that may impact on the financial position and operating results of the Group.

Biotechnology is the Group's long-term focus for its business development. In early 2021, the PRC government announced its 14th five-year plan, in which biotechnology industry was listed as one of the eight scientific development focuses. The PRC government also indicated the construction of national laboratories regarding biotechnology to assist the research and development activities within the industry.

In order to further promote the rapid development of the biotechnology business, the Group has formed a business system focusing on traditional funeral services and emerging biotechnology. The Group has made a presence in the biotechnology business since early 2019. After several years of development, the life science instrument sales business has made a substantial progress. The Group has positioned one of the Company's subsidiaries, Zhongke Zhenhui as a specialized and comprehensive investment platform to focus on the investment in biotechnology industry and emerging industries with development prospects, including but not limited to, biomedicine, medical healthcare, life science instruments etc., as well as those emerging industries which could create synergy effect.





On 26 April 2023, the Company further entered into SPA I with Nanyue CB to acquire from Nanyue CB the RMB16,200,000 paid-up capital of Zhongke Zhenhui contributed by Nanyue CB, which is equivalent to 20.25% of the equity interest in Zhongke Zhenhui, and the SPA II with Shenzhen Huaxin to acquire from Shenzhen Huaxin the RMB15,000,000 paid-up capital of Guangdong Zhenyuan contributed by Shenzhen Huaxin, which is equivalent to approximately 21.43% of the equity interest in Guangdong Zhenyuan.

Through the SPA I and SPA II, the Company will further increase its shareholding in Zhongke Zhenhui and Guangdong Zhenyuan, and further enhance the Company's controlling position in such companies. Not only can it improve the efficiency of the operation and decision-making of Zhongke Zhenhui and Guangdong Zhenyuan, but also enhance the cooperation confidence of business partners, which in turn accelerate the development of Zhongke Zhenhui and Guangdong Zhenyuan's investment business, so as to achieve the goal of strengthening and expanding the investment business of the Group. By further increasing the Group's proportion of equity interests held in Zhongke Zhenhui and Guangdong Zhenyuan, as the investment business operations achieve growth in performance, the Group will be able to improve its income level thereby maximising the return to Shareholders.

The Group has also formed a professional investment team, including but not limited to, (i) expert consultants in the biotechnology industry; (ii) investment and research professionals with solid experience in investment in biotechnology related industry; and (iii) finance and legal professional staff, etc.

Looking ahead, the world is undergoing major changes unseen in a century. Geopolitical risks are intensifying. China is also facing the triple pressure of “shrinking demand, supply shock and expected weakening”, and the uncertainty of economic development is increasing. However, China’s strategic goal of continuously deepening innovation-driven development, supporting the rapid development of emerging industries and promoting high-quality economic development remain unchanged. Therefore, the Group will continue to adhere to diversified development. While consolidating the traditional funeral services business, the Group will actively seize the strategic opportunities arising from the booming development of the biotechnology industry, allocate more resources to support the development of the Group’s biotechnology business, and will actively seek suitable investment targets and opportunities from time to time to diversify income sources and promote business development.

Through commencing equity and securities investment business, which is centered on the development direction of the biotechnology industry, and will actively seek suitable investment goals and opportunities from time to time to expand the investment scale of the Group and maximize the investment income of the Group and the return to shareholders of the Company.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or its Associated Corporations


As at 30 September 2023, the interests and short positions held by the Directors or chief executives of the Company in the shares (the "Shares"), underlying shares (the "Underlying Shares") and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

#### *Aggregated long positions in the Shares and Underlying Shares*

Name of Director	Number of Shares held		Number of Underlying Shares held pursuant to the convertible bonds	Total	Approximate percentage of the total number of Shares in issue
	Personal Interest	Corporate Interest			
Mr. XU Jianchun ("Mr. Xu")	–	220,475,000 (Note 1)	144,126,984 (Note 2)	364,601,984	41.20%

Notes:

1. Mr. Xu is interested in 220,475,000 Shares through his controlling interests in Hong Kong Gaoqi Biological Technology Company Limited (“HK Gaoqi”). Mr. Xu is interested in HK Gaoqi through his 25.55% direct beneficial interests and 9.78% through Houp Bio-Technology Limited (“HBT Limited”), a company incorporated in the British Virgin Islands. HBT Limited has two classes of shares, namely class A and class B, in which shareholders of class A and class B have 30 votes and 1 vote per share in the shareholders’ meeting respectively. Mr. Xu holds 94.07% class A interests and Ms. Qiu Qi (邱琪), the spouse of Mr. Xu, holds 5.93% class A interests and 10.74% class B interests in HBT Limited. By virtue of the SFO, Mr. Xu is taken to be interested in all the shares held by Ms. Qiu Qi, so Mr. Xu collectively holds 86.78% of the total voting rights of HBT Limited, and in turn is interested in 9.78% of HK Gaoqi. Accordingly, Mr. Xu is deemed to be interested in all the Shares held by HK Gaoqi by virtue of SFO.
2. 144,126,984 conversion shares have been allotted and issued by the Company to Shenzhen Nanyue Crown Block Bio Intelligent Equipment Investment Co., Ltd.\* (深圳市南嶽天車生物智能裝備投資有限公司) (“Nanyue CB”) of the convertible bonds of HK\$18,160,000 upon exercise of the conversion rights attaching to the Convertible Bonds at HK\$0.126 per conversion share on 11 August 2023. Mr. Xu is interested in 144,126,984 conversion shares through his controlling interests in Nanyue CB. Mr. Xu is interested in Nanyue CB through his 71.25% direct beneficial interests. Accordingly, Mr. Xu is deemed to be interested in all the conversion shares held by Nanyue CB by virtue of SFO.



Save as disclosed above, as at 30 September 2023, none of the Directors, chief executive of the Company or their respective associates had any interests or short positions in the Shares, Underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short position which they are taken or deemed to have taken under such provisions of the SFO), or which will be required to be entered into the register kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors of the Company as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

### **Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares**

So far as the Directors are aware, as at 30 September 2023, other than the Directors or chief executives of the Company whose interests or short positions are disclosed under the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or its Associated Corporations" above, the following persons and corporations have interests or short position in the Shares or Underlying Shares which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, and who were expected, directly or indirectly, to be interested in 5% or more of the Shares is listed as follows:

## Aggregate long positions in the Shares

Name of Shareholders	Capacity/ Nature of Interests	Number of Shares held	Number of Underlying Shares held pursuant to the convertible bonds	Total	Approximate percentage of the issued share capital of the Company
HK Gaoqi	Beneficial Owner (Note 1)	220,475,000	–	220,475,000	24.91%
Ms. QIU Qi	Interests of controlled corporation (Note 2)	220,475,000	–	220,475,000	24.91%
Mr. OU Yafei	Beneficial Owner	147,864,000	–	147,864,000	16.71%
Nanyue CB	Beneficial Owner	–	144,126,984 (Note 3)	144,126,984	16.29%

### Notes:

- Mr. Xu is the director of HK Gaoqi, which holds 24.91% Shares, and the director of HBT Limited, which holds 9.78% of equity interests in HK Gaoqi. Mr. Xu is interested in HK Gaoqi through his 25.55% direct beneficial interests and 9.78% through HBT Limited. HBT Limited has two classes of shares, namely class A and class B, in which shareholders of class A and class B have 30 votes and 1 vote per share in the shareholders' meeting respectively, and Mr. Xu holds 94.07% class A interests in HBT Limited and Ms. Qiu Qi, the spouse of Mr. Xu, holds 5.93% class A interests and 10.74% class B interests in HBT Limited. By virtue of the SFO, Mr. Xu is taken to be interested in all the shares held by Ms. Qiu Qi, so Mr. Xu collectively holds 86.78% of the total voting rights of HBT Limited, and in turn is interested in 9.78% of HK Gaoqi.
- By virtue of the SFO, Ms. Qiu Qi, the spouse of Mr. Xu, is taken to be interested in all the shares held by Mr. Xu.

- 144,126,984 conversion shares have been allotted and issued by the Company to Nanyue CB of the convertible bonds of HK\$18,160,000 upon exercise of the conversion rights attaching to the Convertible Bonds at HK\$0.126 per conversion share on 11 August 2023. Mr. Xu is interested in 144,126,984 conversion shares through his controlling interests in Nanyue CB. Mr. Xu is interested in Nanyue CB through his 71.25% direct beneficial interests. Accordingly, Mr. Xu is deemed to be interested in all the conversion shares held by Nanyue CB by virtue of SFO.

Saved as disclosed above and the Directors' interests as disclosed in the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or its Associated Corporations" above, as at 30 September 2023, the Directors were not aware of any other person who had, or deemed to have, interests or short positions in the Shares, Underlying Shares which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who were expected, directly or indirectly, to be interested in 5% or more of the Shares.

## **DIRECTORS' INTERESTS IN CONTRACTS**

As disclosed in the announcement (the "Announcement") dated 26 April 2023 and the circular (the "Circular") dated 23 June 2023 of the Company with respect to the major and connected transactions in relation to (i) acquisition of 20.25% equity interest in Zhongke Zhenhui involving issue of convertible bonds under specific mandate; (ii) acquisition of approximately 21.43% equity interest in Guangdong Zhenyuan involving issue of consideration shares under specific mandate, the Company has entered into the SPA I and the SPA II on 26 April 2023. Capitalised terms used in this report shall bear the same meanings as those defined in the Announcement and the Circular unless the context requires otherwise.

On 26 April 2023, the Company and Zhongke Xunda, a company established in the PRC, an indirect wholly-owned subsidiary of the Company, entered into the SPA I with Nanyue CB, a company established in the PRC. Pursuant to the SPA I, Zhongke Xunda (as purchasers) agreed to acquire from Nanyue CB (as vendor) the RMB16,200,000 paid-up capital of Zhongke Zhenhui, a company established in the PRC contributed by Nanyue CB, which is equivalent to 20.25% of the equity interest in Zhongke Zhenhui at a consideration of RMB15,930,000 (equivalent to HK\$18,160,000), which shall be satisfied by way of issue of the Convertible Bonds in the principal amount of HK\$18,160,000 to Nanyue CB or its nominee(s) under the Specific Mandate I granted to the Board at the EGM held on 12 July 2023 for the allotment and issue of 187,000,000 Conversion Shares to the holders of the Convertible Bonds upon exercise of the conversion rights attaching to the Convertible Bonds at the Conversion Price.

As at the date of the SPA I, Nanyue CB is controlled as to approximately 71.25% by Mr. Xu (together with his associates), the chairman and an executive Director of the Company. For more details, please refer to the Announcement and the Circular.

Save as disclosed above, no transaction, arrangement or contract that is significant in relation to the Group's business to which the Company or any of its subsidiaries, fellow subsidiaries or parent company was a party and in which a Director or his connected entity had, directly or indirectly, a material interest subsisted at the end of the Current Period or at any time during the Current Period.



## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Apart from the details as disclosed under the heading "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or its Associated Corporations" above, at no time during the Current Period was the Company, its holding company, or any of its subsidiaries or associated corporations, a party to any arrangement that would enable the Directors and chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate.

## **MANAGEMENT CONTRACTS**

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Current Period.

## **DIRECTORS' INTEREST IN COMPETING BUSINESS**

As disclosed in the announcement (the "JV Announcement") dated 13 September 2021 and the circular (the "JV Circular") dated 29 October 2021 of the Company with respect to (i) the major and connected transaction in relation to the capital increase in Zhongke Zhenhui; and (ii) the major transaction in relation to the formation of the JV Company, the Company has entered into the Capital Increase Agreement and the JV Agreement on 13 September 2021. Capitalised terms used in this report shall bear the same meanings as those defined in the JV Announcement and the JV Circular unless the context requires otherwise.

If the Capital Increase and the Formation of the JV Company had been approved by the shareholders of the Company at the extraordinary general meeting on 22 November 2021. The Group through (i) the JV Company will engage in equity and/or securities investment business; and (ii) Zhongke Zhenhui engaged in technical development and consultation services, investment activities and business management consultation. The businesses of Nanyue AM are mainly engaged in asset management, investment management, equity investment and investment consulting services through its private equity funds. Mr. Xu is a director of Nanyue AM and, together with his associates, ultimately owned as to approximately 71.25% equity interests of Nanyue AM, therefore, Mr. Xu may be regarded as being interested in the competing business with the business of the Group.

As the Company's management and administrative structure are independent to that of Nanyue AM, and coupled with the diligence of the independent non-executive Directors and the audit committee of the Company (the "Audit Committee"), the Group is capable of carrying its businesses independently on an arm's length basis.

For more details, please refer to the JV Announcement, the JV Circular and the announcement dated 22 November 2021 of the Company.

Save as disclosed above, during the Current Period and up to the date of this report, none of the Directors, the controlling shareholders of the Company, or any of their respective close associates (as defined in the GEM Listing Rules) is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the businesses of the Group, and is required to be disclosed pursuant to Rule 11.04 of the GEM Listing Rules.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

During the Current Period, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company.

## CHANGES IN INFORMATION OF DIRECTORS

The changes in Directors' information during the Current Period and up to the date of this report, as required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules, are set out below:

<b>Name of Directors</b>	<b>Details of Changes</b>
Mr. SUN Fei	<ul style="list-style-type: none"><li>Resigned as an independent non-executive Director, the chairman and member of Audit Committee and member of each of nomination committee (the "Nomination Committee") and remuneration committee of the Company (the "Remuneration Committee") on 3 April 2023.</li></ul>
Mr. CHAI Chung Wai	<ul style="list-style-type: none"><li>Appointed as the chairman of Audit Committee on 3 April 2023.</li><li>Retired as the chairman of Remuneration Committee but remained a member of the Remuneration Committee on 7 June 2023.</li></ul>
Ms. HU Zhaohui	<ul style="list-style-type: none"><li>Appointed as an independent non-executive Director, the chairman and member of Remuneration Committee and member of each of Nomination Committee and Audit Committee on 7 June 2023.</li></ul>
Dr. XU Qiang	<ul style="list-style-type: none"><li>Resigned as an executive Director and chief executive officer of the Company on 31 August 2023.</li></ul>

## **AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND ADOPTION OF NEW ARTICLES OF ASSOCIATION**

At the annual general meeting of the Company dated 31 May 2023, a special resolution was passed to amend the existing articles of association of the Company, and to adopt the second amended and restated memorandum and articles of association of the Company (the "M&A"). The M&A consolidated all the amendments to bring the constitution of the Company in line with the amendments to the GEM Listing Rules, relating to, among others, the new Appendix 3 to the GEM Listing Rules with effect from 1 January 2022 for which listed issuers are required to make necessary amendments to the constitutional documents to bring the constitutional documents to conformation. The M&A were amended to (i) bringing the M&A in line with the amendments made to Appendix 3 to the GEM Listing Rules which became effective on 1 January 2022 and the applicable laws of the Cayman Islands; (ii) providing flexibility to the Company in relation to the conduct of general meetings by way of physical meeting, virtual meeting or hybrid meeting; and (iii) incorporating certain housekeeping amendments as set out in Appendix III to the circular of the Company dated 18 April 2023. The M&A are available on the websites of the Company and the Stock Exchange. For further details of the amendments to the existing M&A of the Company and adoption of the M&A, please refer to Company's announcements dated 13 April 2023 and 31 May 2023, and the circular of the Company dated 18 April 2023.

## **NON-COMPLIANCE WITH FINANCIAL REPORTING PROVISIONS OF THE GEM LISTING RULES**

Following the resignation of Mr. Sun Fei on 3 April 2023, the Company only had two independent non-executive Directors. The number and composition of independent non-executive Directors failed to meet the requirements under (i) Rule 5.05(1) of the GEM Listing Rules which requires the board of directors must include at least 3 independent non-executive directors; and (ii) Rule 5.28 of the GEM Listing Rules which requires the audit committee to comprise a minimum of three members.

Following the appointment of Ms. Hu Zhaohui as an independent non-executive Director and an Audit Committee member on 7 June 2023, the Board comprises three executive Directors and three independent non-executive Directors. As a result, the Company has complied with Rules 5.05(1) and 5.28 of the GEM Listing Rules.

## **AUDIT COMMITTEE**

The Company has established the Audit Committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control systems of the Group. As at 30 September 2023, the Audit Committee comprises three independent non-executive Directors, namely Mr. CHAI Chung Wai (chairman of the Audit Committee), Ms. HU Zhaohui and Dr. YANG Jingjing.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the Current Period pursuant to the relevant provisions contained in the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules and was of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosures have been made in respect thereof.

By order of the Board  
**Sino-Life Group Limited**  
**XU Jianchun**  
*Chairman and Executive Director*

8 November 2023

*As at the date hereof, the Board comprises Mr. XU Jianchun and Mr. LIU Tien-Tsai being executive Directors; and Mr. CHAI Chung Wai, Dr. YANG Jingjing and Ms. HU Zhaohui being independent non-executive Directors.*