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)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of Sino-Life Group Limited (the "Company", together with its subsidiaries, the "Group") collectively and individually accept full responsibility, include particulars given in compliance with the Rules Governing the Listing of Securities on the 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: (1) the information contained in this announcement is accurate and complete in all respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

FINANCIAL HIGHLIGHTS

- The shares of the Company were listed on GEM on 9 September 2009.
- Turnover of the Group for the year ended 31 December 2009 amounted to RMB47.5 million (2008: RMB41.5 million), representing an increase of 14.5% as compared with year 2008.
- Profits attributable to owners of the Company for the year ended 31 December 2009 amounted to RMB12.5 million (2008: RMB2.1 million), representing an increase of 495.2% as compared with year 2008.
- Basic earnings per share for the year ended 31 December 2009 amounted to RMB2.48 cents (2008: RMB0.47 cents).
- The Directors do not recommend the payment of a final dividend for the year ended 31 December 2009 (2008: RMBNil).

Final Results

The board of directors (the "Board") of the Company is pleased to present the following audited consolidated results of the Group for the year ended 31 December 2009 together with the comparative audited figures for year 2008. These results have been reviewed by the audit committee of the Board.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	Note	**2009 RMB'000**	2008 RMB'000
Turnover	*4*	**47,544**	41,481
Cost of sales		**(13,406)**	(12,207)
Gross profit		**34,138**	29,274
Other revenue	*5*	**7,295**	898
Other net gain/(loss)	*5*	**4,271**	(3,700)
Selling expenses		**(11,731)**	(10,097)
Administrative expenses		**(14,368)**	(10,484)
Other operating expenses		**(2,101)**	(812)
Finance costs	*6*	**(724)**	(1,045)
Profit before taxation	*7*	**16,780**	4,034
Income tax expense	*8*	**(4,317)**	(1,906)
Profit for the year		**12,463**	2,128
Other comprehensive loss for the year (after tax and reclassification adjustments)			
Surplus/(deficit) on revaluation of land and buildings held for own use		**526**	(2,521)
Exchange differences on translating foreign operations		**(965)**	467
Other comprehensive loss for the year, net of tax		**(439)**	(2,054)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**12,024**	74
Profit attributable to:			
Owners of the Company		**12,463**	2,128
Minority interests		**–**	–
		12,463	2,128
Total comprehensive income attributable to:			
Owners of the Company		**12,024**	74
Minority interests		**–**	–
		12,024	74
Earnings per share	*9*		
Basic and diluted		**RMB2.48 cents**	RMB0.47 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Note	2009 RMB'000	2008 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**38,741**	33,023
Intangible assets		**6**	8
Available-for-sale financial assets		**–**	–
		38,747	33,031
CURRENT ASSETS			
Financial assets designated as at fair value through profit or loss	11	**42,326**	39,569
Inventories		**242**	162
Trade and other receivables	12	**67,264**	77,336
Cash and bank balances		**112,729**	15,426
		222,561	132,493
CURRENT LIABILITIES			
Trade and other payables	13	**3,659**	2,798
Receipt in advance	14	**118,218**	118,923
Current portion of bank borrowings		**1,484**	959
Current portion of other loans		**267**	229
Current portion of obligation under finance lease		**–**	1
Current tax liabilities		**2,716**	3,142
Convertible bonds		**–**	16,103
		(126,344)	(142,155)
NET CURRENT ASSETS/(LIABILITIES)		**96,217**	(9,662)
TOTAL ASSETS LESS CURRENT LIABILITIES		**134,964**	23,369
NON-CURRENT LIABILITIES			
Bank borrowings		**11,031**	11,641
Other loans		**2,323**	2,566
		(13,354)	(14,207)
NET ASSETS		**121,610**	9,162
CAPITAL AND RESERVES			
Equity attributable to owners of the Company			
Share capital		**58,706**	366
Reserves		**62,904**	8,796
		121,610	9,162
Minority interests		**–**	–
TOTAL EQUITY		**121,610**	9,162

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Sino-Life Group Limited (the "Company") was incorporated on 24 February 2005 in the Cayman Islands as an exempted company with limited liability under the Companies Law (2004 Revision). Its shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (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 services in Taiwan and the People's Republic of China (the "PRC"). The Company and its subsidiaries are herein collectively referred to as the "Group". The address of the Company's registered office and principal place of business are Marquee Place, Suite 300, 430 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands and Room 1806, 18th Floor, Dominion Centre, 43–59 Queen's Road East, Hong Kong respectively.

The Company's functional currency is Hong Kong dollars ("HK$") while the functional currencies of its subsidiaries are Renminbi ("RMB"), New Taiwan dollars ("NTD") and HK$. These consolidated financial statements are presented in RMB, rounded up to the nearest thousand, except when otherwise indicated.

2. GROUP RESTRUCTURING AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Under a group reorganisation to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Stock Exchange (the "Group Reorganisation"), the Company has become the ultimate holding company of the Group on 21 December 2007. Details of the Group Reorganisation are set out in the section headed "Corporate reorganisation" in Appendix V to the prospectus dated 2 September 2009 issued by the Company.

The principal steps of the Group Reorganisation, which involved the exchange of shares, were as follows:

1. On 1 June 2007, Chongqing Xibao Technology Company Limited ("Xibao Technology") acquired the 100% equity interests in Chongqing Xizhou Funeral Service Company Limited ("Xizhou Service") from Mr. Liu Tien-Tsai ("Mr. Liu") for a consideration of RMB300,000.

2. On 12 July 2007, the Company acquired the 55.5% and 43.15% equity interests in Bau Shan Life Service Technology Co., Ltd. ("Bau Shan"), which had 83.33% equity interests in Bau De Funeral Services Holdings Co., Ltd. ("Bau De"), from Mr. Liu and independent third parties for a consideration of NTD91,714,900 (equivalent to approximately RMB23,773,000) and NTD71,290,000 (equivalent to approximately RMB18,478,000) respectively. The Company acquired the remaining 1.35% equity interests in Bau Shan at a consideration of NTD2,235,100 (equivalent to approximately RMB579,000) from independent third parties on 5 November 2007.

3. On 20 December 2007, the Company acquired the 100% equity interests in Full Spread (China) Limited ("Full Spread"), from GNL07 Limited, a nominee shareholder of Full Spread, for a consideration of HK$1.

4. On 21 December 2007, Full Spread acquired the 100% equity interests in Xibao Technology from Mr. Liu for a consideration of US$819,985 (equivalent to approximately RMB6,251,000).

The Group resulting from the above mentioned Group Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements of the Group have been prepared using the principles of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") under which the consolidated financial statements have been referred as if the Company had been the holding company of the subsidiaries comprising the Group throughout the period.

3. ADOPTION OF NEW AND AMENDED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The HKICPA has issued a number of Hong Kong Accounting Standards ("HKASs"), HKFRSs, amendments and interpretations ("HK(IFRIC)–Int") (hereinafter collectively referred to as the "New HKFRSs") which are first effective for the Group's financial year beginning on 1 January 2009. For the purposes of preparing and presenting the consolidated financial statements, the Group has adopted all of the New HKFRSs that are mandatory for the first time for the financial period beginning on 1 January 2009.

Up to the date of issue of these financial statements, the HKICPA has issued the following New HKFRSs which are not yet effective for the year ended 31 December 2009.

The Group has not early applied any of the following New HKFRSs that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendments to HKFRSs 5 as part of improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 24 (Revised)	Related Party Disclosures[5]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[5]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

[1] Effective for annual periods beginning on or after 1 July 2009.
[2] Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
[3] Effective for annual periods beginning on or after 1 January 2010.
[4] Effective for annual periods beginning on or after 1 February 2010.
[5] Effective for annual periods beginning on or after 1 January 2011.
[6] Effective for annual periods beginning on or after 1 July 2010.
[7] Effective for annual periods beginning on or after 1 January 2013.

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

4. TURNOVER AND SEGMENT INFORMATION

(a) Turnover

Turnover represents the net amounts received and receivable for the services rendered to customers. The amount of each significant category of revenue recognised in turnover for the year is as follows:

	2009 *RMB'000*	2008 *RMB'000*
Funeral services provided in funeral parlours and funeral service centres under the Group's management	**22,686**	16,522
Cremation services	**11,278**	10,985
Funeral arrangement services	**13,580**	13,914
Others	**–**	60
	47,544	41,481

(b) Segment information

The chief operating decision-maker has been identified as the executive directors (the "Executive Directors") of the Company. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

Business information

In a manner consistent with the way in which information is reported internally to the Group's Executive Directors for the purposes of resources allocation and performance assessment, the Group has presented one reportable segment only. No operating segments have been aggregated to form the reportable segment.

Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers; and (ii) the Group's property, plant and equipment, intangible assets and available-for-sale financial assets ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided. The geographical location of the specified non-current assets is based on the physical location of the assets in the case of property, plant and equipment. In the case of intangible assets and available-for-sale financial assets, it is the location of the operation to which they are allocated.

	Revenues from external customers		**Specified non-current assets**	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Taiwan	**13,580**	13,974	**27,209**	26,413
The PRC	**33,964**	27,507	**11,497**	6,538
Others	**–**	–	**41**	80
	47,544	41,481	**38,747**	33,031

During the year, in Taiwan, the Group is principally engaged in:

1. the sales of funeral services deeds which is accounted by the Group as receipt in advance; and

2. the provision of funeral arrangement services to both funeral services deed holders and non-funeral services deed holders, which are accounted by the Group as revenue.

In the PRC, the Group provided funeral and cremation services in funeral parlours and funeral service centers under the Group's management, pursuant to respective management agreements entered with the owners of funeral parlours and funeral service centers.

Revenue from major services

	2009	2008
	RMB'000	RMB'000
Funeral services provided in funeral parlours and funeral service centres under the Group's management	**22,686**	16,522
Cremation services	**11,278**	10,985
Funeral arrangement services	**13,580**	13,914
	47,544	41,421

Information about major customers

For the years ended 31 December 2009 and 2008, revenue from any single customer does not amount to 10% or more of the Group's revenue.

5. OTHER REVENUE AND OTHER NET GAIN/(LOSS)

	2009 *RMB'000*	2008 *RMB'000*
Other revenue		
Commission income	**6,409**	642
Interest income on financial assets not at fair value through profit or loss ("FVTPL")	**35**	14
Rental income from operating leases	**230**	8
Sundry income	**621**	234
	7,295	898
Other net gain/(loss)		
Changes in fair value of freehold land and buildings	**56**	358
Net exchange loss	**(378)**	–
Net gain on disposal of available-for-sale financial assets	**–**	8
Net gain on terminated and lapsed funeral services deeds	**495**	727
Net realised and unrealised gain/(loss) on financial assets designated as at FVTPL	**4,098**	(4,793)
	4,271	(3,700)
	11,566	(2,802)

6. FINANCE COSTS

	2009 *RMB'000*	2008 *RMB'000*
Interests on:		
Bank borrowings and other loans		
– wholly repayable within 5 years	**120**	114
– not wholly repayable within 5 years	**254**	551
Finance charges on obligation under finance lease	**–**	1
Effective interest expenses on convertible bonds wholly repayable within 5 years	**350**	379
Total interest expenses on financial liabilities not at FVTPL	**724**	1,045

7. PROFIT BEFORE TAXATION

	2009 *RMB'000*	2008 *RMB'000*
The Group's profit before taxation is arrived at after charging the followings:		
Amortisation of intangible assets	**2**	1
Auditors' remuneration		
– audit services	**1,217**	95
– tax services	**5**	–
Cost of inventories sold	**3,217**	2,396
Depreciation		
– assets held for use under finance leases	**–**	12
– other assets	**1,325**	653
Impairment of property, plant and equipment	**–**	166
Listing expenses	**1,850**	–
Operating lease rental in respect of		
– rented premises	**284**	168
– hire of plant and equipment	**5**	146
– hire of funeral parlours and funeral service centres	**8,995**	7,731
Staff costs (including directors' remunerations)		
– salaries, wages and allowances	**5,794**	5,207
– retirement benefit scheme contributions	**622**	565
	6,416	5,772

8. INCOME TAX EXPENSE

	2009	2008
	RMB'000	*RMB'000*
Provision of current tax for the year		
– PRC Enterprise Income Tax *(note (c))*	**1,638**	1,355
– Taiwan Enterprise Income Tax *(note (d))*	**2,654**	550
Under-provision of current tax in prior years		
– PRC Enterprise Income Tax	**16**	–
– Taiwan Enterprise Income Tax	**9**	1
	4,317	1,906

Notes:

(a) No provision for Hong Kong profits tax has been made as the Group has no assessable profits in Hong Kong for the year ended 31 December 2009 (2008: RMBNil).

(b) The Group is not subject to any taxation under the jurisdiction of the Cayman Islands for the years ended 31 December 2009 and 2008.

(c) The subsidiaries, Xibao Technology and Xizhou Service operating in the PRC, are subject to enterprise income tax rate at 25% (2008: 25%) in accordance with the Law of the People's Republic of China on Enterprises Income Tax (中華人民共和國企業所得稅法).

(d) Bau Shan, a direct subsidiary of the Company, is subject to enterprise income tax rate at 25% in accordance with the Income Tax Act and other relevant laws in Taiwan. No provision for enterprise income tax has been made for Bau De, an indirect subsidiary of the Company, as the subsidiary sustained losses during the year.

Under the Corporate Income Tax Law of the PRC with effect from 1 January 2008 onwards, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business but the relevant income is not effectively connected with the establishment or a place of business in the PRC will be subject to withholding income tax at the rate of 10% on various types of passive income such as dividends derived from sources in the PRC. On 22 February 2008, the State Administration of Taxation approved Caishui (2008) No. 1, pursuant to which dividend distributions out of retained earnings of foreign investment enterprises prior to 31 December 2007 will be exempted from withholding income tax. No deferred tax liabilities in respect of the withholding income tax on dividends has been recognised by the Group as the Company controls dividends policy of the Group's PRC subsidiary.

Reconciliation between tax expense and accounting profit at applicable rates:

	2009	2008
	RMB'000	*RMB'000*
Profit before taxation	**16,780**	4,034
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	**4,634**	1,125
Tax effect of non-deductible expenses	**137**	1,519
Tax effect of non-taxable income	**(1,645)**	(1,028)
Tax effect of unused tax losses not recognised	**1,166**	289
Under-provision in prior years	**25**	1
Income tax expense	**4,317**	1,906

9. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share is based on the profit attributable to owners of the Company of approximately RMB12,463,000 (2008: approximately RMB2,128,000) and the weighted average of 502,952,000 ordinary shares (2008: 450,000,000) in issue during the year, calculated as follows:

(i) Weighted average number of ordinary shares

	2009	2008
	'000	*'000*
Issued ordinary shares at 1 January	**450,000**	450,000
Effect of shares issued under public placing	**46,849**	–
Effect of over-allotment options exercised	**6,103**	–
Weighted average number of ordinary shares at 31 December	**502,952**	450,000
Earnings per share (RMB cent per share)	**2.48**	0.47

In determining the weighted average number of ordinary shares in issue, a total of 450,000,000 ordinary shares were deemed to be in issue since 1 January 2008.

(b) Diluted earnings per share

Diluted earnings per share is equal to basic earnings per share as there were no potential dilutive ordinary shares outstanding for both years ended 31 December 2009 and 2008.

10. DIVIDENDS

The Directors do not recommend payment of any dividend for the year ended 31 December 2009 (2008: RMB Nil).

11. FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2009	2008
	RMB'000	*RMB'000*
Mutual funds/unit trusts at fair value		
Established outside Hong Kong	**42,326**	39,569

The trust monies have been invested, in mutual funds and unit trusts in Taiwan, by those financial institutions of Taiwan at the discretion of the Group. The mutual funds and unit trusts comprise a basket of financial assets including local and foreign currencies bank deposits, bonds and equity securities listed in Taiwan and other foreign stock markets.

According to the Mortuary Service Administration Act (殯葬管理條例) in Taiwan, which was first promulgated on 17 July 2002 and further amended on 1 July 2003 and 4 July 2007, the Group has to deposit 75% of the gross receipt of each funeral services deed sold with financial institutions in Taiwan as trust monies. As at 31 December 2009, the Group has deposited approximately RMB40,165,000 (2008: RMB37,648,000) with three financial institutions in Taiwan.

Financial assets designated as at FVTPL are presented within "operating activities" as part of changes in working capital in the consolidated statement of cash flows. The Group has obtained an investment gain of approximately RMB4,098,000 for the year ended 31 December 2009 (2008: loss of approximately RMB4,793,000). Changes in fair values of the above financial assets are recorded in "other net gain/(loss)" in the consolidated statement of comprehensive income.

The financial assets above offer the Group the opportunity for return through fair value gain. They have no fixed maturity and coupon rate.

The fair value of the above financial assets is based on their current bid prices in an active market.

12. TRADE AND OTHER RECEIVABLES

		2009 RMB'000	2008 RMB'000
Trade receivables	*(note (c))*	**–**	21
Other receivables	*(note (d))*	**7,635**	12,510
Amounts due from:			
– a director	*(note (e))*	**–**	5,766
– related parties	*(note (f))*	**–**	5,638
		–	11,404
Loans and receivables		**7,635**	23,935
Deposits and prepayments	*(note (g))*	**59,629**	53,401
		67,264	77,336

Notes:

(a) All of the trade and other receivables are expected to be recovered or recognised as expense within 1 year.

(b) The carrying amounts of trade and other receivables approximate to their fair value.

(c) At 31 December 2009, the ageing analysis of trade receivables, based on the invoice date, is as follows:

	2009 RMB'000	2008 RMB'000
0 to 30 days	**–**	21

No receivables from customers remained outstanding and unsettled as at 31 December 2009 (2008: approximately RMB21,000 remained outstanding and unsettled).

No credit period is granted to customers by the Group. Customers are required to settle all outstanding balances before receiving the funeral services.

All receivables were past due but not impaired. They related to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary as the balances are considered fully recoverable. The Group does not hold any collateral over these balances.

(d) Included in other receivables is an amount receivable from a funeral service sub-contractor of RMB358,000 (2008: RMB6,215,000). The amount receivable represents the receipt from the customers of the funeral services by the sub-contractor on behalf of a subsidiary of the Group. The amount due is unsecured, interest free and repayable on demand.

Included in 2008 balance is an amount receivable from Bau Shun Life Science Holdings Limited, a company of which ceased to be related to the Group on 24 December 2008, of approximately RMB4,942,000. The amount was fully settled during year 2009.

(e) Due from a director

Name of director	2009 RMB'000	2008 RMB'000	Maximum outstanding during the year 2009 RMB'000	Maximum outstanding during the year 2008 RMB'000
Mr. Liu	**–**	5,766	**7,382**	5,776

The amount due from a director is of non-trade nature and is unsecured, interest free and repayable on demand. The balance was fully settled during the year.

(f) Due from related parties

Name of related parties	Relationship	2009 RMB'000	2008 RMB'000	Maximum outstanding during the year 2009 RMB'000	Maximum outstanding during the year 2008 RMB'000
Li Bixue (李碧雪)	A sister of Ms. Li Pi Hsia ("Ms. Li"), the spouse of Mr. Liu, who is a director and shareholder of the Company	**–**	4,228	**4,228**	5,706
Li Wensong (李文松)	A brother of Ms. Li, the spouse of Mr. Liu, who is a director and shareholder of the Company	**–**	1,410	**1,410**	1,762
		–	5,638		

The amounts due from related parties are of non-trade nature and are unsecured, interest free and repayable on or before 30 June 2009. The balances were fully settled during the year.

(g) Included in deposits and prepayments are deposits paid for funeral parlours and funeral service centres and prepaid agency commission for funeral services deeds of approximately RMB8,000,000 (2008: RMB2,300,000) and RMB39,398,000 (2008: RMB40,943,000) respectively.

13. TRADE AND OTHER PAYABLES

	2009 RMB'000	2008 RMB'000
Trade payables *(note (c))*	**684**	574
Accruals and other payables	**2,975**	2,224
Financial liabilities measured at amortised cost	**3,659**	2,798

(a) All of the trade and other payables are expected to be settled or recognised as income within 1 year or are repayable on demand.

(b) The carrying amounts of trade and other payables approximate to their fair values.

(c) The ageing analysis of trade payables, based on the date of receipt of goods or services rendered, is as follows:

	2009 RMB'000	2008 RMB'000
0 to 30 days	**539**	413
31 days to 90 days	**92**	65
Over 90 days	**53**	96
	684	574

The average credit period of purchase is 30 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit period.

14. RECEIPT IN ADVANCE

During the year, Bau Shan, a subsidiary of the Company, sold funeral services deeds to customers ("Deed Holders"). The funeral services deeds are prepaid funeral services packages which mainly comprise particular types of funeral services to be arranged. The Deed Holders can elect to make payment on a lump sum basis or settle the outstanding amount of the funeral services deeds by up to maximum 48 monthly instalments. The Group determines the pricing of the funeral services deeds by adding a margin to the estimated cost of delivering funerals, after taken into account of major factors including instruction of the Deed Holders. Amounts received from funeral services deeds sold are recorded as receipt in advance. When the Deed Holders have defaulted payment for two months and do not pay back the defaulted amounts after the Group's not less than 30-day's demand notice, the funeral services deeds would be regarded as lapsed and a minimum of 20% of the total sum of the funeral services deeds or the instalments paid, whichever is lower, will be forfeited as income. The Deed Holders can request for funeral services or terminate the funeral services deeds at any time after the funeral service deeds are sold. Accordingly, receipt in advance is classified as current liabilities in the consolidated statement of financial position.

According to the Mortuary Service Administration Act, which was first promulgated on 17 July 2002 and further amended on 1 July 2003 and 4 July 2007, the Group has to deposit 75% of the gross receipt of each funeral services deed sold with financial institutions in Taiwan as trust monies. As at 31 December 2009, the Group has deposited approximately RMB40,165,000 (2008: RMB37,648,000) with three financial institutions in Taiwan (see note 11).

If the Deed Holders terminates the funeral services deeds or the funeral services deeds are lapsed, a minimum of 20% of the total sum of the funeral services deeds of the installments paid, whichever is lower, will be forfeited as income. The Group recognised a net gain on termination/lapse of funeral services deeds of approximately RMB495,000 (2008: RMB727,000) in "other net gain/(loss)" in the consolidated statement of comprehensive income for the year.

15. CAPITAL COMMITMENTS

The Group's capital commitments are as follows:

	2009	2008
	RMB'000	*RMB'000*
Capital expenditure contracted but not provided for:		
– Acquisition of property, plant and equipment	**5,072**	648

16. OPERATING LEASE COMMITMENTS

(a) The Group as lessee

The Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due are as follows:

	2009	2008
	RMB'000	*RMB'000*
Within one year	**10,513**	8,796
In the second to fifth year, inclusive	**35,047**	33,132
After five years	**120,054**	89,104
	165,614	131,032

Operating lease payments represent rentals payable by the Group for certain of its sales offices and management fee payable to funeral parlour and funeral service centre owners. Leases are negotiated for an average term of 2 to 20 years and rentals are fixed over the lease terms and do not include contingent rentals.

(b) The Group as lessor

At the end of the reporting period, the Group had contracted with tenants in respect of part of its office and plant and equipment for the following future minimum lease receivables:

	2009	2008
	RMB'000	*RMB'000*
Within one year	**83**	–

17. PLEDGE OF ASSETS

As at 31 December 2009, bank borrowings and other loans of the Group were secured by land and buildings with an aggregate carrying amount of RMB17,847,000 (2008: RMB17,309,000) and RMB7,532,000 (2008: RMB7,324,000) respectively.

18. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 11 February 2010, 60,000,000 share options to subscribe for 60,000,000 new ordinary shares of HK$0.10 each were granted to 43 individuals under the share option scheme adopted by the Company on 24 August 2009, among which 6,420,000 share options were granted to 10 individuals who are directors of the Company or its subsidiaries.

On 12 February 2010, 6,420,000 share options granting to the directors of the Company or its subsidiaries were cancelled. The remaining 33 individuals accepted the granted share options on 10 March 2010. The exercise price of each share option is HK$1.18.

Management Discussion and Analysis

BUSINESS REVIEW

The PRC Market

The turnover derived from the PRC market was RMB33.9 million for the year ended 31 December 2009, representing a 23.3% increase from the same period last year, and accounted for 71.4% of the Group's turnover.

During the period under review, the Group provided management services to Chongqing Jiang Nan Funeral Parlour ("Jiang Nan"), Chongqing Zhong County Funeral Parlour ("Zhong Xian") as well as Chongqing Tian Fu Funeral Service Center ("Tian Fu") in Chongqing and Yibin Funeral Service Center ("Yibin") in Sichuan Province, the PRC.

Jiang Nan

Jiang Nan, situated at the southern river bank of the Yangtze River in Chongqing, the PRC, offers a full range of funeral services such as mourning ceremonies, catering, accommodation and transportation together with the preservation of remains, cosmetological surgery, and cremation and storage of cremains as well as burial services. The Group has adopted a modern security system to manage the storage area, deploying advanced technologies including infrared ray barcodes and digital-imaging, which enables Jiang Nan to store more than 9,500 urns of cremains.

During the period under review, the Group derived revenue of approximately RMB20.4 million from Jiang Nan, which represented approximately 42.9% of the Group's total turnover. The Group incurred annual management fee of approximately RMB6.8 million, and the operating fee paid to Jiang Nan amounted to approximately RMB1.2 million.

In addition, the Group offers cremation to customers in Chongqing through Jiang Nan Funeral Parlour, which enables the Group to provide a wide range of funeral services in Chongqing. For the year ended 31 December 2009, the Group has handled a total of 6,940 cremation cases at Jiang Nan, an increase of 1.5% compared with the same period in 2008.

Tian Fu

Tian Fu is located in Jiulongpo District of Chongqing Municipality, the PRC. Tian Fu boasts a modernised, sanitary and hygienic mortuary and autopsy room which is used for post-mortem autopsies and cosmetic beautification and make-up preparation for the deceased. The mortuary has a capacity for 19 deceased persons.

During the period under review, the Group has derived revenue of approximately RMB12.0 million from Tian Fu, which represented approximately 25.3% of total turnover of the Group. The Group has incurred annual management fee of approximately 1.5 million.

Yibin

Yibin is located at Yibin City, Sichuan Province, the PRC. The funeral service center of the Group is equipped with a catering hall, guest rooms, a service centre offering funeral materials for sale, funeral halls, a car park, a fleet of cars designated for funerals and other requisite services as well as an autopsy room for performing post-mortem examinations.

During the year, the Group derived revenue of approximately RMB1.1 million from Yibin, which represented approximately 2.3% of total turnover of the Group. The Group incurred an annual management fee of approximately 0.5 million.

Zhong Xian

In addition, on 15 November 2009, the Group implemented the projects as stated in the memorandum of understanding signed with Zhong County Mortuary Service Centre ("Zhong County Mortuary") before the Listing and entered into a contract (the "Zhong Contract") of operation. Under the terms of the Zhong Contract, the Group would manage Zhong Xian in Zhongzhou Town, Zhong County, Chongqing, for a term of 20 years. The annual management fee shall be RMB2,200,000 for the first two years. Zhong County Mortuary shall be responsible for coordination with respect to the Group's day-to-day management of the funeral parlour and all profit and loss arising from the daily management. Zhong Xian offers people-oriented funeral services, including the transportation and disposition of remains, funeral ceremonies, cremation, disposition of cremains, and the production and sale of funeral products as well as sales and management of cemeteries.

Taiwan Market

In Taiwan, mainly through agreements signed with 15 sales agents, the Group is principally engaged in the sales of funeral services deeds which is accounted for by the Group as receipt in advance. The Group also provides funeral arrangement services to funeral services deed holders and non-funeral services deed holders alike, which are accounted for by the Group as revenue. In order to support the business development of the Group in Taiwan, the Group operates four service centres at Taipei, Hsinchu, Changhua and Kaohsiung.

The turnover from the Taiwan market was RMB13.6 million for the year ended 31 December 2009, representing a decrease of 2.9% from the same period last year, accounting for 28.6% of the Group's turnover.

PROSPECT

The Group was listed on The Stock Exchange of Hong Kong Limited on 9 September, 2009. The funds raised after the listing have help to lay a solid foundation for the future development of the Group, and will enable an acceleration of the Group's pace to expand in the scale of operations and its market share.

In the Year 2010, the Group began to implement the projects under the memorandum of understanding signed with Chongqing An Fu Funeral Services Limited before the listing and entered into a contract (the "Jiangbei Contract") of operation. Under the terms of the Jiangbei Contract, the Group will be responsible for the management of An Fu Funeral Service Centre located at No. 11 Jianxin West Road, Jiangbei District, Chongqing for five years from 1 March 2010 with an annual management fee for the funeral center of RMB2,200,000. During this period, the Group will take over all day-to-day operations of the funeral service centre and shall be responsible for its profit and loss. The funeral service centre offers customer-based funeral services, including transportation and disposition of remains, burial, funeral ceremonies and sales of funeral products.

Looking into the future, the Group will follow through on a strategy in which it will enter into more funeral service management agreements with funeral parlours and funeral service centers in major cities in China while providing quality value-added services under the extant management contracts. As part of our efforts to deliver value-added services we will optimise facilities, through improvments, renovations or refurbishing the funeral parlours and funeral service centres. In addition, the Group will develop the agency business for the sales of spaces in a columbarium in Taiwan. The Group anticipates that its expanding scale of operations will enable the Group to become a leading five-star funeral service provider in the Greater China Region.

FINANCIAL REVIEW

Turnover

The turnover arising from principal activities for the year ended 31 December 2009 was approximately RMB47.5 million (2008: approximately RMB41.5 million), representing an increase of approximately 14.5% as compared to 2008. The increase of total revenue was mainly due to the expansion of operations in the PRC during the year, achieving a turnover of approximately RMB33.9 million (2008: approximately RMB27.5 million), representing an increase of approximately 23.3%. However, there was a constraint on growth of its operations in Taiwan. The turnover generated by the Taiwan operations was approximately RMB13.6 million (2008: approximately RMB14.0 million), representing a decrease of approximately 2.9% as the scope of business of the Group has narrowed. As a result of the Group's increased efforts in the PRC, that portion of the Group's total turnover increased from approximately 66.3% for 2008 to approximately 71.4% for 2009. The portion of the Group's total turnover in Taiwan decreased from approximately 33.7% for 2008 to approximately 28.6% for 2009.

Due to the expansion of funeral parlour and funeral service centres under the Group's management in the PRC, the turnover from the funeral service provided in funeral parlour and funeral service centres under the Group's management increased by 37.0%, amounting to approximately RMB22.6 million (2008: approximately RMB16.5 million). The rise was mainly due to (i) the increase in the number of funeral services provided from 1,433 for 2008 to 1,737 for 2009 and (ii) the average spending per service provided from RMB11,530 for 2008 to RMB13,060 for 2009. The increase in the number of the cases was due to the boost of its reputation through the Group's provision of quality service and the completion of refurbishment in 2009. The increase in average spending was due to the increase in the consumer spending power in 2009 and the fact that higher fees could be charged after refurbishment of the funeral service centres.

The turnover from the cremation services increased by 2.7%, amounting to approximately RMB11.3 million (2008: approximately RMB11.0 million). The increase was mainly due to the increase in the number of cremation services provided from 6,836 for 2008 to 7,289 for 2009. The average spending per service provided slightly decreased from RMB1,607 for 2008 to RMB1,547 for 2009. Under the funeral parlour management agreement and funeral service centre management agreements, the Group is entitled to all income and responsible for all liabilities and all expenses incurred in the funeral parlour and funeral service centres under the Group's management.

The revenue generated from funeral arrangement services was approximately RMB13.6 million (2008: approximately RMB13.9 million), representing a slight decline of 2.2% over last year. It was due to the intense competition in the Taiwan funeral service industry and the Directors believes that the market in Taiwan is saturated and room for growth is limited. Thus, the number of cases for the funeral arrangement services dropped in 2009 and resulted in the decrease in the total turnover here.

Gross Profit and Gross Profit Margin

Gross profit rose by 16.4% to approximately RMB34.1 million (2008: approximately RMB29.3 million), and gross profit margin increased slightly to approximately 71.8% (2008: approximately 70.6%). The gross profit margin of funeral services provided in funeral parlour and funeral service centres under the Group's management increased to approximately 76.8% (2008: approximately 73.9%) which was mainly due to the growth in average spending per service by 13.3%. The gross profit margin of cremation services slightly decreased to approximately 90.4% (2008: approximately 91.5%) which was mainly due to the decrease in average spending per service by 3.7% and that of funeral arrangement services in Taiwan decreased to approximately 47.9% (2008: approximately 50.0%) which was mainly due to the decrease in average spending per service by 1.7%.

The Group's cost of sales primarily consists of costs directly attributable to the provision of its services, which mainly include (i) direct labour for the funeral services provided by individuals during the funeral ceremony held in a funeral parlour or a funeral service centre managed by the Group; (ii) subcontracting charges for services provided by the subcontractors in Taiwan; (iii) commission expenses from the recognition of commission paid to sales agents for funeral services deeds at the point when the services of the funeral services deeds are provided; and (iv) materials used for funeral ceremonies and cremation services such as fresh flowers, fuel for the cremation furnace and cost of the goods sold in the funeral parlour and funeral service centres under the Group's management in the PRC.

Profit for the Year

In 2009, profit for the year increased 495.2% from 2008 to approximately RMB12.5 million (2008: approximately RMB2.1 million). The increase was mainly due to (i) the increase in the gross profit by approximately RMB4.8 million or 16.4%; (ii) the net gain in the fair value of financial assets of approximately RMB4.1 million (2008: loss of approximately RMB4.8 million); and, (iii) increase in commission income to approximately RMB6.4 million (2008: approximately RMB0.6 million) due to the introduction of more cemeteries to the customers from funeral services provided by the Group in the PRC and in Taiwan.

Selling expenses increased by approximately 15.8% to approximately RMB11.7 million (2008: approximately RMB10.1 million). The increase was mainly attributable to the Group's increased rental and management costs and agency costs resulting from its expansion in the funeral parlour and funeral service centres management business in the PRC. The proportion of selling expenses to turnover was approximately 24.6% (2008: approximately 24.3%). Administrative expenses rose by approximately 37.1% to approximately RMB14.4 million (2008: approximately RMB10.5 million) as a result of the continuous expansion of the Group's PRC business and the cost incurred in relation to listing purposes after 9 September 2009. The proportion of administrative expenses to turnover was approximately 30.3% (2008: approximately 25.3%). Finance costs dropped by approximately 30.0% to approximately RMB0.7 million (2008: approximately RMB1.0 million) because the decline in bank interest rates. Income tax expense increased by approximately 126.3% to approximately RMB4.3 million (2008: approximately RMB1.9 million) due to the increase in profit before tax. The effective tax rate of the Group was approximately 25.6% (2008: approximately 47.5%). The decrease in the effective tax rates was due to the increase of non-taxable gains in the fair value of financial assets for 2009.

Liquidity, Financial Resources and Capital Structure

The Group maintains a stable financial position. As at 31 December 2009, the Group had bank balances and cash of approximately RMB112.7 million (2008: approximately RMB15.4 million) and bank and other loans and convertible bonds of approximately RMB15.1 million (2008: approximately RMB31.5 million). All bank and other loans were denominated in New Taiwan Dollars, at prevailing market interest. During the period, the Group did not use any financial instruments for hedging purposes. The gearing ratio representing the ratio of total borrowing to the total assets of the Group was 5.8% as at 31 December 2009 (2007: 19.0%).

The Number and Remuneration of Employees

As at 31 December 2009, the Group employed approximately 272 employees (2008: 217 employees). The Group determines staff remuneration in accordance with prevailing market salary scales, individual qualifications and performance. Remuneration packages including performance bonuses and entitlements to share options are reviewed on regular basis.

Charge on Group Assets

The carrying amounts of property, plant and equipment pledged as security for the Group's bank borrowings and other loans were approximately RMB25.4 million (2008: RMB24.6 million).

Contingent Liabilities

As at 31 December 2009, the Group did not have any contingent liabilities (2008: Nil).

Capital Expenditure

For the year ended 31 December 2009, capital expenditure of the Group for property, plant and equipment amounted to approximately RMB6.1 million (2008: approximately RMB5.7 million).

Corporate Governance and Other Information

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2009, the relevant interests and short positions of the Directors or chief executive in the shares (the "Shares"), underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571) ("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 SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of SFO) or required pursuant to section 352 of SFO, to be entered in the register referred to therein or required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange were as follows:

Aggregate long positions in the Shares

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of the issued share capital of the Company
Liu Tien-Tsai	Personal	306,540,000	49.243%

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

The register of substantial shareholders required to be kept under section 336 of Part XV of SFO showed that as at 31 December 2009, the Company was notified of the following substantial shareholders' interests, being 5% or more of the issued share capital of the Company. These interests were in addition to those disclosed above in respect of the Directors and chief executive:

Aggregate long positions in the Shares

Name of shareholders	Nature of interest	Number of shares held	Approximate percentage of the issued share capital of the Company
Yang YongSheng *(note 1)*	Personal	36,632,000	5.88%
	Family interest	9,160,000	1.47%
Yu WenPing *(note 1)*	Personal	9,160,000	1.47%
	Family interest	36,632,000	5.88%

Note:

1. Yu WenPing, the spouse of Yang YongSheng, was deemed to be interested in all the interest of Yang YongSheng.

COMPETING BUSINESS

As at 31 December 2009, none of the Directors, or any person who was (or group of persons who together were) entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the Company and which was (or were) able, as a practical matter, to direct or influence the management of the Company or any of their respective associates (as defined under the GEM Listing Rules) had any interest in a business, which competed or might compete with the business of the Group.

Share Option Scheme

No share options have been granted under the existing share option scheme adopted by the Company as at 31 December 2009.

Interests of the Compliance Adviser

As notified by Sun Hung Kai International Limited ("SHKI"), the Company's compliance adviser, neither SHKI nor its directors or employees or associates had any interests in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 31 December 2009.

Pursuant to the agreement dated 24 August 2009 entered into between SHKI and the Company, SHKI received and will receive fees for acting as the Company's compliance adviser.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

For the year ended 31 December 2009, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company.

Corporate Governance

Save and except the following deviation from the code provision set out in the Code on Corporate Governance Practices as contained in Appendix 15 to the GEM Listing Rules (the "CCGP"), the Company had, during the period under review, complied with the CCGP.

Coder provisions set out in the CCGP		Reason for deviations
A.2	The Chairman and Chief Executive Officer of the Company were performed by the same individual.	The Company's size is still relatively small and thus not justified in separating the role of Chairman and Chief Executive Officer. The Group has in place internal control system to perform the check and balance function.

The Company is also in the progress of accessing the effect of the implementation of CCGP on the Company's operation. Save as disclosed, the Company has met the code provisions set out in the CCGP throughout the year ended 31 December 2009.

Securities Transactions by Directors

During the period under review, the Company has adopted the standards set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding the Directors' securities transactions in securities of the Company. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standards of dealings and its code of conduct regarding securities transactions by Directors.

REMUNERATION COMMITTEE

The Company established a remuneration committee in August 2009 with written terms of reference in compliance with the CG Code. The primary duties of the remuneration committee are, amongst other things, to review and determine the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management and to make recommendation to our Board on our Group's policy and structure for all remuneration of our Directors and senior management. The remuneration committee comprises four independent non-executive Directors, namely Mr. Chai Chung Wai (chairman of the remuneration committee), Mr. Ching Clement Yat-biu, Mr. Lam Ying Hung Andy, Mr. Luo Xuegang.

NOMINATION COMMITTEE

The Company established a nomination committee in August 2009 with written terms of reference in compliance with the CG Code. The principal duties of the nomination committee are to identify and nominate suitable candidates for the appointment of the Directors and make recommendations to the Board on succession planning for the Directors. The nomination committee comprises four independent non-executive Directors, namely Mr. Luo Xuegang (chairman of the nomination committee), Mr. Ching Clement Yat-biu, Mr. Lam Ying Hung Andy, Mr. Chai Chung Wai.

AUDIT COMMITTEE

The Company established an audit committee in August 2009 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are, among other things, to review and supervise the financial reporting process and internal control system of our Group. The audit committee has four members comprising four independent non-executive Directors, namely Mr. Ching Clement Yat-biu (chairman of the audit committee), Mr. Luo Xuegang, Mr. Lam Ying Hung Andy, Mr. Chai Chung Wai.

The Group's audited consolidated results for the year ended 31 December 2009 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

ANNUAL GENERAL MEETING

The 2010 Annual General Meeting of the Company will be held on 27 May 2010, Thursday and the Notice of Annual General Meeting will be published and dispatched in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 24 May 2010, Monday to 27 May 2010, Thursday (both days inclusive), during which period no transfer of shares will be registered.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in Rule 5.46 of the GEM Listing Rules — Model Code for Securities Transactions by Directors of Listed Companies. Specific enquiry has been made of all the Directors and the Directors have confirmed that they had complied with such code of conduct from the date of listing of the Company's Shares on the Stock Exchange up to 31 December 2009.

By order of the Board
Sino-Life Group Limited
Liu Tien-Tsai
Chairman and Executive Director

Hong Kong, 22 March 2010

As at the date hereof, the Board comprises Mr. Liu Tien-Tsai and Mr. Kim Eun Back being executive Directors of the Company; Mr. Niu Tse-Cheng and Mr. Zheng Yimin being non-executive Directors of the Company; and Mr. Chai Chung Wai, Mr. Ching Clement Yat-biu, Mr. Lam Ying Hung Andy, Mr. Luo Xuegang being independent non-executive Directors of the Company.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at http://www.hkgem.com for 7 days from the date of its posting. This announcement will also be posted on the Company's website at http://www.sinolifegroup.com.