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 2017

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, 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.

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This announcement, 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 announcement is accurate and complete in all material respects and not misleading; and there are no other matters the omission of which would make any statement herein or in this announcement misleading.

FINAL RESULTS

The board of directors (the "Board") of the Company hereby presents the following audited consolidated results of the Group for the year ended 31 December 2017 (the "Year 2017") together with the comparative audited figures for year 2016. These results have been reviewed by the audit committee of the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Note	**2017** ***RMB'000***	2016 *RMB'000*
Revenue	*3(a)*	**60,709**	57,342
Cost of sales		**(30,111)**	(35,149)
Gross profit		**30,598**	22,193
Valuation gains on investment property		**237**	–
Other income	*4*	**741**	6,760
Selling expenses		**(6,770)**	(5,841)
Administrative expenses		**(29,016)**	(30,230)
Other operating expenses		**(14,874)**	(10,468)
Impairment of goodwill		**–**	(15,129)
Loss from operations		**(19,084)**	(32,715)
Finance costs	*5(a)*	**(197)**	(184)
Loss before taxation	*5*	**(19,281)**	(32,899)
Income tax	*6*	**(1,513)**	(1,727)
Loss for the year		**(20,794)**	(34,626)
Other comprehensive income for the year			
Item that will not be reclassified to profit or loss:			
Surplus on revaluation of land and buildings held for own use		**243**	153
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of operations outside the People's Republic of China ("non-PRC operations"):			
Exchange differences arising during the year		**26**	3,008
Other comprehensive income for the year, net of income tax		**269**	3,161
Total comprehensive loss for the year, net of income tax		**(20,525)**	(31,465)

	Note	**2017** *RMB'000*	2016 *RMB'000*
Loss attributable to:			
Owners of the Company		**(19,334)**	(31,520)
Non-controlling interests		**(1,460)**	(3,106)
		(20,794)	(34,626)
Total comprehensive loss attributable to:			
Owners of the Company		**(19,009)**	(28,429)
Non-controlling interests		**(1,516)**	(3,036)
		(20,525)	(31,465)
Loss per share	*7*		
Basic and diluted		**RMB(2.60) cents**	RMB(4.25) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	2017 RMB'000	2016 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**34,670**	38,592
Investment property		**6,162**	4,812
Prepaid lease payments		**2,804**	3,507
Intangible assets		**499**	1,237
Deposits for hire of funeral parlours and funeral services centres	*9*	**1,000**	1,700
Other rental deposit	*9*	**–**	22
Goodwill		**2,869**	2,821
		48,004	52,691
CURRENT ASSETS			
Financial assets designated as at fair value through profit or loss		**37,098**	38,640
Development and formation costs		**5,055**	7,406
Inventories		**1,112**	1,526
Tax recoverable		**10**	11
Deposits for hire of funeral parlours and funeral services centres	*9*	**700**	–
Trade and other receivables	*9*	**42,099**	53,664
Prepaid lease payments		**67**	82
Cash and cash equivalents		**98,186**	98,550
		184,327	199,879
CURRENT LIABILITIES			
Trade and other payables	*10*	**10,447**	8,696
Receipts in advance	*11*	**92,432**	93,911
Current portion of bank borrowings		**1,059**	1,023
Current taxation		**4,184**	3,394
Provisions		**2,900**	2,851
		(111,022)	(109,875)
NON-CURRENT LIABILITIES			
Receipts in advance	*11*	**149**	118
Bank borrowings		**9,071**	9,959
		(9,220)	(10,077)
NET ASSETS		**112,089**	132,618
EQUITY			
Equity attributable to owners of the Company			
Share capital		**69,218**	69,218
Reserves		**45,335**	64,652
		114,553	133,870
Non-controlling interests		**(2,464)**	(1,252)
TOTAL EQUITY		**112,089**	132,618

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Attributable to owners of the Company											
	Share capital	**Share premium**	**Merger reserve**	**Statutory reserve**	**Statutory surplus reserve**	**Properties revaluation reserve**	**Foreign currency translation reserve**	**Share-based compensation reserve**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
	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 1 January 2016	69,218	220,633	(16,261)	786	1,550	1,954	(20,795)	7,753	(102,539)	162,299	1,784	164,083
Loss for the year	–	–	–	–	–	–	–	–	(31,520)	(31,520)	(3,106)	(34,626)
Surplus on revaluation of land and buildings held for own use	–	–	–	–	–	153	–	–	–	153	–	153
Exchange differences on translation of financial statements of non-PRC operations	–	–	–	–	–	–	2,938	–	–	2,938	70	3,008
Other comprehensive income	–	–	–	–	–	153	2,938	–	–	3,091	70	3,161
Total comprehensive loss for the year	–	–	–	–	–	153	2,938	–	(31,520)	(28,429)	(3,036)	(31,465)
Transfer to statutory reserve	–	–	–	4	–	–	–	–	(4)	–	–	–
Lapse of share options granted	–	–	–	–	–	–	–	(77)	77	–	–	–
At 31 December 2016	69,218	220,633	(16,261)	790	1,550	2,107	(17,857)	7,676	(133,986)	133,870	(1,252)	132,618
At 1 January 2017	**69,218**	**220,633**	**(16,261)**	**790**	**1,550**	**2,107**	**(17,857)**	**7,676**	**(133,986)**	**133,870**	**(1,252)**	**132,618**
Loss for the year	–	–	–	–	–	–	–	–	**(19,334)**	**(19,334)**	**(1,460)**	**(20,794)**
Surplus on revaluation of land and buildings held for own use	–	–	–	–	–	**243**	–	–	–	**243**	–	**243**
Exchange differences on translation of financial statements of non-PRC operations	–	–	–	–	–	–	**82**	–	–	**82**	**(56)**	**26**
Other comprehensive income/(loss)	–	–	–	–	–	**243**	**82**	–	–	**325**	**(56)**	**269**
Total comprehensive income/(loss) for the year	–	–	–	–	–	**243**	**82**	–	**(19,334)**	**(19,009)**	**(1,516)**	**(20,525)**
Lapse of share options granted	–	–	–	–	–	–	–	**(331)**	**331**	–	–	–
Acquisition of additional interests in a non-wholly-owned subsidiary	–	–	–	–	–	–	–	–	**(308)**	**(308)**	**304**	**(4)**
At 31 December 2017	**69,218**	**220,633**	**(16,261)**	**790**	**1,550**	**2,350**	**(17,775)**	**7,345**	**(153,297)**	**114,553**	**(2,464)**	**112,089**

NOTES TO THE 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 Cayman Islands Companies Law. 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 and related services in the People's Republic of China (the "PRC"), Taiwan and Hong Kong, sale of burial plots and tombstones and provision of cemetery maintenance services in Vietnam and provision of elderly care and related consultancy services in Taiwan. 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 The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands and Unit 1303, 13/F., Austin Tower, 22–26 Austin Avenue, Tsimshatsui, Kowloon, Hong Kong respectively.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS")

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle

None of these has impact on the accounting policies of the Group.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. REVENUE AND SEGMENT INFORMATION

(a) Revenue

Revenue represents the fair value of consideration received and receivable for the services rendered to customers and goods sold to customers. The amount of each significant category of revenue during the year is as follows:

	2017	2016
	RMB'000	*RMB'000*
Funeral services and cremation services provided in funeral parlous and funeral service centres under the Group's management	**55,641**	52,386
Funeral arrangement services	**3,187**	2,643
Funeral related consultancy services	**1,292**	892
Sale of burial plots	**334**	425
Sale of tombstones	**128**	90
Cemetery maintenance services	**–**	1
Elderly care and related consultancy services	**127**	905
	60,709	57,342

(b) Segment information

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Company's executive directors (the "Executive Directors"), the chief operating decision maker, for the purposes of resources allocation and performance assessment, the Group has presented the following five reportable segments. No operating segments have been aggregated to form the following reportable segments.

(i) Funeral services – Taiwan

Provision of funeral arrangement services to funeral services deed holders and related consultancy services in Taiwan.

(ii) Funeral services – Hong Kong

Provision of funeral arrangement services to both funeral services deed holders and non-funeral services deed holders in Hong Kong.

(iii) Funeral services – the PRC

Provision of funeral and cremation services in funeral parlours and funeral service centres in the PRC under the Group's management, pursuant to the respective management agreements entered into with the owners of funeral parlours and funeral service centres, and other related consultancy services.

(iv) ***Funeral services – Vietnam***

Sale of burial plots and tombstones and provision of cemetery maintenance services in Vietnam.

(v) ***Elderly care and related consultancy services – Taiwan***

Provision of elderly care and related consultancy services in Taiwan.

Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Executive Directors monitor the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of corporate assets. Segment liabilities include trade and other payables, receipts in advance, provisions and current tax liabilities attributable to the activities of the individual segments and borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Segment results represent the earnings and loss of each segment without allocation of valuation gain/loss on investment property, other income, central administration costs, finance costs and income tax. This is the measure reported to the Executive Directors for the purposes of resource allocation and assessment of segment performance.

In addition to receiving segment information concerning segment results, the Executive Directors are provided with segment information concerning revenue, interest income and expense from cash balances and borrowings managed directly by the segments, depreciation and amortisation, loss/gain on disposal of property, plant and equipment, write down of development and formation costs and inventories, impairment loss on goodwill, impairment loss on prepayments, impairment loss on property, plant and equipment, impairment loss on other receivables, prepayments written off, provision for future costs of delivering funeral services under funeral services deeds, net realised and unrealised gain/loss on financial assets designated as at fair value through profit or loss, income tax expenses, and additions to non-current segment assets used by the segments in their operations.

Information regarding the Group's reportable segments as provided to the Executive Directors for the purposes of resources allocation and assessment of segment performance for the years ended 31 December 2017 and 2016 is set out below:

	Year ended 31 December 2017					
	Funeral services				Elderly care and related consultancy services	
	Taiwan	Hong Kong	PRC	Vietnam	Taiwan	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment revenue – Revenue from external customers	**2,175**	**1,012**	**56,933**	**462**	**127**	**60,709**
Reportable segment (loss)/profit	**(8,808)**	**(102)**	**4,602**	**(6,876)**	**(1,846)**	**(13,030)**
Interest income	**37**	**–**	**648**	**–**	**–**	**685**
Interest expenses	**197**	**–**	**–**	**–**	**–**	**197**
Depreciation and amortisation for the year	**208**	**6**	**3,996**	**242**	**1,234**	**5,686**
Write down of development and formation costs and inventories	**–**	**–**	**–**	**1,947**	**–**	**1,947**
Impairment loss on property, plant and equipment	**–**	**–**	**–**	**401**	**–**	**401**
Impairment loss on prepayments	**–**	**–**	**–**	**2,793**	**–**	**2,793**
Impairment loss on other receivables	**–**	**–**	**4,359**	**–**	**–**	**4,359**
Prepayments written off	**7,220**	**–**	**–**	**–**	**–**	**7,220**
Net realised and unrealised gain on financial assets designated as at fair value through profit or loss	**697**	**–**	**–**	**–**	**–**	**697**
Income tax expenses	**–**	**–**	**1,513**	**–**	**–**	**1,513**
Reportable segment assets	**140,421**	**696**	**35,506**	**18,815**	**8,515**	**203,953**
Additions to non-current segment assets during the year	**71**	**–**	**968**	**–**	**286**	**1,325**
Reportable segment liabilities	**103,958**	**754**	**10,560**	**2,632**	**772**	**118,676**

There are no inter-segment sales during the year (2016: Nil).

	Year ended 31 December 2016					
	Funeral services				Elderly care and related consultancy services	
	Taiwan	Hong Kong	PRC	Vietnam	Taiwan	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment revenue – Revenue from external customers	1,985	741	53,195	516	905	57,342
Reportable segment (loss)/profit	(6,795)	(402)	8,086	(15,122)	(15,862)	(30,095)
Interest income	40	–	867	1	–	908
Interest expenses	184	–	–	–	–	184
Depreciation and amortisation for the year	193	2	4,071	374	488	5,128
Gain on disposal of property, plant and equipment	–	–	3	–	–	3
Write down of development and formation costs and inventories	–	–	–	9,015	–	9,015
Impairment loss on goodwill	–	–	–	–	15,129	15,129
Impairment loss on prepayments	–	–	–	5,052	–	5,052
Prepayments written off	4,171	94	–	–	–	4,265
Provision for future costs of delivering funeral services under funeral services deeds	1,107	–	–	–	–	1,107
Net realised and unrealised gain on financial assets designated as at fair value through profit or loss	1,577	–	–	–	–	1,577
Income tax expenses	–	–	1,727	–	–	1,727
Reportable segment assets	164,837	591	49,832	26,123	9,335	250,718
Additions to non-current segment assets during the year	–	33	2,669	49	22,683	25,434
Reportable segment liabilities	105,511	815	8,694	2,635	671	118,326

Reconciliations of reportable segment revenue, profit or loss, assets, liabilities and other items

	2017	2016
	RMB'000	*RMB'000*
Revenue		
Total reportable segment revenue and consolidated revenue	**60,709**	57,342
Profit or loss		
Total reportable segment loss derived from Group's external customers	**(13,030)**	(30,095)
Valuation gains on investment property	**237**	–
Other income	**741**	6,760
Finance costs	**(197)**	(184)
Unallocated head office and corporate expenses		
– Depreciation and amortisation	**(52)**	(176)
– Auditors' remuneration	**(1,040)**	(857)
– Legal and professional fee	**(721)**	(575)
– Staff cost (including directors' remuneration)	**(4,639)**	(7,136)
– Operating lease charges: minimum lease payments	**(270)**	(49)
– Others	**(310)**	(587)
Consolidated loss before taxation	**(19,281)**	(32,899)
Assets		
Total reportable segment assets	**203,953**	250,718
Unallocated head office and corporate assets		
– Cash and cash equivalents	**28,281**	1,556
– Other deposits and prepayments	**96**	225
– Property, plant and equipment	**–**	53
– Others	**1**	18
Consolidated total assets	**232,331**	252,570

	2017	2016
	RMB'000	*RMB'000*
Liabilities		
Total reportable segment liabilities	**118,676**	118,326
Unallocated head office and corporate liabilities	**1,566**	1,626
Consolidated total liabilities	**120,242**	119,952
Other items		
Interest income		
Reportable segment total	**685**	908
Unallocated head office and corporate total	**1**	6
Consolidated total	**686**	914
Depreciation and amortisation		
Reportable segment total	**5,686**	5,128
Unallocated head office and corporate total	**52**	176
Consolidated total	**5,738**	5,304

Geographical information

The following is an analysis of geographical location of (i) the Group's revenue from external customers; and (ii) the Group's property, plant and equipment, investment property, prepaid lease payments, intangible assets, goodwill, deposits for hire of funeral parlours and funeral services centres and other rental deposit. The geographical location of customers refers to the location at which the services were provided or the goods delivered. The geographical locations of property, plant and equipment, investment property, prepaid lease payments, deposits for hire of funeral parlours and funeral services centres and other rental deposit are based on the physical location of the assets under consideration. In the case of intangible assets and goodwill, it is based on the location of the operation to these intangible assets are allocated.

	Revenue from external customers		Non-current assets	
	2017	2016	**2017**	2016
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The PRC (place of domicile)	**56,933**	53,195	**11,935**	15,452
Taiwan	**2,302**	2,890	**36,064**	36,274
Hong Kong	**1,012**	741	**5**	86
Vietnam	**462**	516	**–**	879
	3,776	4,147	**36,069**	37,239
	60,709	57,342	**48,004**	52,691

Revenue from major products and services

	2017	2016
	RMB'000	*RMB'000*
Funeral services and cremation services provided in funeral parlours and funeral service centres under the Group's management	**55,641**	52,386
Funeral arrangement services	**3,187**	2,643
Funeral related consultancy services	**1,292**	892
Sale of burial plots	**334**	425
Sale of tombstones	**128**	90
Cemetery maintenance services	**–**	1
Elderly care and related consultancy services	**127**	905
	60,709	57,342

Information about major customers

For the years ended 31 December 2017 and 2016, revenue from any single external customer does not amount to 10% or more of the Group's revenue.

4. OTHER INCOME

	2017	2016
	RMB'000	*RMB'000*
Interest income on bank deposits	**686**	914
Total interest income on financial assets not at fair value through profit or loss	**686**	914
Sundry income	**82**	210
Rental income from investment property	**320**	225
Gain on disposal of property, plant and equipment	**–**	3
(Deficit)/surplus on revaluation of land and buildings held for own use	**(275)**	338
Net exchange (loss)/gain	**(824)**	3,476
Net gain on terminated and lapsed funeral services deeds	**55**	17
Net realised and unrealised gain on financial assets designated as at fair value through profit or loss	**697**	1,577
	741	6,760

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting) the followings:

	2017	2016
	RMB'000	*RMB'000*
(a) Finance costs		
Interest on bank borrowings	**197**	184
Total interest expenses on financial liabilities not at fair value through profit or loss	**197**	184
(b) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**17,155**	18,509
Contributions to defined contribution retirement plans	**2,333**	2,256
	19,488	20,765

	2017	2016
	RMB'000	*RMB'000*
(c) Other items		
Amortisation of intangible assets	**760**	505
Amortisation of prepaid lease payments	**67**	82
Auditors' remuneration – audit services	**1,040**	857
Cost of inventories *(note (i))*	**10,629**	16,687
Gross rental income from investment property less direct outgoing of RMB nil (2016: RMB nil)	**(320)**	(225)
Depreciation	**4,911**	4,717
Operating lease charges for property, plant and equipment: minimum lease payments		
– rented premises	**408**	350
– hire of equipment	**7**	21
– hire of funeral parlours and funeral service centres	**8,046**	7,938
Operating lease charges: contingent rents		
– hire of funeral parlours and funeral service centres	**616**	550
Impairment loss on other receivables*	**4,359**	–
Impairment loss on property, plant and equipment*	**401**	–
Impairment loss on goodwill	**–**	15,129
Impairment loss on prepayments*	**2,793**	5,052
Prepayments written off *(note (ii))**	**7,220**	4,265
Provision for future costs of delivering funeral services under funeral service deeds*	**–**	1,107

* Included in "other operating expenses" of the consolidated statement of profit or loss and other comprehensive income.

Note (i):

Included in the cost of inventories there is a write-down of development and formation costs and inventories of RMB1,702,000 (2016: RMB7,886,000) and RMB245,000 (2016: RMB1,129,000), respectively.

Note (ii):

During the year ended 31 December 2017, prepaid commission to agents of the Group amounting to approximately RMB7,220,000 (2016: RMB4,265,000) were written off because the agents went into bankruptcy or the Group lost the contact of the agents and accordingly the Group can no longer enjoy the agency services nor have the refund from the agents.

6. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2017	2016
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax *(note (c))*		
Current period	**1,513**	1,727
Total	**1,513**	1,727

Notes:

(a) No provision for Hong Kong profits tax has been made as the Group has no assessable profits in Hong Kong for both years.

(b) The Group is not subject to any taxation under the jurisdiction of the Cayman Islands, Samoa and the British Virgin Islands ("BVI") for both years.

(c) The subsidiaries operating in the PRC are subject to Enterprise Income Tax rate at 25% (2016: 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) except that Chongqing Xizhou Funeral Service Company Limited ("Chongqing Xizhou"), an indirect wholly-owned subsidiary of the Company, is entitled to a preferential tax rate of 15% (2016: 15%) in accordance with 西部大開發企業所得稅優惠, which is applied to Chongqing Xizhou since January 2011 and, provided that the conditions precedent to entitlement of preferential tax rate are fulfilled by Chongqing Xizhou in each of subsequent years, the preferential tax rate can be applied to Chongqing Xizhou up to December 2020. For the year ended 31 December 2017, Chongqing Xizhou is subject to enterprise income tax rate at 15% (2016: 15%).

(d) Bau Shan Life Science Technology Co., Ltd. ("Bau Shan"), a direct subsidiary of the Company, Bao De Life Enterprise Co., Ltd. ("Bau De") and Bu Lao Lin Limited ("BLL"), both of which are indirect subsidiaries of the Company, are subject to Taiwan Enterprise Income Tax at 17% (2016: 17%) 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 has accumulated tax losses brought forward which exceed the estimated assessable profits for the year, and Bau De and BLL have no assessable profits for both years.

(e) Bao Son Life Company Limited ("Bao Son Life") and Hoan Loc Viet Duc Hoa Corporation ("HLV Duc Hoa"), indirect non-wholly-owned subsidiaries of the Company, are subject to Vietnam Corporate Income Tax at 20% (2016: 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 both years.

7. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of RMB19,334,000 (2016: RMB31,520,000) and the weighted average number of 742,500,000 ordinary shares (2016: 742,500,000 ordinary shares) in issue during the year.

(b) Diluted loss per share

No adjustment has been made to the basic loss per share amounts presented for the year ended 31 December 2017 and 2016 as the impact of the share options had anti-dilutive effect on the basic loss per share amounts presented. Therefore, the calculation of the diluted loss per share is based on the loss attributable to owners of the Company of RMB19,334,000 (2016: RMB31,520,000) and the weighted average number of 742,500,000 ordinary shares (2016: 742,500,000 ordinary shares) in issue during the year.

8. DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 December 2017 (2016: Nil).

9. TRADE AND OTHER RECEIVABLES

	2017	2016
	RMB'000	*RMB'000*
Trade receivables *(Note)*	**251**	250
Other receivables	**7,429**	4,588
Less: allowance for impairment loss	**(4,650)**	(291)
	2,779	4,297
Loans and receivables	**3,030**	4,547
Deposits and prepayments	**40,769**	50,839
	43,799	55,386
Representing:		
Current	**42,799**	53,664
Non-current	**1,000**	1,722
	43,799	55,386

Note:

No allowance for doubtful debts was recorded for both years. Trade receivables with the following aging analysis by age presented based on the invoice date as at the end of the reporting period:

	2017	2016
	RMB'000	*RMB'000*
0 to 180 days	**126**	136
181 to 365 days	**7**	10
1 year to 2 years	**118**	104
	251	250

The average credit period for funeral arrangement services granted to non-funeral services deed customers is 45 days (2016: 45 days).

For sale of burial plots, the customers can elect to make payment on a lump sum basis or settle the contract sum by up to a maximum of 48 monthly instalments. The instalment receivables will be discounted at an appropriate effective interest rate.

There is no credit period granted to customers for the other service rendered by the Group.

Management believes that no impairment allowance is necessary as the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

10. TRADE AND OTHER PAYABLES

	2017	2016
	RMB'000	*RMB'000*
Trade payables *(Note)*	**1,267**	1,261
Accruals and other payables	**9,180**	7,435
Financial liabilities measured at amortised cost	**10,447**	8,696

Note:

The following is an ageing analysis of trade payables, based on the invoice date, at the end of the reporting period:

	2017	2016
	RMB'000	*RMB'000*
0 to 30 days	**690**	740
31 days to 90 days	**139**	94
Over 90 days	**438**	427
	1,267	1,261

11. RECEIPTS IN ADVANCE

	2017	2016
	RMB'000	*RMB'000*
Advance payments from customers for:		
– funeral service deeds *(Note (a))*	**90,302**	91,783
– burial plots under development and tombstones *(Note (b))*	**2,128**	2,128
– deferred maintenance income	**151**	118
	92,581	94,029
Analysed as:		
Current	**92,432**	93,911
Non-current	**149**	118
	92,581	94,029

Notes:

(a) Bau Shan and Sino-Life (Hong Kong) Limited ("Sino-Life (HK)"), subsidiaries 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 at the choice of the customers to be arranged in future. 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 a maximum of 120 monthly instalments. The Group determines the pricing of the funeral services deeds by adding a margin to the estimated costs of delivering these services, after having taking into account of major factors including the timing of the instruction of the Deed Holders. Amounts received from funeral services deeds sold are recorded as receipts 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 services deeds are sold. Accordingly, receipts in advance is classified as current liabilities in the consolidated statement of financial position.

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 entered into after 31 July 2003 in financial institutions in Taiwan as trust monies. As at 31 December 2017, the Group has deposited RMB31,650,000 (2016: RMB33,998,000) in three financial institutions in Taiwan.

The Group recognised a net gain on termination/lapse of funeral services deeds of RMB55,000 (2016: RMB17,000) in "other income" in the consolidated statement of profit or loss for the year ended 31 December 2017.

(b) It is principally arising from the sales of burial plots and tombstones under instalment plans and such amount will be recognised as revenue when the relevant revenue recognition criteria are met.

BUSINESS REVIEW

In Year 2017, the Group benefited from the growing economy and increasing consumption in the PRC and experienced growth in its business in the PRC over last year. In addition, the performance of markets in other regions varied. Except for the Hong Kong market which achieved favorable growth, the markets in Taiwan and Vietnam recorded a decline. The development of the elderly care services established recently in Taiwan was slower than expected. At the same time, the business in Vietnam was impacted by their funerary customs and did not achieve expected results.

The revenue and performance of the Group's segments for the Year 2017 are as follows:

The PRC — Funeral services

Funeral business in the PRC continues to be the driving force of the Group's operations. Revenue derived from funeral business in the PRC market was approximately RMB56,933,000 (2016: RMB53,195,000), representing an increase of approximately 7.0% compared to last year and accounted for approximately 93.8% of the Group's total revenue.

Hong Kong — Funeral services

The funeral services in the Hong Kong market generated an approximate revenue of RMB1,012,000 (2016: RMB741,000), representing an increase of approximately 36.6% compared to last year and accounted for approximately 1.7% of the Group's total revenue.

Taiwan — Funeral services

The funeral services in the Taiwan market generated an approximate revenue of RMB2,175,000 (2016: RMB1,985,000), representing an increase of approximately 9.6% compared to last year and accounted for approximately 3.6% of the Group's total revenue.

Vietnam — Funeral services

Revenue derived from the sales of cemeteries in Vietnam was approximately RMB462,000 (2016: RMB516,000), representing a decrease of approximately 10.5% and accounted for approximately 0.8% of the Group's total revenue.

Taiwan — Elderly care and related consultancy services

The Group's revenue derived from the elderly care and related consultancy services in Taiwan was approximately RMB127,000 (2016: RMB905,000), representing a decrease of approximately 86.0% and accounted for approximately 0.2% of the Group's total revenue.

Prospects

The economy of the PRC market continues to grow and general consumption continues to rise, and as such remains considered by the Group to be the focus of future business development. The Group's management will continue to effectively apply its professional and unique business model to divisions in different regions, and at the same time actively expand our market and seek other regions that have potential and massive business opportunity to extend our business reach and increase market share.

FINANCIAL REVIEW

Revenue

The Group's total revenue arising from principal activities for the year ended 31 December 2017 was approximately RMB60,709,000 (2016: RMB57,342,000), representing an increase of approximately RMB3,367,000 or approximately 5.9% as compared to 2016. The revenue generated from the funeral services and cremation services provided in the funeral parlour and funeral service centres managed by the Group was approximately RMB55,641,000 (2016: RMB52,386,000), representing an increase of approximately 6.2%. The aggregate revenue generated from funeral arrangement services and funeral related consultancy services was approximately RMB4,479,000 (2016: RMB3,535,000), representing an increase of approximately 26.7%. The revenue increase of the two services described above was mainly due to the increase in the number funeral services provided for the year from 2,027 to 2,183. At the same time, the average spending per service increased from approximately RMB19,319 to approximately RMB19,721 in 2017. The number of additional cremation services provided slightly increased from 9,077 to 9,298 in 2017, while the average spending per service slightly decreased from approximately RMB1,457 to approximately RMB1,354. Under the funeral parlour management agreement and funeral service centre management agreements, the Group is entitled to all income and is 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 sales of burial plots and tombstones was approximately RMB462,000 (2016: RMB515,000), representing a decrease of approximately 10.3%. The revenue generated from elderly care and related consultancy services was approximately RMB127,000 (2016: RMB905,000), representing a decrease of approximately 86.0%, which was due to the development not achieving expected results.

Gross Profit and Gross Profit Margin

Gross profit for the year was approximately RMB30,598,000 (2016: RMB22,193,000), and gross profit margin increased approximately 11.7% to approximately 50.4% (2016: 38.7%). The increase in gross profit margin was mainly due to increase in revenue and decrease in cost of sales. Inventories written-down of approximately RMB245,000 (2016: RMB1,129,000) and the development and formation costs of RMB1,702,000 (2016: RMB7,886,000) decreased significantly over last year, resulting in a significant drop in cost of sales from RMB35,149,000 last year to RMB30,111,000, representing a 14.3% decrease.

The Group's cost of sales primarily consists of costs directly attributable to the provision of its services, which mainly include: (i) direct labour and staff cost 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; (iv) the management fee and operating lease charges for hire of funeral parlours and funeral service centres, and (v) 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.

Selling and Administrative Expenses

Selling expenses for the year was approximately RMB6,770,000 (2016: RMB5,841,000), representing an increase of approximately 15.9%, which was mainly due to the increase in commission expenses as a result of the increase of revenue. The proportion of selling expenses to revenue was approximately 11.2% (2016: 10.2%). Administrative expenses was approximately RMB29,016,000 (2016: RMB30,230,000), accounting for approximately 47.8% (2016: 52.7%) of revenue. Administrative expenses decreased by approximately 4% over last year, as a result of continuing the efforts in expense control.

Due to the slight increase in impairment and provision, other operating expenses was approximately RMB14,874,000 (2016: RMB10,468,000), representing an increase of approximately 42.1%. Finance costs slightly increased to approximately RMB197,000 (2016: RMB184,000). Income tax expense was mainly incurred by operations in the PRC, which was approximately RMB1,513,000 (2016: RMB1,727,000) for the year parallel to our increased revenue, representing a decrease of approximately RMB214,000 or approximately 12.4%.

Impairment of Goodwill

In 2016, the Group completed the acquisition of Bu Lao Lin Limited, a company which provides elderly care services in Taiwan, and provided nursing care services and consultancy services to other service providers in the elderly care market by developing business into the market on the golden-ager through business combination. In accordance with the original plan, the Group has established one day-care centre; however, the result was far lower than what was expected. Moreover, the Group has not completed the process of negotiation for the hire of day-care centres or elderly homes and related acquisition plans. For the above reasons, the management considers the business development in the Taiwan market unsatisfactory. After referencing the business valuation performed by an independent valuer, an approximate RMB15,129,000 impairment allowance was made.

With the impairment allowance made in the 2016 financial year, the carrying amount of goodwill has been significantly lowered. According to the results of business revaluation performed by independent valuers, the Directors are of the opinion that no provision for impairment is necessary for the Year 2017.

Loss for the year

Loss attributable to owners of the Company for the Year 2017 was approximately RMB19,334,000 (2016: RMB31,520,000). The decrease in loss was mainly due to (i) increase in revenue; (ii) increase in gross profit; and (iii) the absence of impairment on goodwill for the year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group maintains a stable financial position. As at 31 December 2017, the Group had cash and bank balances of approximately RMB98,186,000 (2016: RMB98,550,000), while short and long term bank borrowings were approximately RMB1,059,000 and approximately RMB9,071,000 respectively (2016: RMB1,023,000 and RMB9,959,000). All bank loans were denominated in New Taiwan Dollars, at prevailing market interest. During the year, the Group did not use any financial instruments for hedging purposes. As at 31 December 2017, the gearing ratio representing the ratio of total borrowing to the total assets of the Group remained to be 4.4% (2016: 4.3%), a number reflecting that the Group did not solely depend on loans and borrowings to maintain its operations, thus the Group's lending risk was very low.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

During the year, the Group's major operations were geographically based in the PRC, and diversified across Taiwan, Hong Kong and Vietnam. The revenue derived from Taiwan, Hong Kong and Vietnam only accounted for 6.2% (2016: approximately 7.2%) of the total revenue. The Group's financial statements are denominated in Renminbi, except for certain incomes and expenses which are denominated in United States Dollar, New Taiwan Dollar, Hong Kong Dollar and Vietnamese Dong. It is possible that the value of Renminbi may fluctuate against that of United States Dollar, New Taiwan Dollar, Hong Kong Dollar and Vietnamese Dong. The Group's operating results and financial position may be affected by changes in the exchange rates of Renminbi against United States Dollar, New Taiwan Dollar, Hong Kong Dollar and Vietnamese Dong, in which the Group's revenue and expenses are denominated. As at 31 December 2017, the Group did not have any bank liabilities, foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purpose. Therefore, the Group is not exposed to any material interest and exchange risks.

SIGNIFICANT ACQUISITIONS AND DISPOSAL OF INVESTMENTS

The Group did not have any significant acquisition or disposal of investment for the Year 2017.

THE NUMBER AND REMUNERATION OF EMPLOYEES

As at 31 December 2017, the Group employed approximately 209 employees (2016: 221 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

As at 31 December 2017, the carrying amount of property, plant and equipment pledged as security for the Group's bank borrowings was approximately RMB18,877,000 (2016: RMB18,472,000).

CONTINGENT LIABILITIES

As at 31 December 2017, the Group did not have any contingent liabilities (2016: Nil).

CAPITAL EXPENDITURE

For the year ended 31 December 2017, capital expenditure of the Group for property, plant and equipment amounted to approximately RMB1,325,000 (2016: approximately RMB4,996,000).

CAPITAL COMMITMENTS

As at 31 December 2017, the Group had capital expenditure contracted for but not provided for in the financial statements amounting to approximately RMB6,523,000 (2016: approximately RMB6,524,000).

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 2017, 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 5.68 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	Beneficial	107,709,000	14.51

Substantial shareholders' interests and short positions in the shares and underlying shares

Aggregate long positions in the Shares of the Company

Name of Shareholder	Nature of interest	Number of Shares held	Approximate percentage of the issued share capital of the Company
Hong Kong Gaoqi Biological Technology Company Limited	Beneficial	200,475,000	27.00

Note: Mr. Xu Jianchun is a director and holds 25% interests of issued share capital of Hong Kong Gaoqi Biological Technology Company Limited.

Save as disclosed above and the Directors' interests as disclosed in "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation", no person had interests in shares or short positions in the shares of the Company or underlying shares which are required to be recorded in the register to be kept by the Company pursuant to section 336 of the Securities and Futures Ordinance as at 31 December 2017.

Directors' interest in a competing business

During Year 2017, 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

Pursuant to the written resolutions of the shareholders of the Company dated 24 August 2009, a share option scheme ("Share Option Scheme") was approved and adopted. The major terms of the Share Option Scheme are summarised as follows:

(a) The purpose of the Share Option Scheme is to enable the Company to grant options to eligible participants who have contributed or may contribute to the Group as incentive or rewards for their contributions to the Group.

(b) The participants include (i) any employee or proposed employee of the Company and/or any of its subsidiaries or any entity ("Invested Entity") in which the Group holds an equity interest, including any executive directors and any non-executive directors (including independent non-executive directors) of the Company, any of such subsidiaries or any Invested Entity; and (ii) any consultants, advisers, agents, partners or joint-venture partners of the Company and/or any of its subsidiaries.

(c) The exercise price of a share option under the Share Option Scheme will not be less than the highest of (i) the closing price of the shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the offer date of the particular option, which must be a business day; (ii) the average of the closing prices of the shares as shown in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the offer date of that particular option; and (iii) the nominal value of a share on the offer date of the particular option.

(d) The total number of shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme and any other share option schemes must not in aggregate exceed 10% of the shares in issue on the day on which trading of the Company's shares commenced on GEM ("General Scheme Limit").

The total number of shares available for issue under the Share Option Scheme is 74,250,000 representing 10% of the issued shares of the Company as at the year end date.

(e) Unless approved by the Company's shareholders, the total number of shares issued and to be issued upon exercise of the options granted to any participants in any twelve-month period must not exceed 1% of the shares in issue at the date of the grant of the options.

(f) An offer shall be made to eligible participants in writing and shall remain open for acceptance by the eligible participants concerned for a period of 30 days from the date upon which it is made provided that no such offer shall be open for acceptance after the 10th anniversary of the adoption date of the Share Option Scheme or the termination of the scheme. An offer shall be deemed to have been accepted by the eligible participant concerned in respect of all shares which are offered to such participant when the duplicate letter comprising acceptance of the offer duly signed by the eligible participant, together with a non-refundable remittance in favour of the Company of HK$10 by way of consideration for the grant thereof is received by the Company, within such time as may be specified in the offer.

(g) The exercisable period should be determined by the board of directors upon grant of the share option but in any event should not exceed 10 years from the date of grant of the share option.

(h) An option shall be exercisable in whole or in part in the circumstances by giving notice in writing to the Company stating that the option is thereby exercised and the number of shares in respect of which it is so exercised. Each such notice must be accompanied by a non-refundable remittance for the full amount of the subscription price for shares in respect of which the notice is given.

Details of the share options granted and remaining outstanding as at 31 December 2017 are as follows:

Name/category of participants	Date of grant	Exercise price per share	Exercisable period	Number of share options At 1 January 2017	Lapsed	At 31 December 2017
Directors of the Company						
Mr. Kim Eun Back (Resigned on 22 December 2017)	16 January 2012	HK$0.60	16 January 2013 to 15 January 2017	2,000,000	(2,000,000)	–
Directors of subsidiaries						
Ms. Pan Hsiu-Ying	16 January 2012	HK$0.60	16 January 2013 to 15 January 2017	1,000,000	(1,000,000)	–
Ms. Chang Hui-Lan	16 January 2012	HK$0.60	16 January 2013 to 15 January 2017	1,000,000	(1,000,000)	–
Continuous contract employees	11 February 2010	HK$1.18	11 August 2010 to 11 February 2020	8,348,000	(320,000)	8,028,000
	16 January 2012	HK$0.60	16 January 2013 to 15 January 2017	3,560,000	(3,560,000)	–
Consultants	11 February 2010	HK$1.18	11 August 2010 to 11 February 2020	41,900,000	–	41,900,000
				57,808,000	(7,880,000)	49,928,000

For the options granted in 2010, they are exercisable starting half year from the grant date. The exercisable period is 10 years from the date of grant of the share option.

For the options granted in 2012, they are exercisable starting one year from the grant date. The exercisable period is 5 years from the date of grant of the share option.

Save as disclosed above, as at 31 December 2017, none of the Directors, chief executives or substantial shareholders of the Company or their respective associates have been granted share options under the Share Option Scheme.

PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

The Company had complied with the code provisions ("Code Provisions") set out in the Corporate Governance Code and Corporate Governance Report as contained in Appendix 15 to the GEM Listing Rules, except for Code Provision A.2.1.

Code A.2.1 provides that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. The positions of Chairman of the Board and Chief Executive Officer ("CEO") of the Company for the year ended 31 December 2017 are both currently carried on by Mr. Liu Tien-Tsai, until Mr. Liu's resignation as Chairman of the Board on 22 December 2017. Although the Board considers that the Group's size is still relatively small and thus not justified in separating the role of Chairman and CEO, the Group has internal control system in place to perform the check and balance function, the Group has the same person to perform the roles of both Chairman and CEO will provide the Group with strong and consistent leadership and that, operating in this manner will allow the Group with more effective and efficient overall strategic planning; as Mr. Xu Jianchun joined the Board and became the Chairman on 22 December 2017, the positions of Chairman and CEO are no longer performed by the same individual, and Group has complied with Code A.2.1 since then.

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the "Remuneration Committee") in August 2009. As at 31 December 2017, the Remuneration Committee consists of three independent non-executive Directors, namely Mr. Chai Chung Wai (Chairman), Mr. Ching Clement Yat-biu and Mr. Lee Koon Hung. Mr. Ching Clement Yat-biu resigned as an independent non-executive Director on 23 January 2018 and no longer serves as a member of the remuneration committee. Mr. Sun Fei was appointed as an independent non-executive Director and a member of the remuneration committee on the same day. During the year, the Remuneration Committee has reviewed the remuneration package of the Board members and the senior management of the Company. The major responsibilities of the Remuneration Committee include (i) making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management; (ii) determining the specific remuneration packages of all executive directors and senior management; (iii) reviewing and approving performance based remuneration by reference to corporate goals and objectives resolved by the Board from time to time; and (iv) reviewing and approving the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company.

NOMINATION COMMITTEE

The Company has established a nomination committee (the "Nomination Committee") in August 2009. As at 31 December 2017, the Nomination Committee consists of three independent non-executive Directors, namely Mr. Lee Koon Hung (Chairman), Mr. Ching Clement Yat-biu and Mr. Chai Chung Wai. Mr. Ching Clement Yat-biu resigned as an independent non-executive Director on 23 January 2018 and no longer serves as a member of the Nomination Committee. Mr. Sun Fei was appointed as an independent non-executive Director and a member of the Nomination Committee on the same day. During the year, the Nomination Committee has reviewed the appointment of the Board members of the Company. The major responsibilities of the Nomination Committee include (i) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes; (ii) identifying individuals suitably qualified to become Board members and making recommendations to the Board on the selection of individuals nominated for directorships; (iii) assessing the independence of independent non-executive Directors; (iv) making recommendations to the Board on relevant matters relating to the appointment or reappointment of Directors and succession planning for Directors, in particular the chairman and the chief executive officer; (v) making recommendations to the Board on the policy concerning the diversity of Board members; and (vi) giving full consideration to the Board's policy concerning diversity of Board members adopted from time to time.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") in August 2009. As at 31 December 2017, the Audit Committee consists of three independent non-executive Directors, namely Mr. Ching Clement Yat-biu (Chairman), Mr. Chai Chung Wai and Mr. Lee Koon Hung. Mr, Ching Clement Yat-biu resigned as an independent non-executive Director on 23 January 2018 and no longer serves as a member of the Audit Committee, Mr. Sun Fei was appointed as an independent non-executive Director and a member of the Audit Committee on the same day. During the year, the Audit Committee has reviewed the quarterly, half-yearly and annual reports before submission to the Board. The Audit Committee focused not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the GEM Listing Rules and the legal requirements in the review of the Company's quarterly, half-yearly and annual reports. The major responsibilities of the Audit Committee include (i) making recommendation to the Board on the appointment, reappointment and removal of external auditor; (ii) reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard; (iii) monitoring the integrity of the Company's financial statements, annual report and accounts, half-yearly report and, quarterly reports; (iv) liaising with the Board and the senior management and to meet with the auditors; (v) reviewing the Company's financial controls, internal control and risk management systems; and (vi) reviewing the financial and accounting policies and practices of the Group.

The Group's audited consolidated results for the year ended 31 December 2017 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 annual general meeting of the Company will be held on 16 May 2018, Wednesday and the Notice of Annual General Meeting will be published and dispatched in the manner as required by the GEM Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 11 May 2018, Friday to 16 May 2018, Wednesday (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending at the annual general meeting of the Company to be held on 16 May 2018, Wednesday, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 10 May 2017, Thursday.

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 of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Specific enquiry has been made of all the Directors and the Directors have confirmed that they had complied with such code of conduct throughout the year ended 31 December 2017.

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

26 March 2018

As at the date hereof, the Board comprises Mr. Xu Jianchun and Mr. Liu Tien-Tsai being executive Directors; and Mr. Chai Chung Wai, Mr. Sun Fei and Mr. Lee Koon Hung being independent non-executive Directors.

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.