# 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)**

## SUPPLEMENTAL ANNOUNCEMENT ON THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

Reference is made to the announcement of Sino-Life Group Limited (the "**Company**") dated 31 March 2021 in relation to the unaudited annual results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2020 (the "**2020 Annual Results**") (the "**Announcement**"). Capitalised terms used herein, unless otherwise defined, shall have the same meanings as those defined in the Announcement. The Company is pleased to announce that as at the date of this announcement, the Company's external auditors, Crowe (HK) CPA Limited, has completed its audit of the 2020 Annual Results. The audited 2020 Annual Results were approved by the Board on 16 April 2021.

## MATERIAL DIFFERENCES BETWEEN UNAUDITED AND AUDITED ANNUAL RESULTS

The auditing process for the 2020 Annual Results had not been completed as at 31 March 2021 and the date of publication of the Announcement. Since subsequent adjustments have been made to the unaudited annual results of the Group contained in the Announcement upon the completion of audit, Shareholders and potential investors of the Company are advised to pay attention to certain material differences of certain material account balances between the unaudited 2020 Annual Results of the Group contained in the Announcement and the audited 2020 Annual Results of the Group in this announcement. Set forth below are principal details and reasons for the material differences in such financial information.

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

| | *Notes* | **Audited 2020 Annual Results** *RMB'000* | **Unaudited 2020 Annual Results Disclosure in the Announcements** *RMB'000* | **Differences** *RMB'000* |
|---|---|---|---|---|
| Revenue | | 68,340 | 68,340 | — |
| Cost of sales and services rendered | | 39,173 | 39,172 | 1 |
| Fair value gain on investment properties | | 101 | 158 | (57) |
| Fair value loss on financial assets designated at fair value through profit or loss ("**FVTPL**") | | 32 | 32 | — |
| Other income and other net (loss)/gain | *1* | 2,314 | 2,185 | 129 |
| Selling expenses | *2* | 3,175 | 5,641 | (2,466) |
| Administrative expenses | *3* | 24,922 | 23,821 | 1,101 |
| Reversal of impairment loss under expected credit loss model on trade and other receivables, net | *4* | 1,226 | 654 | 572 |
| Other operating expenses | *5* | 679 | 1,616 | (937) |
| Finance costs | | 2,521 | 2,523 | (2) |
| Income tax expense | *6* | 3,421 | 1,883 | 1,538 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Notes | Audited 2020 Annual Results RMB'000 | Unaudited 2020 Annual Results Disclosure in the Announcements RMB'000 | Differences RMB'000 |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Property, plant and equipment | | 30,142 | 30,471 | (329) |
| Right-of-use assets | | 32,619 | 32,620 | (1) |
| Investment properties | | 6,531 | 6,485 | 46 |
| Intangible assets | | 2 | 2 | — |
| Interests in associates | | — | — | — |
| Goodwill | | — | — | — |
| Other deposits | | 99 | 99 | — |
| Deposits for hire of funeral parlours and funeral services centres | | 1,000 | 1,000 | — |
| **Current assets** | | | | |
| Financial assets designated at FVTPL | | 33,639 | 33,639 | — |
| Development and formation costs | | 4,542 | 4,542 | — |
| Inventories | | 1,546 | 1,546 | — |
| Trade and other receivables | *7* | 43,820 | 46,201 | (2,381) |
| Cash and bank balances | | 123,674 | 123,674 | — |
| **Current liabilities** | | | | |
| Trade and other payables | *8* | 16,876 | 17,234 | (358) |
| Contract liabilities | | 87,994 | 87,993 | 1 |
| Lease liabilities | | 4,403 | 4,404 | (1) |
| Bank borrowings | | 1,138 | 1,138 | — |
| Income tax liabilities | | 3,567 | 3,567 | — |
| Amounts due to directors | *9* | 3,660 | 3,303 | 357 |
| Amount due to a shareholder | *10* | 10,544 | 12,222 | (1,678) |
| Provisions | *11* | 2,550 | 4,665 | (2,115) |
| **Non-current liabilities** | | | | |
| Amount due to a shareholder | *10* | 1,677 | — | 1,677 |
| Contract liabilities | | 186 | 186 | — |
| Lease liabilities | | 27,467 | 27,467 | — |
| Bank borrowings | | 5,826 | 5,826 | — |
| **Equity** | | | | |
| Share capital | | 69,218 | 69,218 | — |
| Reserves | *12* | 50,052 | 51,767 | (1,715) |
| Non-controlling interests | *13* | (7,544) | (8,711) | 1,167 |

*Notes:*

1. The difference was mainly arising from the reclassifications of reversal of impairment loss on other receivables to "reversal of impairment loss under expected credit loss model on trade and other receivables" and provision for the Group's funeral services deeds from "other operating expenses", netted by the understatement of reversal of provision for the Group's funeral services deeds.

2. The difference was mainly arising from the reclassification of salaries and staff welfare of administrative staff to "administrative expenses".

3. The difference was mainly arising from the reclassifications of salaries and staff welfare of administrative staff from "selling expenses" and the withholding tax of the dividend that was declared by a subsidiary situated in the mainland China to "income tax expense".

4. The difference was mainly arising from the reclassification of reversal of impairment loss on other receivables from "other income and other net (loss)/gain", netted by understatement of impairment loss under expected credit loss model on trade and other receivables.

5. The difference was mainly arising from the reclassification of provision for the Group's funeral services deeds to "other income and other net (loss)/gain".

6. The difference was mainly arising from the reclassification of withholding tax of the dividend that was declared by a subsidiary situated in the mainland China from "administrative expenses".

7. The difference was mainly arising from the understatement of impairment loss under expected credit loss model on trade and other receivables and the overstatement of certain receivables balances of foreign operations.

8. The difference was mainly arising from reclassification of an amount due to a director to "amounts due to directors".

9. The difference was mainly arising from reclassification of an amount due to a director from "trade and other payables".

10. The difference was mainly arising from the reclassification of the amount due to a shareholder of non-current in nature.

11. The difference was mainly arising from the understatement of reversal of provision for the Group's funeral service deeds.

12. The difference was mainly arising from the overstatement of certain receivables balances of foreign operations, and the cumulative effect on the profit or loss of the abovementioned differences.

13. The difference was mainly arising from the share of the cumulative effect of the abovementioned differences by the non-controlling of the Group.

As disclosed above, subsequent adjustments have been made to the unaudited annual results of the Group contained in the Announcements upon the completion of audit (the "**Subsequent Adjustments**"). Set forth below are the impacts of the Subsequent Adjustments in other financial information. The differences between unaudited and audited annual results of the below financial information were aggregated effect of the Subsequent Adjustments.

## OVERALL IMPACTS OF THE SUBSEQUENT ADJUSTMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

| | **Audited 2020 Annual Results** *RMB'000* | **Unaudited 2020 Annual Results Disclosure in the Announcements** *RMB'000* | **Differences** *RMB'000* |
|---|---|---|---|
| Profit from operations | 4,000 | 1,055 | 2,945 |
| Profit/(loss) before taxation | 1,479 | (1,468) | 2,947 |
| Loss for the year | 1,942 | 3,351 | (1,409) |
| (Loss)/profit for the year attributable to: | | | |
| — Owners of the Company | (2,974) | (3,821) | 847 |
| — Non-controlling interests | 1,032 | 470 | 562 |
| | (1,942) | (3,351) | 1,409 |
| Loss per share | | | |
| Basic and diluted *(RMB cents)* | (0.40) | (0.51) | 0.11 |

## IMPACTS OF THE SUBSEQUENT ADJUSTMENTS TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. PROFIT/(LOSS) BEFORE TAXATION

| | Audited 2020 Annual Results *RMB'000* | Unaudited 2020 Annual Results Disclosure in the Announcements *RMB'000* | Differences *RMB'000* |
|---|---|---|---|
| **(a) Finance costs** | | | |
| Interest on lease liabilities | 2,366 | 2,369 | (3) |
| Interest on bank borrowings | 155 | 154 | 1 |
| | 2,521 | 2,523 | (2) |
| **(b) Staff costs (including directors' emoluments)** | | | |
| Salaries, wages and other benefits | 21,332 | 14,834 | 6,498 |
| Contributions to defined contribution retirement plans | 259 | 1,184 | (925) |
| | 21,591 | 16,018 | 5,573 |
| **(c) Depreciation** | | | |
| Right-of-use assets | 5,076 | 3,937 | 1,139 |
| Property, plant and equipment | 5,352 | 2,291 | 3,061 |
| | 10,428 | 6,228 | 4,200 |
| **(d) Other items** | | | |
| Cost of inventories | 10,496 | 5,993 | 4,503 |
| Impairment loss/(reversal of impairment loss) on trade receivables recognised under expected credit loss model, net | 7 | (37) | 44 |
| Reversal of impairment loss on other receivables recognised under expected credit loss model, net | (1,233) | (617) | (616) |
| | (1,226) | (654) | (572) |

## 2. INCOME TAX EXPENSE

| | Audited 2020 Annual Results *RMB'000* | Unaudited 2020 Annual Results Disclosure in the Announcements *RMB'000* | Differences *RMB'000* |
|---|---|---|---|
| Current tax | | | |
| PRC Enterprise Income Tax | 1,883 | 1,883 | — |
| PRC withholding tax | 1,538 | — | 1,538 |
| | 3,421 | 1,883 | 1,538 |

## 3. LOSS PER SHARE

| | Audited 2020 Annual Results | Unaudited 2020 Annual Results Disclosure in the Announcements | Differences |
|---|---|---|---|
| Loss attributable to owners of the Company *(RMB'000)* | 2,974 | 3,821 | (847) |
| Weighted average number of ordinary shares *(in thousand)* | 742,500 | 742,500 | — |
| Basic and diluted loss per share *(RMB cents)* | 0.40 | 0.51 | (0.11) |

For the year ended 31 December 2020, there was no dilutive potential ordinary share outstanding. Therefore, the diluted loss per share is the same as the basic loss per share.

## 4. TRADE AND OTHER RECEIVABLES

| | Audited 2020 Annual Results *RMB'000* | Unaudited 2020 Annual Results Disclosure in the Announcements *RMB'000* | Differences *RMB'000* |
|---|---|---|---|
| 0 to 180 days | 619 | 591 | 28 |
| 181 to 365 days | — | 15 | (15) |
| 1 year to 2 years | — | 44 | (44) |
| | 619 | 650 | (31) |

## 5. TRADE AND OTHER PAYABLES

| | Audited 2020 Annual Results *RMB'000* | Unaudited 2020 Annual Results Disclosure in the Announcements *RMB'000* | Differences *RMB'000* |
|---|---|---|---|
| 0 to 30 days | 853 | 860 | (7) |
| 31 days to 90 days | 260 | 261 | (1) |
| Over 90 days | 1,104 | 1,096 | 8 |
| | 2,217 | 2,217 | — |

## AUDITOR'S AGREEMENT ON THE 2020 ANNUAL RESULTS

Following the Subsequent Adjustments described in notes above, the Company's external auditors, Crowe (HK) CPA Limited, has agreed on the 2020 Annual Results (including the financial figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto) as set out in the Announcement. The audited 2020 Annual Results have been reviewed by the audit committee of the Company and were approved by the Board on 16 April 2021.

## PUBLICATION OF ANNUAL REPORT

The annual report for the year ended 31 December 2020 is expected to be despatched to the Shareholders by end of April 2021.

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

Hong Kong, 16 April 2021

*As at the date hereof, the Board comprises Mr. XU Jianchun, Mr. LIU Tien-Tsai and Dr. XU Qiang being executive Directors; and Mr. CHAI Chung Wai, Mr. SUN Fei, and Mr. WANG Jun being independent non-executive Directors.*