



**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)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**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 or deceptive; and there are no other matters the omission of which would make any statement herein or in this announcement misleading.*

The board (the “Board”) of directors (the “Directors”) of Sino-Life Group Limited (the “Company”, together with its subsidiaries, the “Group”) hereby announces the consolidated results of the Group for the year ended 31 December 2023 (the “Year”), together with the comparative figures for the year ended 31 December 2022, which have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) as below.

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

For the year ended 31 December 2023

	<i>Notes</i>	<b>2023</b> <b>RMB’000</b>	2022 <i>RMB’000</i>
<b>Revenue</b>	<i>3</i>	<b>72,570</b>	77,969
Cost of sales and services rendered		<b>(39,089)</b>	(38,169)
<b>Gross profit</b>		<b>33,481</b>	39,800
Fair value loss on investment properties		<b>(1,081)</b>	(1,231)
Fair value (loss)/gain on financial assets measured at fair value through profit or loss (“FVTPL”)		<b>(4,226)</b>	690
Fair value gain on convertible bonds designated at FVTPL		<b>3,519</b>	–
Other income and other net gains		<b>2,571</b>	3,007
Selling expenses		<b>(2,122)</b>	(1,941)
Administrative expenses		<b>(41,044)</b>	(31,991)
Reversal of impairment losses recognised under expected credit loss (“ECL”) model on trade and other receivables, net		<b>2,841</b>	1,404
Other operating expenses		<b>(201)</b>	(489)
Gain on disposal of associates		<b>–</b>	500
<b>(Loss)/profit from operations</b>		<b>(6,262)</b>	9,749
Finance costs	<i>4</i>	<b>(1,681)</b>	(1,861)
<b>(Loss)/profit before taxation</b>	<i>5</i>	<b>(7,943)</b>	7,888
Income tax expense	<i>6</i>	<b>(2,143)</b>	(7,262)
<b>(Loss)/profit for the year</b>		<b>(10,086)</b>	626

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
<b>Other comprehensive income/(expense)</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Surplus/(deficit) on revaluation of freehold land and buildings		<b>1,430</b>	(911)
Exchange differences arising on translation		<b>1,385</b>	5,607
Fair value loss on convertible bonds designated at FVTPL attributable to change in credit risk		<b>(27)</b>	–
		<u><b>2,788</b></u>	<u>4,696</u>
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<b>3,013</b>	(8,393)
		<u><b>5,801</b></u>	<u>(3,697)</u>
<b>Other comprehensive income/(expense) for the year, net of income tax</b>		<u><b>5,801</b></u>	<u>(3,697)</u>
<b>Total comprehensive expense for the year, net of income tax</b>		<u><b>(4,285)</b></u>	<u>(3,071)</u>
<b>(Loss)/profit for the year attributable to:</b>			
Owners of the Company		<b>(7,173)</b>	(847)
Non-controlling interests		<b>(2,913)</b>	1,473
		<u><b>(10,086)</b></u>	<u>626</u>
<b>Total comprehensive (expense)/income attributable to:</b>			
Owners of the Company		<b>(2,354)</b>	(3,290)
Non-controlling interests		<b>(1,931)</b>	219
		<u><b>(4,285)</b></u>	<u>(3,071)</u>
<b>Loss per share</b>			
Basic	8	<u><b>RMB(0.90) cents</b></u>	<u>RMB(0.11) cents</u>
Diluted	8	<u><b>RMB(1.24) cents</b></u>	<u>RMB(0.11) cents</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>32,601</b>	31,588
Right-of-use assets		<b>19,088</b>	22,918
Investment properties		<b>5,245</b>	6,132
Intangible assets		<b>292</b>	1,158
Interest in an associate		–	–
Goodwill		–	–
Other receivables and deposits paid		<b>466</b>	915
Deposits for hire of funeral parlours and funeral services centres		<b>927</b>	1,000
		<b>58,619</b>	63,711
<b>CURRENT ASSETS</b>			
Financial assets measured at FVTPL		<b>48,495</b>	58,777
Development and formation costs		<b>5,107</b>	4,657
Inventories		<b>1,199</b>	1,617
Trade and other receivables and deposits paid	<i>9</i>	<b>33,268</b>	34,201
Income tax recoverable		–	14
Time deposits with original maturity over three months		–	9,334
Cash and cash equivalents		<b>125,019</b>	112,477
		<b>213,088</b>	221,077
<b>CURRENT LIABILITIES</b>			
Trade and other payables and deposits received	<i>10</i>	<b>11,817</b>	12,971
Contract liabilities		<b>91,096</b>	89,660
Lease liabilities		<b>5,399</b>	4,757
Bank borrowings		<b>1,275</b>	1,198
Income tax liabilities		<b>3,758</b>	5,056
Amounts due to directors		<b>4,681</b>	2,756
Amount due to a shareholder		<b>13,023</b>	10,325
Provisions		<b>520</b>	1,380
		<b>131,569</b>	128,103
<b>NET CURRENT ASSETS</b>		<b>81,519</b>	92,974
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>140,138</b>	156,685

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>NON-CURRENT LIABILITIES</b>		
Contract liabilities	<b>592</b>	456
Other payables and deposits received	<b>257</b>	1,135
Amount due to a shareholder	–	2,330
Lease liabilities	<b>13,959</b>	18,357
Bank borrowings	<b>2,484</b>	3,590
Convertible bonds	<b>14,313</b>	–
	<b>31,605</b>	25,868
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<b>NET ASSETS</b>	<b>108,533</b>	130,817
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<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	<b>81,941</b>	69,218
Reserves	<b>41,777</b>	44,000
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	<b>123,718</b>	113,218
<b>Non-controlling interests</b>	<b>(15,185)</b>	17,599
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<b>TOTAL EQUITY</b>	<b>108,533</b>	130,817
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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 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 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 Special Administrative Region, the PRC (“Hong Kong”), sale of burial plots and tombstones and provision of cemetery maintenance services in Socialist Republic of Vietnam (“Vietnam”), provision of advisory services on stem cells and immunocytes in the PRC and sales of advanced biotechnical machinery and other electronic products in Hong Kong. The Company and its subsidiaries are herein collectively referred to as the “Group”. The address of the Company’s registered office is The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands. The address of the Company’s principal place of business is 18/F, Ovest, No. 77 Wing Lok Street, Sheung Wan, Hong Kong.

### 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 and related amendments	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The Group has not applied any amendment that is not yet effective for the current accounting period. The application of the new standard or amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

#### Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2023

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

	Effective for accounting periods beginning on or after
Amendments to HKFRS 10 and HKAS 28, <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined
Amendments to HKFRS 16, <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to HKAS 1, <i>Classification of Liabilities as Current or Non-Current and related amendments to Hong Kong Interpretation 5 and Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to HKAS 7 and HKFRS 7, <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to HKAS 21, <i>Lack of Exchangeability</i>	1 January 2025

Except for the amendments to HKFRSs mentioned below, the Directors anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

***Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”)***

The 2020 Amendments provide clarification and additional guidance on assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.
- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify that the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity’s right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

As at 31 December 2023, the Group’s outstanding convertible bonds include counterparty conversion options that do not meet equity instruments classification by applying HKAS 32. The Group classified as current or non-current based on the earliest date in which the Group has the obligation to redeem these instruments through cash settlement. The convertible bonds were designated at FVTPL with carrying amount of approximately RMB14,313,000 as at 31 December 2023 and is classified as non-current liabilities. Upon application of the 2020 Amendments, in addition to the obligation to redeem through cash settlement, the transfer of equity instruments upon the exercise of the conversion options that do not meet equity instruments classification also constitutes settlement of the convertible bonds. Given that the convertible options are exercisable anytime, the convertible bonds designated at FVTPL amounting to approximately RMB14,313,000 would be reclassified to current liabilities as the holders have the option to convert within twelve months after the reporting period.

Except as disclosed above, the application of the 2020 and 2022 Amendments will not affect the classification of the Group’s other liabilities as at 31 December 2023.

### 3. REVENUE AND SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the executive directors of the Company (the “Executive Directors”), which are the chief operating decision maker, for the purposes of resources allocation and performance assessment.

For the years ended 31 December 2023 and 2022, the Group had below two reportable segments:

- Funeral services: Provision of funeral related service, including arrangement services and related consultancy services, provision of funeral and cremation services and sale of burial plots and tombstones; and
- Stem cells and immunocytes and other business: Provision of advisory service on stem cells and immunocytes and sales of biotechnical machineries and other electronic products.

Segment results represent the earnings and loss of each segment without allocation of fair value loss on investment properties, fair value (loss)/gain on financial assets measured at FVTPL, fair value gain on convertible bonds designated at FVTPL, net reversal of impairment losses/(impairment losses) recognised under ECL model on trade and other receivables, unallocated other income and other net gains, unallocated head office and corporate expenses, finance costs and income tax expense. This is the measure reported to the Executive Directors for the purposes of resource allocation and assessment of segment performance.



(a) **Segment revenue and disaggregation of revenue**

Disaggregation of revenue from contracts with customers by major products or services lines is as follows:

*Year ended 31 December 2023*

	<b>Funeral services <i>RMB'000</i></b>	<b>Stem cells and immunocytes and other businesses <i>RMB'000</i></b>	<b>Total <i>RMB'000</i></b>
<b>Major products and services</b>			
Funeral services and cremation services provided in funeral parlours and funeral service centres under the Group's management	65,838	–	65,838
Funeral arrangement and related consultancy services	3,103	–	3,103
Sales of burial plots and tombstones	560	–	560
Sales of biotechnical machineries and other electronic products	–	3,069	3,069
	<u>69,501</u>	<u>3,069</u>	<u>72,570</u>
<b>Timing of revenue recognition</b>			
At a point in time	4,603	3,069	7,672
Over time	64,898	–	64,898
	<u>69,501</u>	<u>3,069</u>	<u>72,570</u>
<b>Primary geographical market</b>			
The PRC	65,838	–	65,838
Taiwan	2,014	–	2,014
Hong Kong	1,089	3,069	4,158
Vietnam	560	–	560
	<u>69,501</u>	<u>3,069</u>	<u>72,570</u>

Year ended 31 December 2022

	Funeral services <i>RMB'000</i>	Stem cells and immunocytes and other businesses <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Major products and services</b>			
Funeral services and cremation services provided in funeral parlours and funeral service centres under the Group's management	74,468	–	74,468
Funeral arrangement and related consultancy services	2,809	–	2,809
Sales of burial plots and tombstones	692	–	692
	<u>77,969</u>	<u>–</u>	<u>77,969</u>
<b>Timing of revenue recognition</b>			
At a point in time	5,087	–	5,087
Over time	72,882	–	72,882
	<u>77,969</u>	<u>–</u>	<u>77,969</u>
<b>Primary geographical market</b>			
The PRC	74,468	–	74,468
Taiwan	1,531	–	1,531
Hong Kong	1,278	–	1,278
Vietnam	692	–	692
	<u>77,969</u>	<u>–</u>	<u>77,969</u>

(b) **Segment profit or loss**

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Profit or loss</b>		
Total reportable segment profit/(loss) derived from Group's external customers		
– Funeral services	3,873	16,697
– Stem cell and immunocytes and other businesses	819	(301)
	<u>4,692</u>	<u>16,396</u>
Fair value loss on investment properties	(1,081)	(1,231)
Fair value (loss)/gain on financial assets measured at FVTPL	(4,226)	690
Fair value gain on convertible bonds designated at FVTPL	3,519	–
Unallocated other income and other net gains	1,667	1,327
Net reversal of impairment losses/(impairment losses) recognised under ECL model on		
– Trade receivables	507	(302)
– Other receivables	2,334	1,706
Finance costs	(1,681)	(1,861)
Unallocated head office and corporate expenses	(13,674)	(8,837)
	<u>(7,943)</u>	<u>7,888</u>
Consolidated (loss)/profit before taxation	<u>(7,943)</u>	<u>7,888</u>

4. **FINANCE COSTS**

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest on lease liabilities	1,518	1,769
Interest on bank borrowings	96	92
Interest on convertible bonds designated at FVTPL	67	–
	<u>1,681</u>	<u>1,861</u>

5. **(LOSS)/PROFIT BEFORE TAXATION**

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Auditors' remuneration		
– audit services	1,040	902
– non-audit services	253	–
Cost of inventories recognised as an expense	11,099	9,684
Depreciation of property, plant and equipment	2,091	2,214
Depreciation of right-of-use assets	5,000	4,947
Amortisation of intangible assets (included in administrative expenses)	866	866

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
PRC Enterprise Income Tax		
– current year	1,211	4,007
– under-provision in prior years	793	3,269
	<u>2,004</u>	<u>7,276</u>
Hong Kong Profits Tax		
– current year	139	–
– over-provision in prior years	–	(14)
	<u>139</u>	<u>(14)</u>
Total	<u><u>2,143</u></u>	<u><u>7,262</u></u>

### Notes:

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

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 2022.

- (b) The Group is not subject to any taxation under the jurisdiction of the Cayman Islands, Independent State of Samoa and the British Virgin Islands for both years.
- (c) During the years ended 31 December 2023 and 2022, all subsidiaries operating in the PRC are subject to Enterprise Income Tax rate at 25% in accordance with the Law of the PRC on Enterprises Income Tax.

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

During the year ended 31 December 2022, Chongqing Xizhou was notified by the local tax authority that its principal activities did not meet the criteria for an encouraged business under the PRC Preferential Tax Regulations. This led to Chongqing Xizhou being subjected to a 25% Enterprise Income Tax rate. Following negotiations between Chongqing Xizhou and the local tax authority, the local tax authority reaffirmed its original decision, resulting in Chongqing Xizhou paying an additional PRC Enterprise Income Tax of approximately RMB3,269,000.

- (d) Bau Shan Life Science Technology Co., Ltd. (“Bau Shan”), a direct subsidiary of the Company, Bu Lao Lin Limited (“BLL”), which is an indirect subsidiary of the Company, are subject to Taiwan Enterprise Income Tax at 17% (2022: 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 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% (2022: 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. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company for the years ended 31 December 2023 and 2022, nor has any dividend been proposed since the end of the reporting period.

## 8. LOSS PER SHARE

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Loss:		
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	(7,173)	(847)
Effect of dilutive potential ordinary shares		
– Interest on convertible bonds designated at FVTPL	67	N/A
– Fair value gain on convertible bonds designated at FVTPL	(3,519)	N/A
	<u>          </u>	<u>          </u>
Loss for the year attributable to owners of the Company for the purpose of diluted loss per share	<u>(10,625)</u>	<u>(847)</u>
	2023	2022
Number of shares:		
Weighted average number of shares for the purpose of basic loss per share	798,328,767	742,500,000
Effect of dilutive potential ordinary shares		
– Convertible bonds	56,466,188	N/A
	<u>          </u>	<u>          </u>
Weighted average number of shares for the purpose of diluted loss per share ( <i>note</i> )	<u>854,794,955</u>	<u>742,500,000</u>

*Note:* For the years ended 31 December 2023 and 2022, the computation of diluted loss per share did not assume the exercise of share options because the share options had an anti-dilutive effect on the basic loss per share.

## 9. TRADE AND OTHER RECEIVABLES AND DEPOSITS PAID

The average credit period for funeral arrangement services granted to non-funeral services deed customers is 45 days (2022: 45 days).

Included in trade and other receivables and deposits paid are trade receivables, net of allowance for credit losses, of RMB495,000 (2022: RMB708,000) and an aged analysis based on invoice date at the end of the reporting period, is as follows:

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
0 to 180 days	<u>495</u>	<u>708</u>

## 10. TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED

The average credit period on purchase of goods is 30 days (2022: 30 days).

Included in trade and other payables and deposits received are trade payables of RMB1,941,000 (2022: RMB2,416,000) and an aged analysis based on the invoice date at the end of the reporting period is as follows:

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
0 to 30 days	<b>1,196</b>	1,188
31 days to 90 days	<b>130</b>	451
Over 90 days	<u>615</u>	<u>777</u>
	<u><b>1,941</b></u>	<u>2,416</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The COVID-19 pandemic has had a significant impact on China's consumer market and service companies in 2022. However, with the relaxation of COVID-19 pandemic control measures in the third quarter of 2022, product demand picked up and exceeded expectations, leading to higher-than-anticipated revenue during the second half of the year ended 31 December 2022 (the "Prior Year"). During the year ended 31 December 2023 (the "Year"), the demand for the products of Sino-life Group Limited (the "Company") and its subsidiaries (the "Group") returned to normal levels, resulting in a single-digit percentage decrease in revenue from funeral services and cremation services provided in funeral parlours and funeral services centres due to the high base effect in 2022.

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

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

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

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

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

	2023		2022	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
The PRC	<b>65,838</b>	<b>90.7</b>	74,468	95.5
Taiwan	<b>2,014</b>	<b>2.8</b>	1,531	2.0
Hong Kong	<b>4,158</b>	<b>5.7</b>	1,278	1.6
Vietnam	<b>560</b>	<b>0.8</b>	692	0.9
	<b><u>72,570</u></b>	<b><u>100.0</u></b>	<b><u>77,969</u></b>	<b><u>100.0</u></b>

### **The PRC**

Business in the PRC continues to be the major source of income of the operations of the Group during the Year.

The Group's revenue that was derived from the PRC market recorded a year-on-year decrease of 11.6% to approximately RMB65,838,000 to the Group for the Year from approximately RMB74,468,000 of the Prior Year.

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

In the first half of the Year, the Group's provision of funeral, cremation and cemetery services business remained relatively stable as compared with the same period of the Prior Year. However, during the second half of the Prior Year, the Group's funeral arrangement and related consultancy services experienced an unexpected surge in demand in the PRC, and the demand for these services returned to normal levels during the same period of the Year. Consequently, the revenue generated from funeral business of the Group in the PRC market for the Year amounted to approximately RMB65,838,000, which represented a year-on-year decrease of approximately 11.6% as compared to the Prior Year's revenue of approximately RMB74,468,000 due to the high base effect from the Prior Year.

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



## **Taiwan and Hong Kong**

Business in Taiwan strongly bounced back and recorded revenue of approximately RMB2,014,000 for the Year (the Prior Year: RMB1,531,000), representing a year-on-year increase of approximately 31.5% from the Prior Year, after the relaxation of sanitary restrictions in Taiwan since the end of 2022.

On the other hand, during the Year, business in Hong Kong recorded revenue of approximately RMB4,158,000 (the Prior Year: RMB1,278,000), of which approximately RMB3,069,000 (the Prior Year: RMB Nil) and approximately RMB1,089,000 (the Prior Year: RMB1,278,000) were derived from the Group's stem cells and immunocytes and other businesses and funeral services respectively.

During the Prior Year, particularly in February and March 2022, the Group's funeral arrangement and related consultancy services experienced an unexpected surge in demand in Hong Kong. However, the demand for these services returned to normal levels during the Year. Consequently, the revenue generated from funeral business of the Group in Hong Kong market for the Year amounted to approximately RMB1,089,000, which represents a year-on-year decrease of approximately 14.8% as compared to the Prior Year's revenue of approximately RMB1,278,000.

Meanwhile, with the easing of the COVID-19 sanitary restrictions, an advance biotechnical machinery has successfully installed and fulfilled the revenue recognition criteria, revenue amounted to approximately RMB3,069,000 was recognised in respect of the Group's sales of biotechnical machineries and other electronics products business in Hong Kong during the Year. As at 31 December 2023, the Group recorded approximately RMB6,946,000 unearned revenue in connection to its sales of biotechnical machineries and other electronics products in Hong Kong.

## **Vietnam**

The COVID-19 pandemic control measures were relaxed in the first quarter of 2022 in Vietnam and hence the operation of the Group in Vietnam gradually resumed to normal. During the Year, the Group recorded revenue of approximately RMB560,000 (the Prior Year: RMB692,000) from the sales of burial plots in Vietnam.

## FINANCIAL REVIEW

### Revenue

	2023			2022		
	Revenue <i>RMB'000</i>	Segment operating profit <i>RMB'000</i>	Segment operating profit margin %	Revenue <i>RMB'000</i>	Segment operating profit/(loss) <i>RMB'000</i>	Segment operating profit margin %
Funeral services	69,501	3,873	5.6%	77,969	16,697	21.4%
Stem cells and immunocytes and other business	3,069	819	26.7%	–	(301)	N/A
	<u>72,570</u>	<u>4,692</u>	<u>6.5%</u>	<u>77,969</u>	<u>16,396</u>	<u>21.0%</u>

The Group generated its revenue from its:

- (i) funeral services, which mainly involve provision of funeral related service, including arrangement services and related consultancy services, provision of funeral and cremation services and sale of burial plots and tombstones;
- (ii) provision of advisory service on stem cells and immunocytes; and
- (iii) sales of biotechnical machineries and other electronic products.

For the Year, the Group's revenue was approximately RMB72,570,000 (the Prior Year: RMB77,969,000), representing a decrease of approximately 6.9% as compared with the Prior Year. The decrease was mainly contributed by the decrease in revenue from the provision of funeral, cremation and cemetery services business of the Group in Chongqing, the PRC since the demand for these services normalised in Chongqing compared with the Prior Year.

### Cost of sales

For the Group's funeral services, the 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.

On the other hand, the cost of sales of the Group's business in provision of advisory service on stem cells and immunocytes and sales of biotechnical machineries and other electronic products businesses primarily consist of the costs of provision of advisory services on stem cells and immunocytes and the costs of the biotechnical machineries and other electronic products.

Cost of sales for the Year was approximately RMB39,089,000 (the Prior Year: RMB38,169,000), increased by approximately 2.4% as compared with the Prior Year. The increase in cost of sales for the Year was mainly due to (i) the increased cost of services for the Group's funeral, cremation, and cemetery services due to the inflationary pressure; and (ii) the increase in cost of machineries as the result of the fulfillment of the revenue recognition criteria of the Group's sales of advanced biotechnical machinery and other electronics products in Hong Kong.

### **Gross profit**

Gross profit for the Year was approximately RMB33,481,000 (the Prior Year: RMB39,800,000), and representing a year-on-year decrease of 15.9%. The decrease in gross profit was mainly contributed by the funeral services in the PRC.

The gross profit margin for the Year was approximately 46.1%, which dropped by 4.9% as compared with that of approximately 51.0% for the Prior Year. The compression of gross profit margin was mainly attributable to the increase in contribution of revenue from sale of advance biotechnical machineries and other electronics products, which generally lower margin and the decrease in the profit margin of the Group's funeral business due to the inflationary pressure and the decrease in the sales volume.

### **Other income and other net gains**

The Group recorded other income and other net gains of approximately RMB2,571,000 for the Year (the Prior Year: RMB3,007,000) representing a decrease of approximately 14.5% during the year. The decrease in the other income and other net gains was mainly contributed by the decrease in written back of provision for cost of service of approximately RMB776,000 while offset by the increase in the bank interest income.

## **Selling and administrative expenses**

Compared with the Prior Year, selling expenses for the Year increased by approximately 9.3% to approximately RMB2,122,000 as the result of increase in marketing activities.

Administrative expenses, which accounted for approximately 56.6% (the Prior Year: 41.0%) of revenue, increased by approximately 28.3% to approximately RMB41,044,000 (the Prior Year: RMB31,991,000) during the Year. The increase in the administrative expenses were mainly contributed by the general increase in the salary level across different geographical segments, repair and maintenance costs, travelling expenses and legal and professional expenses during the Year.

## **Finance costs**

Finance costs of the Group mainly consisted of the interest expenses on the bank borrowings, lease liabilities under HKFRS 16 and convertible bonds. The finance costs decreased to approximately RMB1,681,000 from that of the Prior Year of approximately RMB1,861,000 as the result of the decrease in interest on lease liabilities of approximately RMB251,000 while offset by the interest on the newly issued convertible bonds of approximately RMB67,000 during the Year.

## **Income tax expense**

Income tax expense was mainly incurred by operations in the PRC, which was approximately RMB2,143,000 (the Prior Year: RMB7,262,000) for the Year, representing a decrease of approximately RMB5,119,000 as compared with the Prior Year. The decrease in the tax expenses was mainly due to the decrease in EIT of approximately RMB5,272,000 as the result of the decrease in the taxable profit in the PRC and the under-provision of tax expenses for the prior years.

## **Loss for the Year attributable to the owners of the Company**

As the result of the cumulative effect from the above-mentioned factors, the loss attributable to the owners of the Company for the Year was approximately RMB7,173,000, as compared with that of approximately RMB847,000 for the Prior Year. Basic loss per share for the Year was approximately RMB0.90 cents (the Prior Year: RMB0.11 cents).

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

### **Liquidity and Financial Resources**

The Group maintains a stable financial position. As at 31 December 2023, the Group had time deposits with original maturity over three months, cash at financial institutions and cash and bank balances of approximately RMB125,019,000 (2022: RMB121,811,000) while current and non-current bank borrowings were approximately RMB1,275,000 and approximately RMB2,484,000 respectively (2022: RMB1,198,000 and RMB3,590,000 respectively). All bank borrowings were denominated in New Taiwan Dollars (“NTD”), at prevailing market interest rate.

The Company issued the convertible bonds in the principal amount of HK\$18,160,000 (the “Convertible Bonds”) to Shenzhen Nanyue Crown Block Bio Intelligent Equipment Investment Co., Ltd. or its nominee(s). The Convertible Bonds were denominated in Hong Kong dollars which entitled the holder of the Convertible Bonds to convert them in ordinary shares of the Company at any time commencing from the date of issue of the Convertible Bonds up the sixth anniversary of the date of issue of the Convertible Bonds (the “Maturity Date”), at a conversion price of HK\$0.126 per Convertible Bond (subject to anti-dilutive adjustments). The Convertible Bonds carry interests at 1% per annum and payable in arrears on the Maturity Date. The issuance of the Convertible Bonds was completed on 11 August 2023. For details, please refer to the section headed “Significant acquisitions and disposal of investments” in this announcement.

The holder of the Convertible Bonds had the right at any time during the conversion period to convert the whole or part of the outstanding principal amount of the Convertible Bonds registered in its name into conversion shares provided further that any conversion shall be made in amounts of not less than a whole multiple of HK\$1,000,000 on each conversion save that if at any time the aggregate outstanding principal amount of the Convertible Bonds is less than HK\$1,000,000, the whole (but not part only) of the outstanding principal amount of the Convertible Bonds may be converted.

The holder of the Convertible Bonds may require the Company to redeem all or part of the Convertible Bonds in the multiples of HK\$1,000,000 by given a notice of redemption at any time before the Maturity Date only in event that any holder of the Convertible Bonds had given a notice in respect of the occurrence of an event of default at the redemption price equal to 100% of the principal amount of all or part of the Convertible Bonds to be redeemed. During the Year, no convertible bonds were converted by the holder of Convertible Bonds, and the Company did not redeem any part of the Convertible Bonds.

During the Year, the Group did not use any financial instruments for hedging purposes.

It is the Group’s policy to adopt a prudent financial management strategy and maintain a suitable level of liquidity facilities to meet operation requirements and acquisition opportunities.

The Group remained in a healthy and sound liquidity position as at 31 December 2023. Looking ahead, there are still uncertainties on the road of the society’s return to normal. Further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group, the extent of which could not be estimated as at the date of this announcement. The Group will keep continuous attention on the situation and react actively if any circumstances arose that may impact on the financial position and operating results of the Group.

## Treasury investments and significant investments held

As at 31 December 2023, the Group also invested approximately RMB14,532,000 (2022: RMB26,006,000) in certain equity and debt securities, and exchange trade fund (“ETF”) listed outside Hong Kong for trading purpose. These listed equity and debt investments are denominated in RMB and were classified as financial assets measured at fair value through profit or loss (“FVTPL”). The directors of the Company considered that the closing price of those listed equity and debt securities and ETF as at 31 December 2023 was the fair value of those investments. As at 31 December 2023, the fair value of the Group’s investment portfolio was approximately RMB14,532,000 (2022: RMB26,006,000).

### *The movements in the investment portfolio held by the Group during the Year*

	Number of securities	% of the Group’s total assets	% of Group’s investment portfolio	1 January 2023 RMB’000	Addition RMB’000	Disposal/ redemption RMB’000	Fair value change in profit or loss RMB’000	31 December 2023 RMB’000
Financial assets measured at FVTPL								
- Equity securities listed outside Hong Kong	7	4.5%	85.7%	15,729	17,664	(17,285)	(3,660)	12,448
- ETF listed outside Hong Kong	6	0.8%	14.3%	5,745	180,201	(183,352)	(510)	2,084
- Debt instruments listed outside Hong Kong	-	-	-	4,532	1	(4,575)	42	-
<b>Total</b>	<b>13</b>	<b>5.3%</b>	<b>100.00%</b>	<b>26,006</b>	<b>197,866</b>	<b>(205,212)</b>	<b>(4,128)</b>	<b>14,532</b>

The aggregate value of the investment portfolio decreased by approximately RMB11,474,000 during the Year.

Additions to investment portfolio during the Year totalled approximately RMB197,866,000, including investments in 21 equity securities or ETFs listed outside Hong Kong amounted to approximately RMB197,865,000 and 1 debt instrument listed outside Hong Kong amounted to approximately RMB1,000, whereas disposals in investment portfolio during the Year totalled approximately RMB205,212,000, including divestments of 18 equity securities or ETFs listed outside Hong Kong amounted to approximately RMB200,637,000 and 4 debt instruments listed outside Hong Kong amounted to approximately RMB4,575,000.

Other movements of the investment portfolio during the Year included net fair value loss on financial assets measured at FVTPL of approximately RMB4,128,000.

With the aim of broadening the Group’s source of income and maximizing the return of the invested capital of the Group, and in turn bringing value to the Shareholders, the Group invested in various equity securities with different focuses on industries, sectors, regions, and asset types, in order to achieve investment objectives of reducing investment concentration risk, utilising the valuable idle financial resources of the Group and enhancing returns for its Shareholders. The Group has partnered with an investment company, which has principally engaged in venture capital and investment consultation which focuses on investment in emerging industries, and has a professional investment team with extensive investment experience.



During the Year, while the Group strived to seek for investment opportunities that can benefit the Group's long term business strategy, the Group also exploited every opportunity to capture any short-term potential to fully utilise the valuable idle financial resources of the Group through investing in various kind of securities investment for capital appreciation purpose.

Equity securities or ETFs held by the Group at 31 December 2023 comprised a total of 13 listed equity securities or ETFs with an aggregate fair value of RMB14,532,000 (accounting for 5.3% of the Group's total assets) covering various industry sectors including optical optoelectronics, industrial products and consumables and index fund.

Listed debt instruments held by the Group at 31 December 2023 did not comprise any listed bond. The listed bonds which were disposed of by the Group during the Year carried coupon rates ranging from 0.3% to 1.0% per annum, and they are issued by PRC listed companies or its subsidiary primarily operating in industrial and medical sectors in the PRC.

The Group's investment objective is to increase the value of its treasury management business so as to enhance returns for its Shareholders. While the Group continues to seek for investment opportunities that can benefit the Group's long term business strategy and strengthen the competitive edges of the Group, through a prudent investment strategy of maintaining a balanced portfolio that an appropriate mix of investment instruments and level of risks in its portfolio, the Group also strives for maximising the return of the idle capital of the Group by taking appropriate level of risk exposure but without impairing the liquidity of the Group. This is achieved by utilising various kind of securities instruments, including but not limited to equity securities and debt instruments, for potential capital appreciation purpose. Together with the investment expertise that the Group partners with, the Group's investment team reviews the Group's portfolio from time to time to ensure no excessive risk is taken. The Group seeks not only to enhance its source of revenue in order to mitigate the risks of losing income from any one particular source, but also to achieve consistent risk adjusted returns in its investment portfolio. As at 31 December 2023, the Group's investment portfolio only constituted 5.3% of the Group's total assets, and the largest exposure of a single securities was only 4.6% of the Group's total assets.

The future prospects of the Group's equity securities will be subject to various factors, including but not limited to political, economic, technology, financial and risk factors that are specific to individual industry sectors of the investments and will therefore vary from one investment to another depending on the overall capital and investment markets conditions, macroeconomic conditions as well as the prospects of the relevant industry. The future prospects of the Group's debt securities are exposed to interest rate risk through the impact of rate change on their fair values, and other factors, including but not limited to political, economic, technology, financial and risk factors that are specific to individual industry sectors of the investments. However, the Group will benefit from a portfolio constructed of different kinds of investments aiming to, on average, yield higher returns and lower the risk associated with any individual investment.

## **Treasury policy**

The Group continues to adopt a conservative treasury policy in liquidity and financial management. The Group conducted its continuing operational business transactions mainly in RMB and HKD. Surplus cash is generally placed in fixed deposits and high-quality debt securities mostly denominated in Hong Kong dollars (“HKD”), United States dollar (“USD”) or Renminbi (“RMB”). During the Year, the Group did not use any financial instruments for hedging purposes.

## **Gearing ratio**

As at 31 December 2023, the gearing ratio representing the ratio of total liabilities to total assets of the Group was approximately 60.06% (2022: 54.07%).

## **PRINCIPAL RISKS**

The Group’s activities are exposed to a variety of risks.

### **Foreign exchange exposure**

The Group’s operations are geographically based in the PRC, Taiwan, Hong Kong and Vietnam. These consolidated financial statements of the Group are presented in RMB, except for certain incomes and expenses which are denominated in USD, NTD, HKD and Vietnamese Dong (“VTD”).

It is possible that the value of RMB may fluctuate against that of USD, NTD, HKD and VTD. The Group’s operating results and financial condition may be affected by changes in the exchange rates of RMB against USD, NTD, HKD and VTD in which the Group’s revenue and expenses are denominated.

As at 31 December 2023, The Group currently does not have a foreign currency hedging policy. However, the directors of the Company monitor the Group’s foreign currency exposures and will consider hedging significant foreign currency exposures should the need arises.

### **Credit risk exposure**

The Group’s credit risk is primarily attributable to trade receivables, other receivables and deposits paid, debt instruments measured at FVTPL, time deposits with original maturity over three months and cash and cash equivalents. Management has a credit policy in place and the exposure to this credit risk is monitored on an ongoing basis.

Except for debt securities measured at FVTPL, the Group performed impairment assessment for financial assets and other items under expected credit loss (“ECL”) model. Besides, the Group’s exposure to credit risk arising from refundable rental deposits is considered to be low, taking into account (i) the landlords’ credit rating and (ii) the remaining lease term and the period covered by the rental deposits.



The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. In respect of trade receivables from funeral services, the Group generally offer credit period of 45 days (2022: 45 days) to customers, whereas no credit period is granted to customers for other services rendered by the Group. Normally, the Group does not hold any collateral over trade receivables. The Group has no significant concentration of credit risk. The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance. The Group does not provide any guarantees which would expose the Group to credit risk.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. The Group segments its trade receivables based on geographic regions, due to different loss patterns experienced in the different regions. Expected loss rates are based on actual loss experience over the past 12 months. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

## **SIGNIFICANT ACQUISITIONS AND DISPOSAL OF INVESTMENTS**

On 26 April 2023, the Company and Zhongke Xunda Biotechnology (Shenzhen) Company Limited (“Zhongke Xunda”)\* (中 科 訊 達 生 物 科 技 ( 深 圳 ) 有 限 公 司), a company established in the PRC, an indirect wholly owned subsidiary of the Company, entered into a sale and purchase agreement (the “SPA I”) with Shenzhen Nanyue Crown Block Bio Intelligent Equipment Investment Co., Ltd. (“Nanyue CB”)\* ( 深 圳 市 南 嶽 天 車 生 物 智 能 裝 備 投 資 有 限 公 司), a company established in the PRC. Pursuant to the SPA I, Zhongke Xunda (as purchasers) agreed to acquire from Nanyue CB (as vendor) the RMB16,200,000 paid-up capital of Zhongke Zhenhui (Guangdong) Medical Technology Company Limited (“Zhongke Zhenhui”)\* ( 中 科 臻 慧 ( 廣 東 ) 醫 療 科 技 有 限 公 司), a company established in the PRC contributed by Nanyue CB, which is equivalent to 20.25% of the equity interest in Zhongke Zhenhui at a consideration of RMB15,930,000 (equivalent to approximately HK\$18,160,000), which shall be satisfied by way of issue of the Convertible Bonds in the principal amount of HK\$18,160,000 to Nanyue CB or its nominee(s) under the specific mandate (the “Specific Mandate I”) to be granted by the Independent Shareholders (being defined as “Shareholder(s) other than those who are required under the GEM Listing Rules to abstain from voting on the resolution(s) to be proposed at the EGM (as defined below) to approve the SPA I, the SPA II (as defined below) and the transactions contemplated thereunder”) to the Board at the EGM for the allotment and issue of 187,000,000 shares of the Company (the “Conversion Shares”) (based on the maximum number of Conversion Shares to be issued as a result of any adjustments in the initial conversion price of HK\$0.126 per Conversion Share (the “Conversion Price”) pursuant to the terms of the Convertible Bonds) to the holders of the Convertible Bonds upon exercise of the conversion rights attaching to the Convertible Bonds at the Conversion Price.

As at the date of the SPA I, Nanyue CB is controlled as to approximately 71.25% by Mr. Xu Jianchun (together with his associates), the chairman and an executive Director of the Company, and therefore a connected person of the Company. Upon completion of the SPA I, Zhongke Zhenhui will be held as to 71.25% by Zhongke Xunda and 28.75% by Nanyue CB. The financial information of Zhongke Zhenhui will continue to be consolidated into the consolidated financial statements of the Group.

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

As at the date of the SPA II, Guangdong Zhenyuan, is controlled as to approximately 42.86% by Shenzhen Huaxin and approximately 57.14% by Zhongke Zhenhui, an indirect non-wholly owned subsidiary of the Company, and therefore, Shenzhen Huaxin is a connected person of the Company. Upon completion of the SPA II, Guangdong Zhenyuan will be held as to approximately 21.43% by Zhongke Xunda, approximately 57.14% by Zhongke Zhenhui and approximately 21.43% by Shenzhen Huaxin. The financial information of Guangdong Zhenyuan will continue to be consolidated into the consolidated financial statements of the Group.

For details of the SPA I and the SPA II, please refer to the Company’s announcements dated 26 April 2023, 5 June 2023 and 15 June 2023 and the circular of the Company dated 23 June 2023. An extraordinary general meeting of the Company (the “EGM”) has been held on 12 July 2023, and the SPA I, the SPA II and the transactions contemplated thereunder have been approved by the Independent Shareholders. Up to the date of this announcement, the transactions stipulated in the SPA I and the SPA II have been completed.

## **THE NUMBER AND REMUNERATION OF EMPLOYEES**

As at 31 December 2023, the Group employed 202 employees (2022: 218 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.

Apart from regular on-the-job training, the Group encourages its employees to attend external job-related training and provides training to new employees including an introduction to relevant regulations and general safety awareness and a workshop specific training to the work area and the role of individual within the workshop. Directors and employees, among others, are entitled to participate in the share option scheme at the discretion of the Board. During the Year, no share option was granted and exercised and 7,424,000 share option was lapsed. As at 31 December 2023, 18,532,000 share options were outstanding.

## **CHARGE ON GROUP ASSETS**

As at 31 December 2023, the carrying amount of property, plant and equipment pledged as security for the Group's bank borrowings was approximately RMB24,377,000 (2022: RMB22,578,000).

## **CAPITAL EXPENDITURE**

For the Year, the Group incurred approximately RMB443,000 (the Prior Year: RMB2,474,000) of capital expenditure on property, plant and equipment and approximately RMB1,155,000 (the Prior Year: RMB412,000) on right-of-use assets. There were approximately RMB3,000 (the Prior Year: RMB59,000) of property, plant and equipment that were disposed during the Year.

## **CAPITAL COMMITMENT AND CONTINGENT LIABILITIES**

As at 31 December 2023 and 2022, capital expenditure contracted for but not provided for in the consolidated financial statements of the Company are as follows:

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Capital expenditure contracted but not provided for:		
– Investment in an associate	<b>2,460</b>	2,460
– Investment in a joint venture	–	6,500
– Intangible assets	<b>225</b>	–
	<u><b>2,685</b></u>	<u>8,960</u>

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

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

## PROSPECTS

Externally, the global economy may experience a soft landing, which is beneficial to the stabilization of exports. As the interest rate hike by the Federal Reserve comes to an end, the pressure on the RMB exchange rate and RMB assets are expected to decrease. In addition, the presidents of China and the United States have met for the first time in nearly a year, bringing some hope to prevent the further deterioration in Sino-US relations.

In terms of fundamentals, China's unemployment rate in the consumer sector shows a trend of marginal decline without further deterioration. The overall consumption propensity in the household sector is showing a rebound trend. While the scarring effect in the household sector was obvious during the pandemic, it is now gradually diminishing. In terms of investment, if there is positive growth in exports in 2024, related investment in the manufacturing industry will be driven. In addition, as the central government increased leverage, the funding of infrastructure investment was also secured. The real estate sector is still complex. While there may still be a process of inertia decline, the decline is expected to narrow. Therefore, in many respects, China's economy will experience a marginal improvement.

As one of China's strategic emerging industries, biotechnology industry has great development potentials as the degree of population aging in China continues to deepen, medical expenses rise and public health awareness continues to increase. In addition, with the improvement in technology and the continuous progress of research and development equipment, technology innovation and drug research and development for biotechnology continue to make breakthroughs. The application of digital technologies such as AI, big data and blockchain has efficiently integrated and analyzed massive amounts of clinical and bioinformatics data and further reduced the costs of medical services, thereby contributing to the sustainable development of the biotechnology industry.

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

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

Through the SPA I and the SPA II, the Group will further increase its shareholding in Zhongke Zhenhui and Guangdong Zhenyuan, and further enhance the Group's controlling position in such companies. Not only can it improve the efficiency of the operation and decision-making of Zhongke Zhenhui and Guangdong Zhenyuan, but also enhance the cooperation confidence of business partners, which in turn accelerate the development of Zhongke Zhenhui and Guangdong Zhenyuan's investment business, so as to achieve the goal of strengthening and expanding the investment business of the Group.

Looking ahead, the world is undergoing major changes unseen in a century. Geopolitical risks are intensifying, and the external environment remains complex and severe. China is also facing the triple pressure of "shrinking demand, supply shock and weakening expectation", and there are still certain difficulties and challenges to overcome in promoting high-quality economic development. However, China's strategic goals of continuously deepening innovation-driven development, supporting the rapid development of emerging industries and promoting high-quality economic development remain unchanged. Therefore, the Group will continue to adhere to diversified development. While consolidating the traditional funeral services business, the Group will actively seize the strategic opportunities arising from the booming development of the biotechnology industry, allocate more resources to support the development of the Group's biotechnology business. In order to diversify the Group's income sources, promote the high-quality development of the Group's business, and improve and enhance the Group's operating results, the Group will also actively seek suitable investment objectives and opportunities from time to time.

## **DIVIDEND**

The Directors do not recommend the payment of any final dividend in respect of the Year (the Prior Year: nil). There is no arrangement under which a shareholder of the Company has waived or agreed to waive any dividend.

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

During the Year, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company (the "AGM") for 2024 will be held on 21 June 2024 (the "2024 AGM"). A notice of meeting together with the circular for the 2024 AGM will be despatched to the shareholders of the Company according to the articles of association of the Company (the "Articles of Association") and the GEM Listing Rules.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 18 June 2024, to 21 June 2024, (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending at the 2024 AGM, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 17 June 2024.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The corporate governance practices of the Company are based on the principles and the code provisions as set out in the Corporate Governance Code (the "Code") as set out in Appendix 15 (currently referred to as Appendix C1) to the GEM Listing Rules. The principles adopted by the Company emphasis a quality board, transparency and accountability to shareholders. In the opinion of the Board, the Company has complied with the Code for the Year, except for the following:

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

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

The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review its corporate governance practices from time to time to ensure they comply with the statutory requirements and the Code and align with the latest developments.

## **COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS**

Save as disclosed in the section "Compliance with The Corporate Governance Code" in this announcement, as far as the Board is aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

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 have complied with such code of conduct throughout the Year.



## **AUDIT COMMITTEE**

The Audit Committee consists of Mr. Sun Fei, who resigned on 3 April 2023, Mr. Chai Chung Wai, who was appointed as chairman on 3 April 2023, Dr. Yang Jingjing and Ms. Hu Zhaohui, who was appointed on 7 June 2023, all of whom are the Company's independent non-executive Directors. The chairman of the Audit Committee is Mr. Chai Chung Wai. The Audit Committee has reviewed the annual results for the year ended 31 December 2023.

## **SCOPE OF WORK OF CROWE (HK) CPA LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditors, Crowe (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Crowe (HK) CPA Limited on the preliminary announcement.

## **PUBLICATION OF ANNUAL REPORT**

This annual results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) and the Company (<http://www.sinolifegroup.com>). The annual report of the Company for the year ended 31 December 2023 containing all the information as required by the GEM Listing Rules will be despatched to the shareholders of the Company and made available for review on the same websites in due course.

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

Hong Kong, 27 March 2024

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

*This announcement will remain on the "Latest Listed Company Information" page of the Stock Exchange's website at <http://www.hkexnews.hk> 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>.*

\* *For identification purpose only*