



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 2024**

**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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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.

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 2024 (the “Year”), together with the comparative figures for the year ended 31 December 2023, which have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRS”) Accounting Standards as below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	<i>Notes</i>	2024 RMB’000	2023 RMB’000
Revenue	3	74,943	72,570
Cost of sales and services rendered		<u>(42,660)</u>	<u>(39,089)</u>
Gross profit		32,283	33,481
Fair value loss on investment properties		(748)	(1,081)
Fair value gain/(loss) on financial assets measured at fair value through profit or loss (“FVTPL”)		3,378	(4,226)
Fair value loss on convertible bonds designated at FVTPL		2,035	3,519
Other income and other net gains/(losses)		2,204	2,571
Selling expenses		(3,189)	(2,122)
Administrative expenses		(36,336)	(41,044)
(Impairment losses)/reversal of impairment losses recognised under expected credit loss (“ECL”) model on trade and other receivables and deposits paid, net		(4,150)	2,841
Other operating expenses		<u>(1,458)</u>	<u>(201)</u>
Loss from operations		(5,981)	(6,262)
Finance costs	4	<u>(1,473)</u>	<u>(1,681)</u>
Loss before taxation	5	(7,454)	(7,943)
Income tax expense	6	<u>(2,948)</u>	<u>(2,143)</u>
Loss for the year		<u>(10,402)</u>	<u>(10,086)</u>

	<i>Notes</i>	2024 RMB'000	2023 RMB'000
Other comprehensive income/(expense)			
<i>Items that will not be reclassified to profit or loss:</i>			
Surplus on revaluation of freehold land and buildings		3,032	1,430
Exchange differences arising on translation		1,017	1,385
Fair value gain on convertible bonds designated at FVTPL attributable to change in credit risk		<u>(31)</u>	<u>(27)</u>
		4,018	2,788
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(1,653)	3,013
Reclassification of cumulative foreign currency translation reserve upon deregistration/strike-off of subsidiaries		<u>(1,608)</u>	<u>—</u>
		(3,261)	3,013
Other comprehensive income for the year, net of income tax		<u>757</u>	5,801
Total comprehensive expense for the year, net of income tax		<u>(9,645)</u>	<u>(4,285)</u>
Loss for the year attributable to:			
Owners of the Company		(8,699)	(7,173)
Non-controlling interests		<u>(1,703)</u>	<u>(2,913)</u>
		<u>(10,402)</u>	<u>(10,086)</u>
Total comprehensive expense attributable to:			
Owners of the Company		(5,613)	(2,354)
Non-controlling interests		<u>(4,032)</u>	<u>(1,931)</u>
		<u>(9,645)</u>	<u>(4,285)</u>
			(Restated)
Loss per share			
Basic	8	RMB(9.48) cents	RMB(8.99) cents
Diluted	8	<u>RMB(9.95) cents</u>	<u>RMB(12.43) cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000 (Restated)	As at 1 January 2023 RMB'000
	<i>Notes</i>			
NON-CURRENT ASSETS				
Property, plant and equipment		33,946	32,601	31,588
Right-of-use assets		14,601	19,088	22,918
Investment properties		4,392	5,245	6,132
Intangible assets		2	292	1,158
Interest in an associate		–	–	–
Goodwill		–	–	–
Other receivables and deposits paid		378	466	915
Deposits for hire of funeral parlours and funeral services centres		929	927	1,000
		54,248	58,619	63,711
CURRENT ASSETS				
Financial assets measured at FVTPL		39,373	48,495	58,777
Development and formation costs		3,790	5,107	4,657
Inventories		943	1,199	1,617
Trade and other receivables and deposits paid	9	43,016	33,268	34,201
Income tax recoverable		–	–	14
Time deposits with original maturity over three months but not over one year		–	–	9,334
Cash and cash equivalents		109,256	125,019	112,477
		196,378	213,088	221,077
CURRENT LIABILITIES				
Trade and other payables and deposits received	10	12,253	11,817	12,971
Contract liabilities		81,937	91,096	89,660
Lease liabilities		5,821	5,399	4,757
Bank borrowings		1,271	1,275	1,198
Income tax liabilities		5,008	3,758	5,056
Amounts due to directors		2,935	4,681	2,756
Amount due to a shareholder		11,146	13,023	10,325
Convertible bonds		12,754	14,313	–
Provisions		486	520	1,380
		133,611	145,882	128,103
NET CURRENT ASSETS		62,767	67,206	92,974
TOTAL ASSETS LESS CURRENT LIABILITIES				
		117,015	125,825	156,685

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000 (Restated)	As at 1 January 2023 RMB'000
NON-CURRENT LIABILITIES			
Contract liabilities	577	592	456
Other payables and deposits received	590	257	1,135
Amount due to a shareholder	2,479	–	2,330
Lease liabilities	8,686	13,959	18,357
Bank borrowings	1,149	2,484	3,590
	<u>13,481</u>	<u>17,292</u>	<u>25,868</u>
NET ASSETS	<u>103,534</u>	<u>108,533</u>	<u>130,817</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	87,489	81,941	69,218
Reserves	35,963	41,777	44,000
	<u>123,452</u>	<u>123,718</u>	<u>113,218</u>
Non-controlling interests	<u>(19,918)</u>	<u>(15,185)</u>	<u>17,599</u>
TOTAL EQUITY	<u>103,534</u>	<u>108,533</u>	<u>130,817</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

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 on 9 September 2009. 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, 77 Wing Lok Street, Sheung Wan, Hong Kong.

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") 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 consolidated financial statements are presented in Renminbi ("RMB"), which is different from the Company's functional currency of United States dollar ("USD"). The consolidated financial statements are presented in RMB, rounded to the nearest thousand, except when otherwise indicated, which is different from the functional currency of the Company as majority of the Group's transactions are denominated in RMB.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments")
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, the application of the amendments to HKFRS Accounting Standards 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.

Impacts on application of the 2020 Amendments

The Group has applied the 2020 Amendments for the first time in the current year.

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

- 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 classification should not be affected by management intentions or expectations to settle the liability within twelve months.
- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. 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*.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The followings are the impact of the application of the amendments:

- a) Convertible bonds with conversion options not meeting "fixed for fixed criterion"
 - i) Designated at FVTPL

The Group's outstanding convertible bonds include counterparty conversion options that do not meet equity instruments classification by applying HKAS 32. Upon the application of the 2020 Amendments, given that the conversion options are not equity instruments under HKAS 32 and are exercisable by the holders of convertible bonds anytime, the convertible bonds as at 31 December 2023 are reclassified to current liabilities as the holders of convertible bonds have the options to convert (and therefore the Group is required to "settle") within twelve months after the reporting period.

The application of the 2020 Amendments has no other material impact on the classification of the Group's liabilities. The change in accounting policy does not have impact to the Group's profit or loss or loss per share for the current and prior years presented. The details of the impacts on each financial statement line item on the consolidated statement of financial position arising from the application of the 2020 Amendments are set out under "Impacts of application of amendments to HKFRS Accounting Standards on the consolidated financial statements" in this note. Comparative figures have been restated.

There is no material impact on the classification of the Group's liabilities as at 1 January 2023 (i.e. the beginning of the comparative period), as the convertible bonds were issued by the Company during the year ended 31 December 2023 and there is no outstanding convertible bonds as at 1 January 2023.

Impacts of application of amendments to HKFRS Accounting Standards on the consolidated financial statements

The effects of the changes in accounting policies as a result of application of the 2020 Amendments on the consolidated statement of financial position as at the end of the reporting period (i.e. 31 December 2024) and the end of the immediately preceding financial year (i.e. 31 December 2023), are as follows:

	As at 31 December 2024		As at 31 December 2024 (Without the application of the 2020 Amendments)
	(As reported) RMB'000	Adjustments RMB'000	RMB'000
Current liabilities			
Convertible bonds	12,754	(12,754)	–
Non-current liabilities			
Convertible bonds	–	12,754	12,754
Net current assets	62,767	12,754	75,521
Total assets less current liabilities	117,015	12,754	129,769
Net assets	103,534	–	103,534
	As at 31 December 2023		As at 31 December 2023 (Originally stated)
	(As reported and restated) RMB'000	Adjustments RMB'000	RMB'000
Current liabilities			
Convertible bonds	14,313	(14,313)	–
Non-current liabilities			
Convertible bonds	–	14,313	14,313
Net current assets	67,206	14,313	81,519
Total assets less current liabilities	125,825	14,313	140,138
Net assets	108,533	–	108,533

New and amendments to HKFRS Accounting Standards in issue but not yet effective

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the consolidated statement of profit or loss and other comprehensive income and disclosures in the future consolidated financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

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.

During the years ended 31 December 2024 and 2023, the Group did not engage in any provision of advisory service on stem cells and immunocytes. Accordingly, the reportable segment of “Stem cells and immunocytes and other business” was renamed as “Biotechnical and other businesses”.

Details of the reportable segments are as follows:

- 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
- Biotechnical and other businesses: Sales of biotechnical machineries and other electronic products.

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 profit and loss of each segment without allocation of fair value loss on investment properties, fair value gain/(loss) on financial assets measured at FVTPL, fair value loss on convertible bonds designated at FVTPL, net (impairment losses)/reversal of impairment losses recognised under ECL model on trade and other receivables and deposits paid, unallocated other income and other net gains/(losses), 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) **Disaggregation of revenue**

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

For the year ended 31 December 2024

	Funeral services <i>RMB'000</i>	Biotechnical and other businesses <i>RMB'000</i>	Total <i>RMB'000</i>
Major products and services			
Funeral services and cremation services provided in funeral parlours and funeral service centres under the Group's management	67,035	–	67,035
Funeral arrangement and related consultancy services	3,007	–	3,007
Sales of burial plots and tombstones	401	–	401
Sales of biotechnical machineries and other electronic products	–	4,500	4,500
	70,443	4,500	74,943
Timing of revenue recognition			
At a point in time	5,415	4,500	9,915
Over time	65,028	–	65,028
	70,443	4,500	74,943
Primary geographical market			
The PRC	67,035	–	67,035
Taiwan	2,188	–	2,188
Hong Kong	819	4,500	5,319
Vietnam	401	–	401
	70,443	4,500	74,943

For the year ended 31 December 2023

	Funeral services <i>RMB'000</i>	Biotechnical and other businesses <i>RMB'000</i>	Total <i>RMB'000</i>
Major products and services			
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>
Timing of revenue recognition			
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>
Primary geographical market			
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>

There are no inter-segment sales during the year ended 31 December 2024 (2023: Nil).

(b) Segment profit or loss

	<i>Note</i>	2024 RMB'000	2023 <i>RMB'000</i>
Profit or loss			
Total reportable segment profit derived from Group's external customers		3,651	4,692
Fair value loss on investment properties		(748)	(1,081)
Fair value gain/(loss) on financial assets measured at FVTPL		3,378	(4,226)
Fair value loss on convertible bonds designated at FVTPL		2,035	3,519
Unallocated other income and other net gains/(losses)		314	1,667
Net (impairment losses)/reversal of impairment losses recognised under ECL model on:			
– Trade receivables		(556)	507
– Other receivables and deposits paid		(3,594)	2,334
Finance costs	4	(1,473)	(1,681)
Unallocated head office and corporate expenses		(10,461)	(13,674)
Consolidated loss before taxation		(7,454)	(7,943)

4 FINANCE COSTS

	2024 RMB'000	2023 <i>RMB'000</i>
Interest on lease liabilities	1,233	1,518
Interest on bank borrowings	72	96
Interest on convertible bonds designated at FVTPL	168	67
	1,473	1,681

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging the followings:

	2024 RMB'000	2023 RMB'000
Auditors' remuneration		
– audit services	1,062	1,040
– non-audit services	–	253
Cost of inventories recognised as an expense	12,935	11,099
Depreciation of property, plant and equipment	1,716	2,091
Depreciation of right-of-use assets	5,220	5,000
Amortisation of intangible assets (included in administrative expenses)	290	866

6. INCOME TAX EXPENSE

	2024 RMB'000	2023 RMB'000
PRC Enterprise Income Tax		
– current year	2,206	1,211
– under-provision in prior years	611	793
	2,817	2,004
Hong Kong Profits Tax		
– current year	123	139
– under-provision in prior years	8	–
	131	139
Total	2,948	2,143

Notes:

- Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first Hong Kong dollar (“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.
- 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.
- During the years ended 31 December 2024 and 2023, 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.

- (d) Bau Shan Life Science Technology Co., Ltd. (“Bau Shan”), a direct subsidiary of the Company, and Bu Lao Lin Limited (“BLL”), which is an indirect subsidiary of the Company, are subject to Taiwan Enterprise Income Tax at 17% (2023: 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 has 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% (2023: 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 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.

8. LOSS PER SHARE

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Loss:		
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	(8,699)	(7,173)
Effect of dilutive potential ordinary shares		
– Interest on convertible bonds	168	67
– Fair value loss on convertible bonds	(2,035)	(3,519)
Loss for the year attributable to owners of the Company for the purpose of diluted loss per share	<u>(10,566)</u>	<u>(10,625)</u>
	2024	2023 (Restated)
Number of shares (<i>note i</i>):		
Weighted average number of shares for the purpose of basic loss per share	91,795,082	79,832,877
Effect of dilutive potential ordinary shares		
– Convertible bonds	14,412,698	5,646,619
Weighted average number of shares for the purpose of diluted loss per share (<i>note ii</i>)	<u>106,207,780</u>	<u>85,479,496</u>

Notes:

- i) The weighted average number of ordinary shares and the effect of dilutive potential ordinary shares for the year ended 31 December 2023 has been restated to reflect the effect of the share consolidation with effect from 14 October 2024 as if they happen on 1 January 2023.
- ii) For the years ended 31 December 2024 and 2023, 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 granted to non-funeral services deed customers under funeral arrangement services is 45 days (2023: 45 days). There is no credit period granted to customers for the other service rendered by the Group.

Included in trade and other receivables and deposits paid are trade receivables, net of allowance for credit losses, of approximately RMB527,000 (2023: RMB495,000) and an aged analysis based on invoice date at the end of the reporting period, is as follows:

	2024 RMB'000	2023 RMB'000
0 to 180 days	<u>527</u>	<u>495</u>

10. TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED

The average credit period on purchase of goods is 30 days (2023: 30 days).

Included in trade and other payables and deposits received are trade payables of approximately RMB2,256,000 (2023: RMB1,941,000) and an aged analysis based on the invoice date at the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000
0 to 30 days	1,283	1,196
31 days to 90 days	51	130
Over 90 days	<u>922</u>	<u>615</u>
	<u>2,256</u>	<u>1,941</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

2024 remained a turbulent period globally, with the world economy still under pressure from the slowdown. The international landscape was complex and evolving, marked by frequent geopolitical conflicts that increased external environmental uncertainties. The People's Republic of China (the "PRC" or "China") also faced challenges including insufficient effective domestic demand, overcapacity in certain industries, and weak social expectations.

China's economy in 2024 grew at an overall rate of around 5.0%, a target that the government has managed to meet despite facing several structural challenges such as weak domestic consumption and a lingering property downturn. In the final quarter, gross domestic product ("GDP") growth accelerated to 5.4% year-on-year (Source: National Bureau of Statistics of China ("National Bureau of Statistics")), buoyed by a series of stimulus measures aimed at mitigating weak domestic consumption and a lingering property downturn. For the full-year 2024, China, being the world's second-largest economy grew 5.0%, data from the National Bureau of Statistics showed, meeting the government's annual growth target of around 5%. In comparison, revised figures for 2023 indicate that China's economy was estimated at roughly Renminbi ("RMB") 129.4 trillion with an annual growth rate of about 5.2%.

On a quarterly basis, GDP grew 1.6% in October-December 2024, compared with a forecast 1.6% increase and a revised 1.3% gain in the previous quarter.

This modest slowdown from 2023's headline numbers reflects both a normalization after extraordinary pandemic-related fluctuations and the impact of structural challenges – including subdued consumer confidence and a decelerating property market – that may continue to weigh on demand across sectors. While stimulus measures have buoyed recent quarterly figures, uncertainties remain about whether these temporary boosts will translate into sustained higher spending in 2025.

In the funeral and related services sector, the industry has experienced a significant evolution over the past few years. While 2020 witnessed an extraordinary surge in demand – driven in part by the acute needs of that period – the market is now transitioning into a phase of steady, if unspectacular, growth. Recent research projects that the funeral and cremation services market in China will grow at a compound annual growth rate of over 3% from 2024 to 2029.

Consumer preferences have been shifting, as evidenced by an increase in cremation rates from 55.7% in 2020 to 58.8% in 2021 according to data from the Ministry of Civil Affairs of the PRC (the “Ministry of Civil Affairs”), a trend largely driven by urban areas where land scarcity and modern attitudes favour cremation over traditional burials. This shift has prompted industry players to innovate with digital memorial platforms and personalized service offerings. However, as the industry moves from crisis-driven demand to a more routine service environment, margins may tighten and competition is expected to intensify, especially given that the number of funeral service institutions – around 4,474 as of 2022 (Source: the Ministry of Civil Affairs) and 4,605 as of 2023 (Source: Statista.com) – indicates a mature yet competitive market. However, the industry is expected to maintain steady, if unspectacular, growth, reflecting broader industry normalization rather than explosive expansion, and continued government oversight and efforts to improve service standards suggest that providers must balance cost pressures with compliance, a factor that can influence profitability.

The emerging biotechnology sector in China continues to showcase robust innovation and considerable potential. Over the past decade, regulatory reforms and increased government funding have transformed the landscape. Significant research and development investments have spurred a shift from generics to novel drug development, an evolution supported by initiatives such as the “Healthy China 2030” plan and the “14th Five-Year Plan for Biotechnology Development” (Source: Ministry of Science and Technology of the PRC), which outlined strategic priorities and initiatives to promote innovation and commercialization in areas such as biomedicine and healthcare (including stem cell research, regenerative medicine, and precision medicine). Although 2023 was marked by strong merger and acquisitions activities and rapid innovations, the funding environment in 2024 appears to be more cautious. This shift is partly due to global uncertainties and a broader slowdown in private-sector capital, which may moderate the pace of growth in biotech compared to the previous year. Despite these challenges, strategic partnerships and licensing deals remain common, with global pharmaceutical companies increasingly engaging with Chinese biotech firms to access innovative therapies and cost-effective development opportunities.

Overall, the macroeconomic backdrop – characterized by a steady 5% GDP growth target but tempered by underlying challenges such as a cooling property market and subdued consumption – creates a mixed picture for both the funeral services and emerging biotech sectors. In funeral services, demographic pressures and changing consumer preferences should support moderate growth, yet the normalization from previously high demand levels means providers will need to focus on efficiency and differentiation to sustain profitability. Meanwhile, in biotechnology, although significant strides in innovation and regulatory improvements continue to bolster long-term prospects, a cautious funding environment may slow expansion relative to the boom observed in recent years. While China’s 2024 macro-outlook remains broadly in line with official targets, structural challenges and sector-specific issues will likely lead to more tempered performance in both the funeral and biotech industries compared with the exceptional conditions seen in parts of 2023.

The Group will continue to concentrate on operational efficiency and strategic partnerships, and monitor the macroeconomic signals and consumer confidence to adapt business strategies accordingly. The specialized and comprehensive investment platform that was established by the Group since 2021 with focus on investment in the development direction of biotechnology, including but not limited to, biomedicine, medical healthcare, life science instruments etc. has already created synergy effect with the Group's businesses through numerous business investments. As both business segments of the Company navigate an evolving landscape in 2024, the Company will balance short-term recovery measures with long-term investments in innovation and efficiency, and in turn improve the returns of the Company and the shareholders of the Company (the "Shareholder(s)") as a whole.

During the years ended 31 December 2024 (the "Year") and 2023 (the "Prior Year"), the amount and percentage of the revenue derived from respective geographical segments were as follow:

	2024		2023	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
The PRC	67,035	89.5	65,838	90.7
Taiwan	2,188	2.9	2,014	2.8
The Hong Kong Special Administrative Region of the PRC ("Hong Kong")	5,319	7.1	4,158	5.7
The Socialist Republic of Vietnam ("Vietnam")	401	0.5	560	0.8
	<u>74,943</u>	<u>100.0</u>	<u>72,570</u>	<u>100.0</u>

The PRC

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

Hindered by the weakening Chinese economy, the demand for the traditional funeral, cremation and cemetery services in the PRC shifted from high-quality services to more value-oriented offerings due to the economic pressures. However, following the surge experienced during the pandemic, the industry has since stabilized, with demand increasing compared to the Prior Year. As a result, revenue from funeral, cremation and cemetery services recorded a year-on-year increase of approximately 1.8% from approximately RMB65,838,000 during the Prior Year to approximately RMB67,035,000 during the Year.

Taiwan and Hong Kong

In Taiwan and Hong Kong, the Group is principally engaged in the sales of funeral services deeds, which was accounted for by the Group as contract liabilities, and provision of funeral arrangement services to the deed holders and non-funeral services deed holders, which are accounted for by the Group as revenue. The Group also carries out sales of biotechnical machineries and other electronics products in Hong Kong.

Both the Taiwan and Hong Kong businesses rebounded during the Year, generating revenue of approximately RMB2,188,000 and RMB5,319,000, respectively. This represents an increase from approximately RMB2,014,000 in Taiwan and RMB4,158,000 in Hong Kong during the Prior Year.

The revenue growth in Taiwan was primarily driven by the normalization of demand for the Group's funeral services following the pandemic's impact in 2022 and 2023. Meanwhile, the increase in Hong Kong revenue was mainly attributable to the successful installation of an advanced biotechnical machine, which met revenue recognition criteria during the Year. This contributed approximately RMB4,500,000 in revenue from the Group's sales of biotechnical machinery and other electronic products, compared to approximately RMB3,069,000 in the Prior Year. As of 31 December 2024, the Group recorded approximately RMB2,793,000 in unearned revenue related to its Hong Kong sales of biotechnical machineries and electronics products.

Vietnam

During the Year, the Group refrained from conducting any sales activities in the Vietnam market due to a noticeable decline in demand for burial plots, resulting in revenue contribution of approximately RMB401,000 from this market. In the Prior Year, the Vietnam's operations contributed approximately RMB560,000 to the Group's revenue. The decision to halt sales activities in Vietnam reflects the Group's responsiveness to changing market dynamics and the need to reallocate resources effectively.

FINANCIAL REVIEW

Revenue

	2024			2023		
	Revenue	Segment operating profit	Segment operating profit margin	Revenue	Segment operating profit	Segment operating profit margin
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Funeral services	70,443	2,450	3.5%	69,501	3,873	5.6%
Biotechnical and other businesses	4,500	1,201	26.7%	3,069	819	26.7%
	<u>74,943</u>	<u>3,651</u>	<u>4.9%</u>	<u>72,570</u>	<u>4,692</u>	<u>6.5%</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; and
- (ii) sales of biotechnical machineries and other electronic products.

The Group's revenue increased during the Year was primarily influenced by two key contradicting factors. Firstly, in the Group's traditional funeral services segment within the China market, consumer demand shifted toward more value-oriented offerings due to economic pressures, resulted into a lower average selling price; however, the industry has since stabilized, with demand increasing compared to the Prior Year, following the surge experienced during the pandemic. Consequently, revenue from funeral, cremation, and cemetery services experienced a year-over-year increase of approximately 1.4%, increasing from approximately RMB69,501,000 for the Prior Year to approximately RMB70,443,000 for the Year.

Secondly, an advanced biotechnical machinery was successfully installed and met the revenue recognition criteria during the Year, contributing approximately RMB4,500,000 in revenue from the Group's sales of biotechnical machinery and other electronic products. This represents an increase compared to approximately RMB3,069,000 in 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 sales of biotechnical machineries and other electronic products businesses primarily consist of the costs of the biotechnical machineries and other electronic products.

The Company's cost of sales for the Year was approximately RMB42,660,000, representing a 9.1% increase compared to RMB39,089,000 for the Prior Year. This increase in cost of sales was primarily attributable to the increase in the revenue during the Year.

Gross profit

The Group's gross profit for the Year was approximately RMB32,283,000, which remained relatively stable compared to the Prior Year's gross profit of approximately RMB33,481,000. The gross profit margin for the Year was approximately 43.1%, a notable compression of 3.0 percentage points compared to 46.1% in the Prior Year. The contraction in gross profit margin can be attributed to the decrease in average selling price for the Group's funeral and cremation services. The economic pressures led to a shift in consumer demand towards more value-oriented offerings in the traditional funeral, cremation, and cemetery services market and led to overall decrease in profitability of the industry.

Other income and other net gains/(losses)

The Group recorded other income and other net gains/(losses) of approximately RMB2,204,000 for the Year (the Prior Year: RMB2,571,000) representing a decrease of approximately 14.3% during the Year. The reduction was mainly contributed by the decrease of approximately RMB884,000 on written back of provision for cost of services during the Year, partially offset by the increase in the rental income from investment properties of approximately RMB347,000 during the Year, as well as the net exchange gain of approximately RMB224,000 whereas net exchange loss of approximately RMB146,000 was recorded in the Prior Year.

Selling and administrative expenses

While gross profit remained stable but gross profit margins compressed, the Group focused on enhancing its market presence and optimizing costs. Selling expenses, which accounted for approximately 4.3% of revenue (the Prior Year: 2.9%), for the Year increased by approximately 50.3% to approximately RMB3,189,000 compared to that of approximately RMB2,122,000 for the Prior Year. This increase was driven by higher promotional spending to strengthen the Group's presence and market development in the cemetery segment. This strategic initiative aligns with prevailing demographic trends of an aging population and growing demand for cemetery services. Moreover, it positions the Group to capture opportunities arising from more cautious consumer sentiment amid weak economic conditions.

On the other hand, administrative expenses, which accounted for approximately 48.5% of revenue (the Prior Year: 56.6%), decreased by approximately 11.5% to approximately RMB36,336,000 for the Year (the Prior Year: RMB41,044,000). The decrease in administrative expenses underscores the Group's commitment to enhancing operational efficiencies and optimizing costs across the organization, a crucial initiative in the face of the challenging economic conditions and shifting consumer preferences witnessed during the Year.

Finance costs

The Group's finance costs primarily encompass interest expenses on bank borrowings, lease liabilities under HKFRS 16, and convertible bonds. During the Year, finance costs decreased to approximately RMB1,473,000 from approximately RMB1,681,000 for the Prior Year. This reduction was driven by a decrease in interest on lease liabilities of approximately RMB285,000, partially offset by an increase in interest on convertible bonds of approximately RMB101,000. The convertible bonds were issued in the second half of 2023, contributing to the additional interest expense during the Year. The overall decrease in finance costs reflects the Group's efforts to manage its financing costs effectively amidst the challenging business environment.

Income tax expense

Income tax expense was primarily incurred from the Group's operations in the PRC, amounting to approximately RMB2,948,000 for the Year (the Prior Year: RMB2,143,000). This represented an increase of approximately RMB805,000 compared to the Prior Year. The increase in tax expenses was mainly driven by an increase in PRC enterprise income tax of approximately RMB995,000, which was a result of the increase in taxable profit from the PRC operations during the Year. Additionally, the increase in tax expenses was partially offset by decrease in under-provision of PRC enterprise income tax of approximately RMB182,000 for prior years. The higher taxable profit in the PRC reflects the increased demand on the Group's core funeral services segment due to the stabilization of the industry demand, as discussed earlier.

Loss for the Year attributable to the owners of the Company

As the result of the cumulative effect from the abovementioned factors, the loss attributable to the owners of the Company for the Year was approximately RMB8,699,000, as compared with that of approximately RMB7,173,000 for the Prior Year. Loss per share for the Year was approximately RMB9.48 cents (the Prior Year: RMB8.99 cents (restated)).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The equity attributable to owners of the Company as at 31 December 2024 decreased to approximately RMB123,452,000, a decrease of approximately 0.2% over that as at 31 December 2023 of approximately RMB123,718,000.

The Group maintains a stable financial position. As at 31 December 2024, the Group had cash and bank balances of approximately RMB109,256,000 (2023: RMB125,019,000). To enhance the value of the Shareholders, the Group invests surplus cash in quality equity securities, exchange trade funds ("ETF(s)"), debt instruments and derivative instruments listed on well recognised stock exchanges to generate additional returns for the Group and the Shareholders. For details of the treasury investments and significant investments held by the Group, please refer to the section headed "Treasury investments and significant investments held" under "LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE".

The Group financed its day-to-day operations by internally generated cash flows during the Year. Primary uses of funds during the Year was mainly the payment of operating expenses.

As at 31 December 2024, the Group had current and non-current bank borrowings were approximately RMB1,271,000 and approximately RMB1,149,000 respectively (2023: RMB1,275,000 and RMB2,484,000 respectively). All bank borrowings were denominated in New Taiwan Dollars (“NTD”), at prevailing market interest rate.

The Company also issued convertible bonds on 11 August 2023 in the principal amount of Hong Kong dollars (“HK\$” or “HKD”) 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 HK\$ 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 “Conversion Price”). The Convertible Bonds carry interests at 1% per annum and payable in arrears on the Maturity Date.

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.

As a result of the Share Consolidation (defined in the section headed “Share Consolidation” below) becoming effective on 14 October 2024, the Conversion Price of the outstanding Convertible Bonds, being initially at HK\$0.126 per Existing Share (defined in the section headed “Share Consolidation” below) (subject to adjustment), was adjusted in accordance with the terms and conditions of the Convertible Bonds to HK\$1.26 per Consolidated Share (defined in the section headed “Share Consolidation” below). Accordingly, the number of Consolidated Shares upon full conversion at the adjusted conversion price of HK\$1.26 per Consolidated Share of the Convertible Bonds immediately after the Share Consolidation becoming effective was 14,412,698 Consolidated Shares.

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's liquidity position remains strong and the Group is confident that sufficient resources could be secured to meet its commitments and working capital requirements. 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 2024, the Group invested approximately RMB7,716,000 (2023: RMB14,532,000) in certain equity securities and ETFs listed outside Hong Kong for trading purpose. These listed equity investments and ETFs are denominated in RMB and were classified as financial assets measured at fair value through profit or loss ("FVTPL"). The Directors considered that the closing price of those listed equity securities as at 31 December 2024 was the fair value of those investments. As at 31 December 2024, the fair value of the Group's investment portfolio was approximately RMB7,716,000 (2023: RMB14,532,000).

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

	Number of securities as at 31 December 2024	% of the Group's total assets	% of Group's investment portfolio	1 January 2024 RMB'000	Addition RMB'000	Disposal/ redemption RMB'000	Fair value change in profit or loss RMB'000	31 December 2024 RMB'000
Financial assets measured at FVTPL								
- Equity securities listed outside Hong Kong	3	3.0%	97.4%	12,448	-	(8,143)	3,214	7,519
- ETF listed outside Hong Kong	1	0.1%	2.6%	2,084	222,520	(224,390)	(17)	197
- Debt instrument listed outside Hong Kong	-	-	-	-	560,806	(560,806)	-	-
- Derivative instruments listed outside Hong Kong	-	-	-	-	111,470	(111,651)	181	-
Total	4	3.1%	100.0%	14,532	894,796	(904,990)	3,378	7,716

The aggregate value of the investment portfolio decreased by approximately RMB6,816,000 during the Year.

Additions to investment portfolio during the Year totalled approximately RMB894,796,000, including investments in 6 ETFs, 3 debt instruments and 9 derivative instruments listed outside Hong Kong. Whereas disposals in investment portfolio during the Year totalled approximately RMB904,990,000, including divestments of 5 equity securities, 8 ETFs, 3 debt instruments and 9 derivative instruments listed outside Hong Kong. Other movements of the investment portfolio during the Year included net fair value gain on financial assets measured at FVTPL of approximately RMB3,378,000.

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, ETFs, debt instruments and/or derivative instruments 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 solid 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 2024 comprised a total of 4 listed equity securities or ETFs with an aggregate fair value of approximately RMB7,716,000 (accounting for 3.1% of the Group's total assets) covering various industry sectors including optical optoelectronics, industrial products and consumables and index fund.

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, ETFs, 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 2024, the Group's investment portfolio only constituted 3.1% of the Group's total assets, and the largest exposure of a single securities was only 3.0% 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. 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 HK\$. Surplus cash is generally placed in bank deposits, high-quality debt securities and equity securities, and ETFs mostly denominated in NTD, HK\$, United States dollar ("USD") or RMB. During the Year, the Group did not use any financial instruments for hedging purposes.

Gearing ratio

As at 31 December 2024, the gearing ratio representing the ratio of total liabilities to total assets of the Group was approximately 58.7% (2023: 60.1%).

SHARE CONSOLIDATION

On 16 September 2024, the Company put forward the share consolidation. Upon the passing of the ordinary resolution by the Shareholders on 9 October 2024, every ten issued and unissued shares of the Company of par value of HK\$0.1 each (the "Existing Share(s)") were consolidated into one consolidated share of par value of HK\$1.0 each (the "Consolidated Share(s)"). Further details, please refer to the announcements of the Company dated 8 August 2024, 30 August 2024 and 9 October 2024 and the circular of the Company dated 16 September 2024.

SHARE PLACEMENT

On 10 May 2024, the Company announced that it proposed to place up to a maximum of 60,000,000 new Existing Shares ("Placing Shares") at the price of HK\$0.1 (the "Placing Price") per Placing Shares (the "Placing") to raise up to approximately HK\$5.7 million (after deduction of commission and other expenses of the Placing), representing approximately 6.35% of the total number of Existing Shares in issue as enlarged by the allotment and issue of the Placing Shares. The Placing was placed to not less than six independent places at the Placing Price of HK\$0.1 per Placing Share on 14 June 2024.

The net proceeds (after deducing professional fees and other expenses in connection with the Placing from the gross proceeds) raised from the Placing amounted to approximately HK\$5.7 million were intended to replenish the general working capital so as to ensure sufficient liquidity for the Group's operation in Hong Kong.

For further details, please refer to the announcements of the Company dated 10 May 2024, 31 May 2024 and 14 June 2024.

CAPITAL EXPENDITURE

For the Year, the Group incurred approximately RMB753,000 (the Prior Year: RMB443,000) of capital expenditure on property, plant and equipment and approximately RMB1,362,000 (the Prior Year: RMB1,155,000) on right-of-use assets. There were approximately RMB24,000 (the Prior Year: RMB3,000) of property, plant and equipment that were disposed during the Year.

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

As at 31 December 2024 and 2023, capital expenditure contracted for but not provided for in the consolidated financial statements of the Company are as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Capital expenditure contracted but not provided for:		
– Investment in an associate	2,460	2,460
– Financial assets measured at fair value through profit or loss	2,000	–
– Intangible assets	225	225
	4,685	2,685

In March 2025, the Group discovered that certain subsidiaries of the Company in the PRC were involved in a litigation, which is publicly recorded. As of the date of this announcement, the Group has not received any documents regarding this litigation and is therefore unable to assess its potential impact. In the opinion of the Directors, the potential financial effect that will be brought by the litigation cannot be reliably measured. The Group will continue to monitor the situation and provide further updates as needed.

Except for the above, the Group does not have other significant contingent liabilities as at 31 December 2023 and 2024.

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

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, HK\$ and Vietnamese Dong ("VTD"). It is possible that the value of RMB may fluctuate against that of USD, NTD, HK\$ and VTD. The Group's operating results and financial condition may be affected by changes in the exchange rates of RMB against USD, NTD, HK\$ and VTD in which the Group's revenue and expenses are denominated.

As at 31 December 2024, the Group currently does not have a foreign currency hedging policy. However, the Directors 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, 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.

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 (2023: 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 in industries or countries in which the customers operate. 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

During the Year, the Group's did not have any significant acquisitions and disposal of investments.

THE NUMBER AND REMUNERATION OF EMPLOYEES

As at 31 December 2024, the Group employed 173 employees (2023: 202 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.

During the Year, no share option was granted, exercised and lapsed. As at 31 December 2024, 1,853,200 share options were outstanding.

CHARGE ON GROUP ASSETS

As at 31 December 2024, the carrying amounts of property, plant and equipment pledged as security for the Group's bank borrowings was approximately RMB26,192,000 (2023: RMB24,377,000).

PROSPECTS

In 2025, China's economic landscape is expected to enter a phase of moderated yet steady growth, with GDP expected to expand at around 5% target in 2025 (Source: "China's economy meets official growth target, but many feel worse off" dated January 22, 2025, Reuters). This deceleration reflects structural challenges such as a persistent property downturn, subdued domestic consumption, and shifts away from an export-led model. Nonetheless, as the Chinese government remains committed to high-quality and balanced development, ongoing stimulus measures and policy support are expected to sustain overall growth momentum, fostering a cautiously optimistic macroeconomic environment.

In the funeral and related services sector, the increasing aging population in China continues to drive steady demand for professionalized and innovative funeral services. However, in an intensifying competitive environment, service providers must enhance their core competitiveness and achieve differentiated development through technological innovations, such as AI-driven service customization and digital memorial platforms, while improving cost efficiencies. The medium-term growth outlook for this sector is expected to be modest, with an annual expansion rate around 3% to 4%.

Meanwhile, China's emerging biotechnology sector continues to build on its rapid transformation over the past decade. Regulatory reforms and initiatives like "Healthy China 2030" have positioned Chinese biotech companies to become major contributors to the global biotechnology industry, although the capital environment is likely to be more cautious compared with the exuberance of previous years, sustained government support and ongoing improvements in clinical trial efficiency are expected to drive continued progress. 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. However, geopolitical tensions and tightening investment activities may temper the pace of expansion, making growth in research and development more measured than in the boom years of 2023.

Biotechnology remains the Group's long-term strategic focus. Having established a presence in 2019, the life science instrument sales business has made substantial progress. The Group has positioned its subsidiary Zhongke Zhenhui (Guangdong) Medical Technology Company Limited (中科臻慧(廣東)醫療科技有限公司) as a specialized, comprehensive investment platform focusing on the biotechnology industry and other emerging sectors with growth prospects such as biomedicine, healthcare, life science instruments and any synergistic industries.

Overall, the outlook for 2025 points to a more balanced economic scenario in China. While the broader economy may grow at a slightly slower rate, industries such as funeral services and biotechnology are poised to benefit from enduring demographic trends and innovation dividends. Companies in these sectors will need to focus on operational efficiency, technological innovation, and strategic partnerships to navigate an environment where market opportunities are increasingly determined by the ability to adapt to both domestic policy shifts and global economic uncertainties.

In response to the evolving economic landscape, our Group is strategically positioning itself to leverage opportunities in the biotechnology sector while maintaining its traditional funeral services business. By focusing on diversified development and high-quality economic growth, the Group aims to navigate geopolitical risks and market complexities effectively. The commitment to innovation-driven development, support for emerging industries, and pursuit of strategic investments underscore the Group's resilience and adaptability in the face of ongoing challenges and uncertainties. Through these strategic initiatives, the Group aims to enhance its operational results, drive sustainable growth, and create long-term value for its Shareholders.

EVENT AFTER REPORTING PERIOD

The Group has the following significant event occurred after the end of the reporting period and up to the date of this announcement:

On 29 July 2024, the Company and Zhongke Xunda Biotechnology (Shenzhen) Company Limited* (中科訊達生物科技(深圳)有限公司) (“Zhongke Xunda”), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement (the “Equity Transfer Agreement”) with Shenzhen Nanyue Asset Management Co., Ltd. (“Nanyue AM”). As at that date, Nanyue AM is controlled to approximately 71.25% by Mr. Xu Jianchun (together with his associates), and therefore a connected person to the Group. Pursuant to the Equity Transfer Agreement, the Company and Zhongke Xunda conditionally agreed to acquire 19.46% paid-up capital of Guangdong Yinwei Decoding Biotechnology Co., Ltd.* (廣東因微解碼生物科技有限公司) (“Guangdong Yinwei”), from Nanyue AM at a maximum consideration of RMB10.8 million (the “Acquisition”). The consideration shall be satisfied by way of issue of the convertible bonds to Nanyue AM or its nominee(s) under the specific mandate of the Company.

On 6 January 2025, the Company announced that the completion of the Acquisition did not take place on 31 December 2024 (being the long stop date of the Equity Transfer Agreement) as the conditions precedent to the Equity Transfer Agreement were not fulfilled, and the Equity Transfer Agreement was lapsed.

Further details of the Acquisition were set out in (i) the Company’s announcements dated 29 July 2024 and 9 October 2024; and (ii) the Company’s circular dated 16 September 2024.

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

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

As at 31 December 2024, the Company does not hold any treasury shares.

CHANGES IN INFORMATION OF DIRECTORS

Upon specific enquiry by the Company and following confirmations from the Directors, there has no change in the information of the Directors required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules during the Year and up to the date of this announcement.

ANNUAL GENERAL MEETING

The annual general meeting for 2025 will be held on 25 June 2025 (the “2025 AGM”). A notice of meeting together with the circular for the 2025 AGM will be despatched to the Shareholders according to 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 Friday, 20 June 2025, to Wednesday, 25 June 2025, (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending at the 2025 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 Thursday, 19 June 2025.

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 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 Directors, the Company has complied with the Code for the Year except for deviations of the code provisions C.1.2 and F.2.2 of the Code regarding the independent non-executive directors should attending the annual general meetings of the Company, and the code provision of C.5.1 regarding the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals.

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.

NON-COMPLIANCE WITH PROVISIONS OF THE GEM LISTING RULES

Dr. Yang Jingjing, an independent non-executive Director and the chairman of nomination committee of the Company, was unable to attend the annual general meeting held on 21 June 2024 (the “2024 AGM”) due to other business engagements, and failing to meet the requirements the code provisions C.1.2 and F.2.2 of the Code regarding the independent non-executive directors should attending the annual general meetings of the Company. Dr. Yang had appointed another member of the committee as his delegate to attend and to answer questions at the 2024 AGM.

During the Year, the Board only held three regular board meetings, and failing to meet the requirements of the code provision of C.5.1 regarding the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. Yet, the Board has maintained informal communications to update the business regularly during the Year and the Board will review its corporate governance practices from time to time to ensure they comply with the Code and align with the latest developments.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

Save as disclosed in the section headed “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.

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

At the 2024 AGM held on 21 June 2024, a special resolution was passed to amend the existing Second Amended and Restated memorandum and articles of association of the Company adopted on 31 May 2023, and to adopt the third amended and restated memorandum and articles of association of the Company (the “New M&A”). The New M&A consolidated all the amendments to bring the New M&A in line with the latest regulatory requirements in relation to the expanded paperless listing regime and the electronic dissemination of corporate communications by listed issuers and relevant amendments made to the GEM Listing Rules which took effect from 31 December 2023, and the applicable laws of the Cayman Islands.

The New M&A is available on the websites of the Stock Exchange and the Company.

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.

Specific employees who are likely to be in possession of unpublished inside information of the Group are also subject to compliance with the same code. No incident of non-compliance was noted by the Company for the Year.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control systems of the Group. As at 31 December 2024, the Audit Committee comprises three independent non-executive Directors, namely Mr. CHAI Chung Wai (chairman of the Audit Committee), Ms. HU Zhaohui, and Dr. YANG Jingjing. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the Year pursuant to the relevant provisions contained in the Corporate Governance Code as set out in Appendix C1 of the GEM Listing Rules and was of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosures have been made in respect thereof.

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 2024 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 2024 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 2025

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*