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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)

MAJOR AND CONNECTED TRANSACTIONS:

- (1) ACQUISITION OF 20.25% EQUITY INTEREST IN ZHONGKE ZHENHUI INVOLVING ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE; AND**
(2) ACQUISITION OF APPROXIMATELY 21.43% EQUITY INTEREST IN GUANGDONG ZHENYUAN INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

Financial adviser to the Company



**Lego Corporate
Finance Limited**
力高企業融資有限公司

**Independent financial adviser to the Independent Board Committee and
the Independent Shareholders**



金融有限公司
OCTAL Capital Limited

INTRODUCTION

On 26 April 2023 (after trading hours), the Company and Zhongke Xunda, an indirect wholly-owned subsidiary of the Company, entered into the SPA I with Nanyue CB. Pursuant to the SPA I, Zhongke Xunda agreed to acquire from Nanyue CB 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 at a consideration of RMB15,930,000 (equivalent to HK\$18,160,000), which shall be satisfied by way of issue of the Convertible Bonds to Nanyue CB or its nominee(s) under the Specific Mandate I.

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 (after trading hours), the Company and Zhongke Xunda, an indirect wholly-owned subsidiary of the Company, entered into the SPA II with Shenzhen Huaxin. Pursuant to the SPA II, Zhongke Xunda agreed to acquire from Shenzhen Huaxin 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 at a consideration of RMB15,000,000 (equivalent to 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 II.

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.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) in respect of the Acquisitions in aggregate are more than 25%, but all of such ratios are less than 100%, the entering into of the SPA I and SPA II constitute major transactions of the Company under Rule 19.07 of the GEM Listing Rules and are therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As at the date of this announcement, Nanyue CB is controlled as to approximately 71.25% by Mr. Xu (together with his associates), an executive Director, and therefore a connected person of the Company. Accordingly, pursuant to Rule 20.10 of the GEM Listing Rules, Nanyue CB is an associate of a connected person of the Company and the entering into of the SPA I constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules, and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

As at the date of this announcement, 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. Accordingly, pursuant to Rule 20.07 of the GEM Listing Rules, Shenzhen Huaxin is a connected person of the Company and the entering into of the SPA II constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules, and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

GENERAL

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve, among other things, the SPA I, SPA II and transactions contemplated thereunder. A circular containing, among others, (i) further details of the SPA I, SPA II and transactions contemplated thereunder (including (a) the allotment and issue of the Convertible Bonds pursuant to the SPA I and (b) the allotment and issue of the Consideration Shares pursuant to the SPA II) and the proposed grant of the Specific Mandates; (ii) the financial information of Zhongke Zhenhui, Guangdong Zhenyuan and the Group; (iii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the Acquisitions; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisitions; and (v) the notice of the EGM is expected to be despatched to the Shareholders on or before 31 May 2023 after taking into account the estimated time required for the Company to prepare the relevant information for inclusion in the circular.

Shareholders and potential investors of the Company should note that the Acquisitions contemplated under the SPA I and the SPA II are subject to satisfaction of certain conditions precedent. Accordingly, it may or may not be completed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

THE ACQUISITIONS

SPA I

On 26 April 2023 (after trading hours), the Company and Zhongke Xunda, an indirect wholly-owned subsidiary of the Company, entered into the SPA I with Nanyue CB, whereby Zhongke Xunda has conditionally agreed to acquire from Nanyue CB RMB16,200,000 paid-up capital of Zhongke Zhenhui contributed by Nanyue CB, which is equivalent to 20.25% equity interest in Zhongke Zhenhui at a consideration of RMB15,930,000 (equivalent to HK\$18,160,000), which shall be satisfied by way of issue of the Convertible Bonds to Nanyue CB or its nominee(s) under the Specific Mandate I.

Principal terms of the SPA I are set forth below:

- Date : 26 April 2023 (after trading hours)
- Parties : (1) Nanyue CB, as vendor; and
(2) Zhongke Xunda and the Company, as purchasers
- Subject matter : The Company and Zhongke Xunda have conditionally agreed to purchase, and Nanyue CB has conditionally agreed to sell, RMB16,200,000 paid-up capital of Zhongke Zhenhui contributed by Nanyue CB, which is equivalent to 20.25% equity interest in Zhongke Zhenhui.
- Consideration : The consideration of RMB15,930,000 (equivalent to HK\$18,160,000) shall be satisfied by way of issue of the Convertible Bonds to Nanyue CB or its nominee(s) under the Specific Mandate I within seven days following completion of the SPA I.

The consideration was determined after arm's length negotiation between the parties with reference to, among other things, (i) the registered capital of Zhongke Zhenhui of RMB80,000,000; (ii) the acquisition of RMB16,200,000 paid-up capital of Zhongke Zhenhui contributed by Nanyue CB; (iii) the financial performance and position of Zhongke Zhenhui as at 31 December 2022; and (iv) the reasons for and benefits of the Acquisitions as stated under the section headed "Reasons for and benefits of the Acquisitions" below.

- Conditions precedent : Completion of the SPA I is subject to the fulfilment of the following conditions:
- (i) the Independent Shareholders having passed an ordinary resolution at the EGM to approve the SPA I and the transactions contemplated thereunder in accordance with the requirements of the GEM Listing Rules, the memorandum and articles of associations of the Company and any other relevant laws and regulations;
 - (ii) no court, arbitrator, authority, or other statutory or regulatory body having served, issued or made any notice, order, judgement, action or proceeding which restrains, prohibits or makes unlawful any transaction contemplated under the SPA I, or any notice, order, judgement, action or proceeding (if applicable) which is likely to affect the eligibility and right of the purchaser to legally own the target equity interest, free from encumbrances, on and after the completion date;

- (iii) the Stock Exchange having granted the listing approval in relation to the listing of, and permission to deal in the Conversion Shares; and
- (iv) having obtained the approval and permission from the relevant government department necessary for the execution of the transactions contemplated under the SPA I, and completed the changes in industry and business registration with the relevant Administration of Industry and Commerce of the PRC.

If the conditions precedent have not been satisfied on or before 31 December 2023, or such later date as Nanyue CB, Zhongke Xunda and the Company may agree, the SPA I shall cease and determine immediately on such date (save and except for some clauses which shall continue to have full force and effect), and thereafter neither Nanyue CB, Zhongke Xunda nor the Company shall have any obligations and liabilities which have been accrued prior to termination towards each other under the SPA I.

The Convertible Bonds

The principal terms of the Convertible Bonds are summarised as follows:

- | | | |
|------------------|---|---|
| Issuer | : | The Company |
| Principal amount | : | HK\$18,160,000 |
| Maturity date | : | The sixth anniversary of the date of issue of the Convertible Bonds (the “ Maturity Date ”). |
| Interest | : | 1% per annum on the outstanding principal amount of the Convertible Bonds, payable in arrears on or before the Maturity Date. |
| Conversion Price | : | HK\$0.126 per Conversion Share, subject to adjustments as set out and in accordance with the terms and conditions of the Convertible Bonds which represents: <ul style="list-style-type: none"> (i) a premium of approximately 5.00% over the closing price of HK\$0.120 per Share as quoted on the Stock Exchange on the date of the SPA I; (ii) a premium of approximately 4.13% over the average closing price of approximately HK\$0.121 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the date of the SPA I; and |

- (iii) a discount of approximately 5.26% to the average closing price of approximately HK\$0.133 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the date of the SPA I.

The Conversion Price, was determined after arm's length negotiation between the Company, Zhongke Xunda and Nanyue CB with reference to, among other things, the prevailing trading prices of the Shares.

The Directors (excluding the independent non-executive Directors whose view will be included in the circular of the Company to be published in relation to the Acquisitions after being advised by the Independent Financial Adviser) are of the view that the Conversion Price is fair and reasonable so far as the Independent Shareholders are concerned, and in the interest of the Company and the Shareholders as a whole.

Adjustment events : The Conversion Price shall from time to time be subject to adjustment upon occurrence of certain events, including but not limited to the followings:

- (i) alteration of the nominal amount of the Shares by reason of any consolidation or subdivision;
- (ii) issue of Shares credited as fully paid by way of capitalisation of profits or reserves;
- (iii) capital distribution;
- (iv) issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per Share initially receivable for such securities is less than 80 per cent. of the market price, or the terms of any such rights of conversion or exchange or subscription attached to any such securities being modified so that the said total effective consideration per Share initially receivable for such securities is less than 80 per cent. of the market price; and
- (v) issue wholly for cash of Shares at a price per Share less than 80 per cent. of the market price.

Notwithstanding the adjustments, the total number of Conversion Shares to be issued upon exercise of the Conversion Rights is limited to a maximum number of Shares granted under the Specific Mandate I (i.e. 187,000,000 Shares), which includes additional Shares to be issued as a result of any adjustments.

Conversion Shares : Assuming the Conversion Rights are exercised in full at the initial Conversion Price, the 144,126,984 Conversion Shares to be issued represent (i) approximately 19.41% of the issued share capital of the Company as at the date of this announcement; (ii) approximately 16.26% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming there will be no change in the total number of issued Shares from the date of this announcement up to the full conversion of the Convertible Bonds); and (iii) approximately 14.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares and the Consideration Shares (assuming there will be no change in the total number of issued Shares from the date of this announcement up to the full conversion of the Convertible Bonds, save for the issue of the Conversion Shares and the Consideration Shares).

The maximum number of Conversion Shares to be issued upon exercise of the Conversion Rights is limited to a maximum number of Shares granted under the Specific Mandate I (i.e. 187,000,000 Shares, which includes additional shares to be issued as a result of any adjustments).

Conversion Period : The period commencing from the date of issue of the Convertible Bonds up to 4:00 p.m. (Hong Kong time) on the Maturity Date.

Conversion Rights : The Bondholder shall, subject to compliance with the procedures set out in the conversion restrictions (as below), has 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.

Conversion restrictions: The Company shall not be required to issue any Conversion Shares, if, as a result of the relevant exercise of the Conversion Rights:

- (i) the holder of the Convertible Bonds and parties acting in concert with it will trigger a mandatory offer obligation under Rule 26 of the Takeovers Code; and
- (ii) would result in the Company's non-compliance with the minimum public shareholding requirement stipulated under Rule 11.23(7) of the GEM Listing Rules.

Redemption : The bondholder 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 bondholder has 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 Bonds to be redeemed.

The Company may voluntarily redeem all or any part of the Convertible Bonds at any time following the first anniversary of the date of issue of the Convertible Bonds and prior to the Maturity Date by repaying the holder(s) of the Convertible Bonds at the redemption price equal to 100% of the principal amount of all or part of the Convertible Bonds to be redeemed as may be determined by the Company together with the accrued interest after serving at least one-month prior notice.

Ranking of Conversion Shares : The Conversion Shares issued upon conversion of the Convertible Bonds will in all respects rank pari passu with the Shares in issue on the date of allotment and issue of such Conversion Shares and accordingly shall entitle the holders to participate in all dividends or other distributions declared, paid or made on or after the relevant conversion date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the relevant conversion date. A holder of Conversion Shares issued shall not be entitled to any rights the record date for which precedes the relevant conversion date.

Voting rights : The bondholder shall not be entitled to attend or vote at any meetings of the Company by reason only it being the bondholder.

Transferability : The bondholder may only assign or transfer the Convertible Bonds to the transferee other than a connected person (as defined in the GEM Listing Rules) subject to the prior written consent of the Company.

Application for listing : No application will be made for a listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

The Conversion Shares will be issued under the Specific Mandate I.

Application will be made to the Stock Exchange for the listing of, and permission to deal in the Conversion Shares. The Conversion Shares to be allotted and issued shall rank pari passu among themselves and with all the Shares in issue on the date of conversion.

Completion of SPA I

Completion of SPA I shall take place after all the conditions precedent have been satisfied, or such later date as Zhongke Xunda, the Company and Nanyue CB may agree.

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.

SPA II

On 26 April 2023 (after trading hours), the Company and Zhongke Xunda, an indirect wholly-owned subsidiary of the Company, entered into the SPA II with Shenzhen Huaxin. Pursuant to the SPA II, Zhongke Xunda agreed to acquire from Shenzhen Huaxin 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 at a consideration of RMB15,000,000 (equivalent to 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 II.

Principal terms of the SPA II are set forth below:

Date	:	26 April 2023 (after trading hours)
Parties	:	(1) Shenzhen Huaxin, as vendor; and (2) Zhongke Xunda and the Company, as purchasers
Subject matter	:	The Company and Zhongke Xunda have conditionally agreed to purchase, and Shenzhen Huaxin has conditionally agreed to sell, 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.
Consideration	:	The consideration of RMB15,000,000 (equivalent to HK\$17,100,000) shall be satisfied by way of issue of the Consideration Shares to Shenzhen Huaxin or its nominee(s) under the Specific Mandate II within 14 days following completion of the SPA II.

The consideration was determined after arm's length negotiation between the parties with reference to, (i) the registered capital of Guangdong Zhenyuan of RMB70,000,000 and the acquisition of capital contribution by Shenzhen Huaxin of RMB15,000,000 in Guangdong Zhenyuan; (ii) the financial performance and position of Guangdong Zhenyuan as at 31 December 2022; and (iii) the reasons for and benefits of the Acquisitions as stated under the section headed "Reasons for and benefits of the Acquisitions" below.

- Issue Price : HK\$0.12 per Share, which represents:
- (i) equivalent to the closing price of HK\$0.120 per Share as quoted on the Stock Exchange on the date of the SPA II;
 - (ii) a discount of approximately 0.83% to the average closing price of approximately HK\$0.121 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the date of the SPA II; and
 - (iii) a discount of approximately 9.77% to the average closing price of approximately HK\$0.133 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the date of the SPA II.

The Issue Price was determined after arm's length negotiations between the Company, Zhongke Xunda and Shenzhen Huaxin with reference to the recent trading prices of the Shares. The Directors (excluding the independent non-executive Directors whose view will be included in the circular of the Company to be published in relation to the Acquisitions after being advised by the Independent Financial Adviser) are of the view that the Issue Price is fair and reasonable so far as the Independent Shareholders are concerned, and in the interest of the Company and the Shareholders as a whole.

- Conditions precedent : Completion of the SPA II is subject to the fulfilment of the following conditions:
- (i) the Independent Shareholders having passed an ordinary resolution at the EGM to approve the SPA II and the transactions contemplated thereunder in accordance with the requirements of the GEM Listing Rules, the memorandum and articles of associations of the Company and any other relevant laws and regulations;
 - (ii) no court, arbitrator, authority, or other statutory or regulatory body having served, issued or made any notice, order, judgement, action or proceeding which restrains, prohibits or makes unlawful any transaction contemplated under the SPA II, or any notice, order, judgement, action or proceeding (if applicable) which is likely to affect the eligibility and right of the purchaser to legally own the target equity interest, free from encumbrances, on and after the completion date;

- (iii) the Stock Exchange having granted the listing approval in relation to the listing of, and permission to deal in the Consideration Shares; and
- (iv) having obtained the approval and permission from the relevant government department necessary for the execution of the transactions contemplated under the SPA II, and completed the changes in industry and business registration with the relevant Administration of Industry and Commerce of the PRC.

The Consideration Shares, being 142,500,000 Shares, represent: (i) approximately 19.19% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.10% of the issued share capital of the Company enlarged by the allotment and issue of the Consideration Shares (assuming there will be no changes in the share capital of the Company other than the issue of the Consideration Shares); and (iii) approximately 13.85% of the issued share capital of the Company enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares (assuming there will be no changes in the share capital of the Company other than the issue of the Consideration Shares and the Conversion Shares).

The Consideration Shares will be issued under the Specific Mandate II.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares to be allotted and issued shall rank *pari passu* among themselves and with all the Shares in issue as at the date of such issue.

If the conditions precedent have not been satisfied on or before 31 December 2023, or such later date as Shenzhen Huanxin, Zhongke Xunda and the Company may agree, the SPA II shall cease and determine immediately on such date (save and except for some clauses which shall continue to have full force and effect), and thereafter neither Shenzhen Huaxin, Zhongke Xunda nor the Company shall have any obligations and liabilities which have been accrued prior to termination towards each other under the SPA II.

Completion of SPA II

Completion of SPA II shall take place after all the conditions precedent have been satisfied, or such later date as Shenzhen Huaxin, Zhongke Xunda and the Company may agree.

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.

Completion of SPA I and SPA II are not inter-conditional.

INFORMATION OF THE PARTIES

Information of the Company, the Group and Zhongke Xunda

The Company is principally engaged in investment holding. The Group is principally engaged in the provision of funeral and related services in the PRC, Taiwan and Hong Kong, sale of burial plots and tombstones and provision of cemetery maintenance services in Vietnam, sales of advance biotechnical machineries and other electronic products in Hong Kong, and investment activities in the PRC.

Zhongke Xunda is principally engaged in the businesses of research and development of medicine, development of biotechnology and biomedical engineering, consultancy of biotechnology etc.

Information of Nanyue CB

Nanyue CB is principally engaged in research and development of biological instrument, software data development and consulting services, data processing technology consulting and technical services, and project investment. Nanyue CB is ultimately controlled as to approximately 71.25% by Mr. Xu and his associates.

Information of Shenzhen Huaxin

Shenzhen Huaxin is principally engaged in investment consultation, venture capital, investment and engagement in industrial projects, etc. Shenzhen Huaxin is ultimately owned as to approximately 99% by Mr. Ou Yafei (歐亞非) (“Mr. Ou”).

Information of Zhongke Zhenhui

The scope of business of Zhongke Zhenhui is the provision of technical development and consultation services, engagement in investment activities and provision of business management consultation, and it has invested in approximately 57.14% of Guangdong Zhenyuan. As at the date of this announcement, Zhongke Zhenhui is owned as to 51% and 49% equity interests by Zhongke Xunda and Nanyue CB, respectively.

Set out below is the unaudited financial information of Zhongke Zhenhui prepared in accordance to applicable Hong Kong Financial Reporting Standards for the years ended 31 December 2021 and 2022:

	Year ended 31 December	
	2021	2022
	<i>RMB</i>	<i>RMB</i>
Revenue	–	–
Profit/(loss) before taxation	67,285	(843,463)
Profit/(loss) after taxation	67,285	(843,463)

As at 31 December 2022, Zhongke Zhenhui had net assets of approximately RMB15.8 million. As at the date of this announcement, the registered capital of Zhongke Zhenhui is RMB80,000,000, of which RMB16,250,000 is paid up by Nanyue CB and RMB1,733,900 is paid up by Zhongke Xunda. After completion of the SPA I, Zhongke Xunda and Nanyue CB shall pay the remaining unpaid registered capital of Zhongke Zhenhui of RMB39,066,100 and RMB22,950,000, respectively on or before 31 December 2023.

Information of Guangdong Zhenyuan

Guangdong Zhenyuan is principally engaged in the investment activities and corporate management consultation. As at the date of this announcement, Guangdong Zhenyuan is owned as to approximately 57.14% and 42.86% equity interests by Zhongke Zhenhui and Shenzhen Huaxin, respectively.

Set out below is the unaudited financial information of Guangdong Zhenyuan prepared in accordance to applicable Hong Kong Financial Reporting Standards for the period from 20 December 2021 (its date of incorporation) to 31 December 2021 and the year ended 31 December 2022:

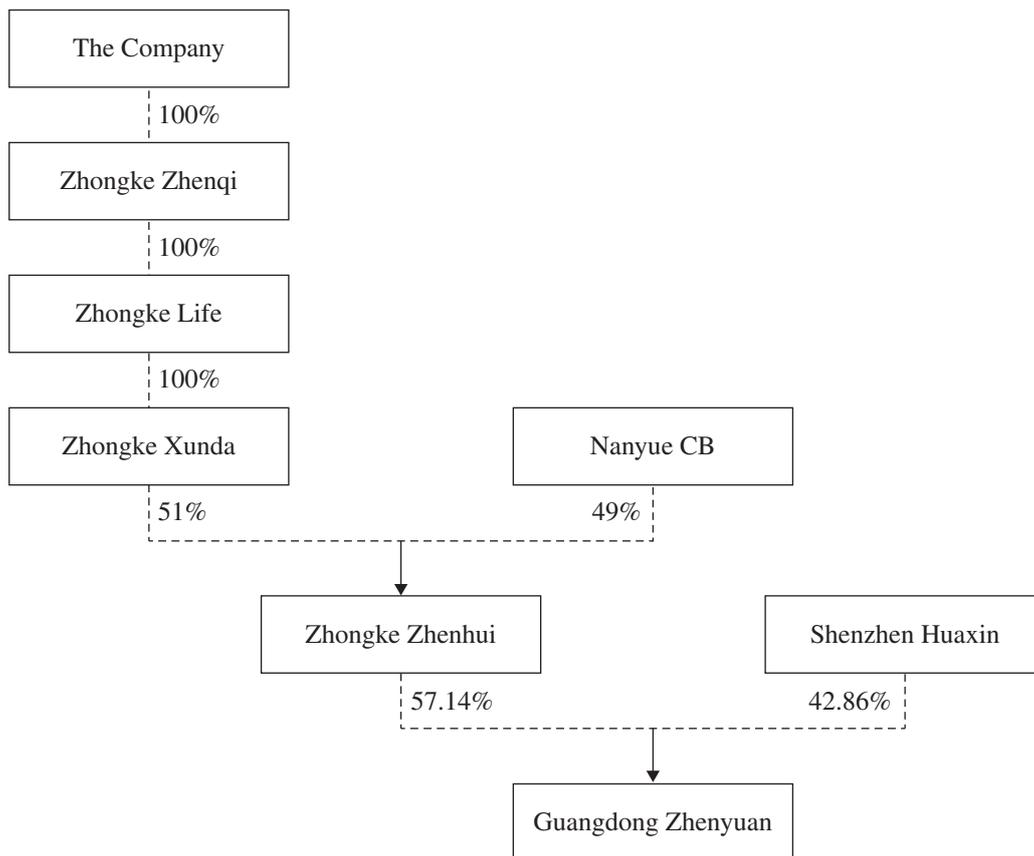
	Period from	Year ended
	20 December 2021 to	31 December 2022
	31 December 2021	31 December 2022
	<i>RMB</i>	<i>RMB</i>
Revenue	–	–
Profit before taxation	–	549,443
Profit after taxation	–	534,581

As at 31 December 2022, Guangdong Zhenyuan had net assets of approximately RMB30.6 million. As at the date of this announcement, the registered capital of Guangdong Zhenyuan is RMB70,000,000, of which RMB15,750,000 is paid up by Zhongke Zhenhui and RMB15,000,000 is paid up by Shenzhen Huaxin. After completion of the SPA II, Zhongke Zhenhui and Shenzhen Huaxin shall pay the remaining unpaid registered capital of Guangdong Zhenyuan of RMB24,250,000 and RMB15,000,000, respectively on or before 30 June 2023.

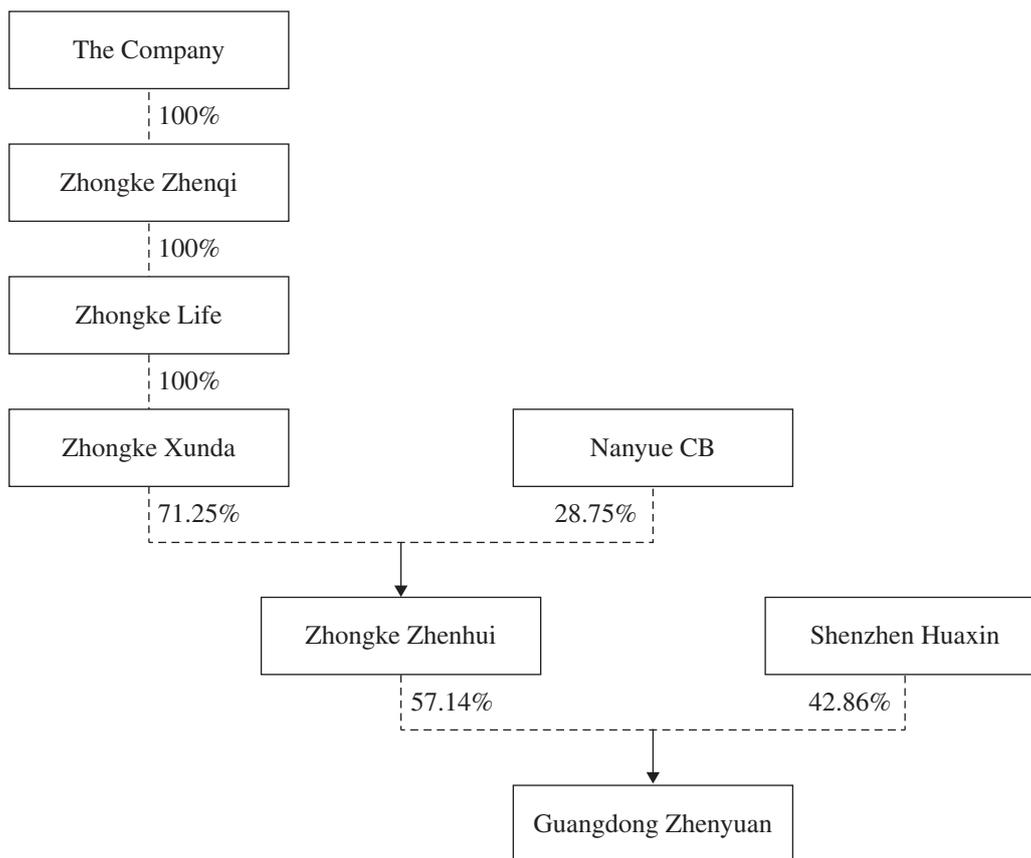
SHAREHOLDING STRUCTURE OF ZHONGKE ZHENHUI AND GUANGDONG ZHENYUAN

Set out below are the shareholding structures of Zhongke Zhenhui and Guangdong Zhenyuan (i) as at the date of the SPA I and SPA II; (ii) immediately upon completion of the SPA I (assuming the SPA II has not been completed); (iii) immediately upon completion of the SPA II (assuming the SPA I has not been completed); and (iv) immediately upon completion of the Acquisitions:

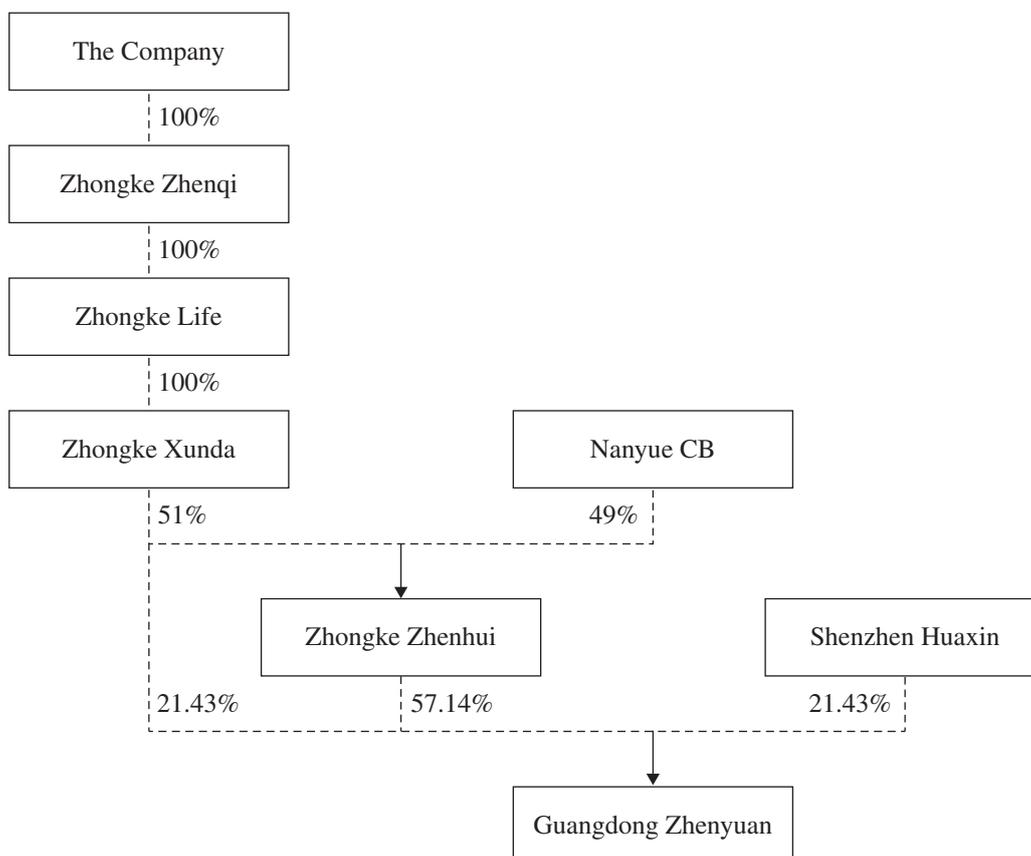
(i) As at the date of the SPA I and the SPA II



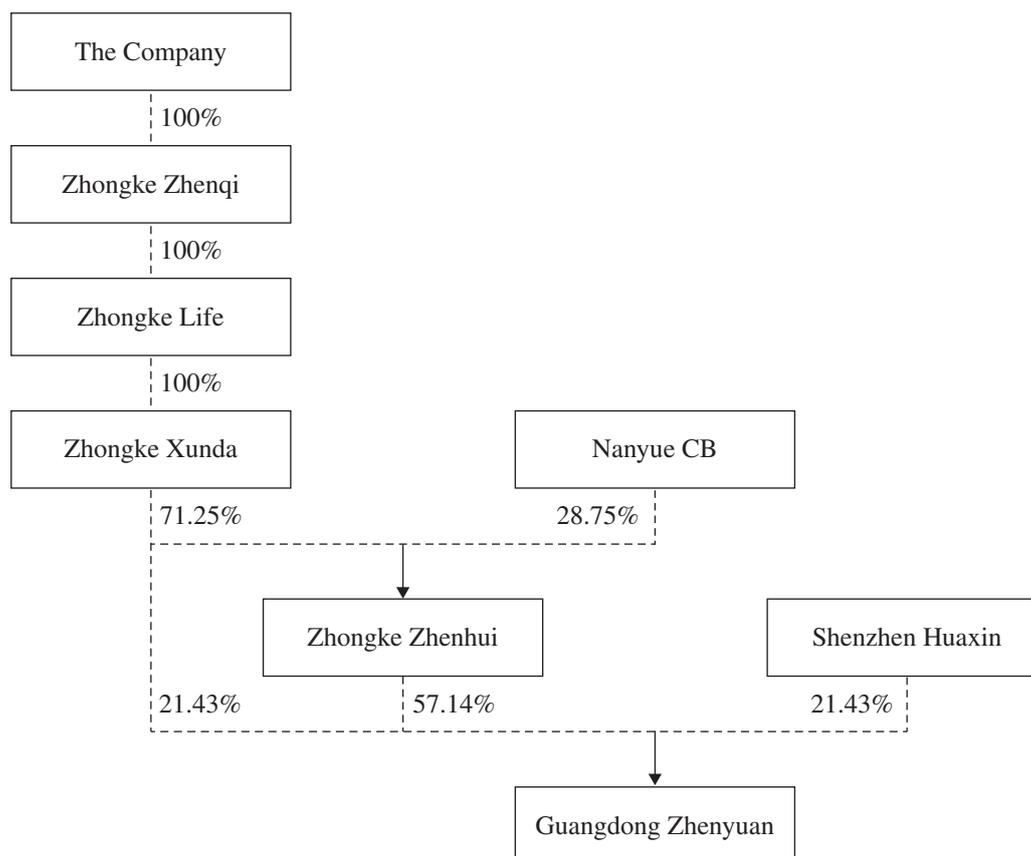
(ii) Immediately upon completion of SPA I (assuming SPA II has not been completed)



(iii) Immediately upon completion of SPA II (assuming SPA I has not been completed)



(iv) Immediately upon completion of the Acquisitions:



REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Group has been actively seeking diversified sources of income in order to enhance returns to the Shareholders. The Group has formed a business system focusing on traditional funeral services and emerging biotechnology. The Group has made a presence in the biotechnology business since early 2019. The Company has positioned Zhongke Zhenhui as a specialised and comprehensive investment platform to focus 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. As disclosed in the announcement of the Company dated 13 September 2021, formation of the joint venture company, Guangdong Zhenyuan, enables the Group to engage in equity and/or securities investment business, and therefore further expanding the scale of investment.

Through the Acquisitions, the Company will further increase its shareholding in Zhongke Zhenhui and Guangdong Zhenyuan, and further enhance the Company'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. By further increasing the Group's proportion of equity interests held in Zhongke Zhenhui and Guangdong Zhenyuan, as the investment business operations achieve growth in performance, the Group will be able to improve its income level thereby maximising the return to Shareholders.

The Directors are of the view that, in addition to maintaining the cooperation in Zhongke Zhenhui and Guangdong Zhenyuan, through the introduction of Nanyue CB and Shenzhen Huaxin as shareholders of the Company, the scope of cooperation with Nanyue CB and Shenzhen Huaxin can be further expanded to facilitate the expansion and diversification of the business of the Group.

The Directors (other than the Independent Board Committee who will express their view after considering the advice from the Independent Financial Adviser and Mr. Xu who has abstained from voting due to his material interest in the SPA I, the SPA II and the transactions contemplated thereunder) consider that the Acquisitions are on normal commercial terms, and the terms of the SPA I and the SPA II are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

EFFECT OF SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately upon the allotment and issue of the Consideration Shares (assuming there will be no changes in the share capital of the Company other than the issue of the Consideration Shares); and (iii) immediately upon the allotment and issue of the Consideration Shares and the Conversion Shares (assuming there will be no changes in the share capital of the Company other than the issue of the Consideration Shares and the Conversion Shares):

	As at the date of this announcement		Immediately upon the allotment and issue of the Consideration Shares (assuming there will be no changes in the share capital of the Company other than the issue of the Consideration Shares)		Immediately upon the allotment and issue of the Consideration Shares and the Conversion Shares (assuming there will be no changes in the share capital of the Company other than the issue of the Consideration Shares and the Conversion Shares)	
	Number of Shares held	Approximate % (Note 2)	Number of Shares held	Approximate % (Note 2)	Number of Shares held	Approximate % (Note 2)
Hong Kong Gaoqi Biological Technology Company Limited (“ HK Gaoqi ”) (Note 1)	220,475,000	29.69	220,475,000	24.91	220,475,000	21.42
Nanyue CB (Note 2)	–	–	–	–	144,126,984	14.00
Subtotal	220,475,000	29.69	220,475,000	24.91	364,601,984	35.42
Shenzhen Huaxin Public Shareholders	–	–	142,500,000	16.10	142,500,000	13.85
	522,025,000	70.31	522,025,000	58.99	522,025,000	50.73
Total	742,500,000	100.00	885,000,000	100.00	1,029,126,984	100.00

Notes:

- Mr. Xu is the director of HK Gaoqi, which holds 29.69% Shares, and the director of Houp Bio-Technology Limited (“**HBT Limited**”), which holds 9.78% of equity interests in HK Gaoqi. Mr. Xu is interested in HK Gaoqi through his 25.55% direct beneficial interests and 9.78% through HBT Limited. HBT Limited, a company incorporated in the British Virgin Islands, has two classes of shares, namely class A and class B, in which shareholders of class A and class B have 30 votes and 1 vote per share in the shareholders’ meeting respectively, and Mr. Xu holds 94.07% class A interests in HBT Limited and Ms. Qiu Qi, the spouse of Mr. Xu, holds 5.93% class A interests and 10.74% class B interests in HBT Limited. By virtue of the SFO, Mr. Xu is taken to be interested in all the shares held by Ms. Qiu Qi, so Mr. Xu collectively holds 86.78% of the total voting rights of the HBT Limited, and in turn is interested in 9.78% of HK Gaoqi.

2. This is for illustration purpose only. According to the Convertible Bonds, a bondholder shall not exercise any Conversion Rights, and the Company shall not be required to issue any Conversion Shares, if, as a result of the relevant exercise of the Conversion Rights, the bondholder and/or parties acting in concert with it would be required to make a mandatory general offer under Rule 26 of the Takeovers Code for the Shares held by the Company's other Shareholders.
3. The above percentage figures are subject to rounding adjustments. Accordingly, figures shown as total may not be an arithmetic aggregation of the figures preceding it.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) in respect of the Acquisitions in aggregate are more than 25%, but all of such ratios are less than 100%, the entering into of the SPA I and SPA II constitute major transactions of the Company under Rule 19.07 of the GEM Listing Rules and are therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As at the date of this announcement, Nanyue CB is controlled as to approximately 71.25% by Mr. Xu (together with his associates), an executive Director and therefore a connected person of the Company. Accordingly, pursuant to Rule 20.10 of the GEM Listing Rules, Nanyue CB is an associate of a connected person of the Company and the entering into of the SPA I constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules, and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

As at the date of this announcement, 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. Accordingly, pursuant to Rule 20.07 of the GEM Listing Rules, Shenzhen Huaxin is a connected person of the Company and the entering into of the SPA II constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules, and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

As Mr. Xu (together with his associates) control approximately 71.25% of Nanyue CB, Mr. Xu is considered to have a material interest in the SPA I, he has therefore abstained from voting on the Board resolution in relation to the SPA I and the transactions contemplated thereunder (including the allotment and issue of the Convertible Bonds pursuant to SPA I) and the proposed grant of the Specific Mandate I. Save as disclosed above, none of the Directors attended the Board meeting has a material interest in the Acquisitions. Mr. Xu and his associates are required to abstain from voting on the Shareholders' resolution(s) in relation to the SPA I and the transactions contemplated thereunder to be proposed at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, no Shareholders has a material interest in the transactions contemplated under the SPA II. As such, no Shareholder is required to abstain from voting on the Shareholders' resolution(s) in relation to the SPA II and the transactions contemplated thereunder to be proposed at the EGM.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee has been established for the purpose of giving recommendations to the Independent Shareholders on, among others, the fairness and reasonableness of the SPA I, SPA II and the transactions contemplated thereunder.

Octal Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

GENERAL

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve, among other things, the SPA I, the SPA II and the transactions contemplated thereunder. A circular containing, among others, (i) further details of the SPA I, the SPA II and the transactions contemplated thereunder (including (a) the allotment and issue of the Convertible Bonds pursuant to SPA I and (b) the allotment and issue of the Consideration Shares pursuant to the SPA II) and the proposed grant of the Specific Mandates; (ii) the financial information of Zhongke Zhenhui, Guangdong Zhenyuan and the Group; (iii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the Acquisitions; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisitions; and (v) the notice of the EGM is expected to be despatched to the Shareholders on or before 31 May 2023 after taking into account the estimated time required for the Company to prepare the relevant information for inclusion in the circular.

Shareholders and potential investors of the Company should note that the Acquisitions contemplated under the SPA I and the SPA II are subject to satisfaction of certain conditions precedent. Accordingly, it may or may not be completed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

In this announcement, the following expressions shall (unless the context otherwise requires) have the following meanings:

“Acquisitions”	the proposed acquisitions of the equity interests in Zhongke Zhenhui and Guangdong Zhenyuan pursuant to the terms of the SPA I and SPA II, respectively
“associate(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	the board of Directors

“Business Day”	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Company”	Sino-Life Group Limited, a company incorporated in the Cayman Islands with limited liability, and the shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration Shares”	142,500,000 Shares to be allotted and issued by the Company to Shenzhen Huaxin or its nominee(s) to settle the consideration pursuant to the SPA II
“Conversion Period”	the period commencing from the date of issue of the Convertible Bonds and ending on the day immediately prior to the Maturity Date
“Conversion Price”	HK\$0.126 per Conversion Share, subject to adjustments as set out and in accordance with the terms and conditions of the Convertible Bonds
“Conversion Rights”	the rights attached to the Convertible Bonds to convert the same or a part thereof into Conversion Shares
“Conversion Share(s)”	the Share(s) to be allotted and issued by the Company to the holders of the Convertible Bonds upon exercise of the conversion rights attaching to the Convertible Bonds at the Conversion Price
“Convertible Bonds”	the convertible bonds in the principal amount of HK\$18,160,000 to be issued by the Company to Nanyue CB or its nominee(s) to satisfy the consideration pursuant to the SPA I
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened to consider and, if thought fit, to approve the ordinary resolutions in relation to the SPA I, the SPA II and the transactions contemplated thereunder
“GEM”	GEM of the Stock Exchange

“GEM Listing Rules”	the Rules governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Guangdong Zhenyuan”	Guangdong Zhenyuan Investment Company Limited* (廣東臻遠投資有限責任公司), a company established in the PRC on 20 December 2021 with limited liability
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board, comprising all independent non-executive Directors, established to advise the Independent Shareholders on the SPA I, the SPA II and the transactions contemplated thereunder
“Independent Financial Adviser”	Octal Capital Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the SPA I, the SPA II and the transactions contemplated thereunder
“Independent Shareholder(s)”	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 to approve the SPA I, the SPA II and the transactions contemplated thereunder
“Issue Price”	the issue price of the Consideration Shares, being HK\$0.12 per Consideration Share
“Mr. Xu”	Mr. Xu Jianchun, the chairman and an executive Director of the Company
“Nanyue CB”	Shenzhen Nanyue Crown Block Bio Intelligent Equipment Investment Co., Ltd.* (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 on 8 March 2021 with limited liability
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	shareholder(s) of the Company
“Shenzhen Huaxin”	Shenzhen Huaxin Times Investment Co., Ltd.* (深圳市華信時代投資有限公司), a company established in the PRC on 24 February 2020 with limited liability
“SPA I”	a sale and purchase agreement dated 26 April 2023 entered into between the Company and Zhongke Xunda (as purchasers) and Nanyue CB (as vendor) in relation to the acquisition from Nanyue CB 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
“SPA II”	a sale and purchase agreement dated 26 April 2023 entered into between the Company and Zhongke Xunda (as purchasers) and Shenzhen Huaxin (as vendor) in relation to the acquisition from Shenzhen Huaxin 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
“Specific Mandate I”	the specific mandate to be granted by the Independent Shareholders to the Board at the EGM for the allotment and issue of 187,000,000 Conversion Shares (based on the maximum number of Conversion Shares to be issued as a result of any adjustments in the initial Conversion Price pursuant to the terms of the Convertible Bonds)
“Specific Mandate II”	the specific mandate to be granted by the Independent Shareholders to the Board at the EGM for the allotment and issue of 142,500,000 Consideration Shares
“Specific Mandates”	Specific Mandate I and Specific Mandate II
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Zhongke Life”	Zhongke Life Holding Co., Limited* (中科生命控股有限公司), a company established in Hong Kong on 22 July 2019 with limited liability
“Zhongke Xunda”	Zhongke Xunda Biotechnology (Shenzhen) Company Limited* (中科訊達生物科技(深圳)有限公司), a company established in the PRC on 19 September 2019 with limited liability
“Zhongke Zhenhui”	Zhongke Zhenhui (Guangdong) Medical Technology Company Limited* (中科臻慧(廣東)醫療科技有限公司), a company established in the PRC on 19 May 2020 with limited liability

“Zhongke Zhenqi” Zhongke Zhenqi Biotechnology (Hong Kong) Company Limited*
(中科臻祺生物科技 (香港) 有限公司) , a company established in
Hong Kong on 9 April 2019 with limited liability

“%” per cent

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

Hong Kong, 26 April 2023

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 this announcement misleading.

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