



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)

**INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 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.

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This announcement, for which the directors (the “Directors”) of Sino-Life Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company.

The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement herein or in this announcement misleading.

INTERIM RESULTS (UNAUDITED)

The board (the “Board”) of Directors is here to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2024 (the “Period”) together with the comparative unaudited condensed consolidated figures for the corresponding period in 2023 (the “Prior Period”), as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2024	2023
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	4	34,383	40,831
Cost of sales and services rendered		(22,412)	(23,835)
		<hr/>	<hr/>
Gross profit		11,971	16,996
Fair value gain/(loss) on financial assets measured at fair value through profit or loss (“FVTPL”)	12	79	(16)
Fair value gain on convertible bonds designated at FVTPL		1,017	–
Other income and other net gains	5	1,321	2,462
Selling expenses		(1,657)	(1,447)
Administrative expenses		(19,474)	(20,232)
Other operating expenses		(2)	(4)
		<hr/>	<hr/>
Loss from operations		(6,745)	(2,241)
Finance costs	6(a)	(928)	(943)
		<hr/>	<hr/>
Loss before taxation	6	(7,673)	(3,184)
Income tax expense	7	(1,236)	(1,377)
		<hr/>	<hr/>
Loss for the period		(8,909)	(4,561)
Other comprehensive income for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		535	2,646
		<hr/>	<hr/>
Other comprehensive income for the period, net of income tax		535	2,646
		<hr/>	<hr/>
Total comprehensive expense for the period, net of income tax		(8,374)	(1,915)
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

		Six months ended 30 June	
		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Loss for the period attributable to:			
Owners of the Company		(8,665)	(3,791)
Non-controlling interests		(244)	(770)
		<u>(8,909)</u>	<u>(4,561)</u>
Total comprehensive expense attributable to:			
Owners of the Company		(6,868)	(1,275)
Non-controlling interests		(1,506)	(640)
		<u>(8,374)</u>	<u>(1,915)</u>
Loss per share			
Basic (<i>RMB cents</i>)	<i>8(a)</i>	(0.96)	(0.51)
Diluted (<i>RMB cents</i>)	<i>8(b)</i>	(1.00)	(0.51)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2024 <i>RMB'000</i> (Unaudited)	At 31 December 2023 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	<i>10</i>	31,011	32,601
Right-of-use assets		16,452	19,088
Investment properties	<i>11</i>	5,135	5,245
Intangible assets		3	292
Interests in associates		–	–
Goodwill		–	–
Other receivables and deposits paid	<i>13</i>	460	466
Deposits for hire of funeral parlours and funeral services centres	<i>13</i>	927	927
		53,988	58,619
CURRENT ASSETS			
Financial assets measured at FVTPL	<i>12</i>	45,336	48,495
Development and formation costs		4,629	5,107
Inventories		1,150	1,199
Trade and other receivables and deposits paid	<i>13</i>	38,179	33,268
Cash and bank balances		118,770	125,019
		208,064	213,088
CURRENT LIABILITIES			
Trade and other payables and deposits received	<i>14</i>	11,616	11,817
Contract liabilities		87,145	91,096
Lease liabilities		5,486	5,399
Bank borrowings		1,240	1,275
Income tax liabilities		3,880	3,758
Amounts due to directors	<i>18(e)</i>	5,333	4,681
Amount due to a shareholder	<i>18(f)</i>	13,499	13,023
Provisions		505	520
		128,704	131,569
NET CURRENT ASSETS		79,360	81,519
TOTAL ASSETS LESS CURRENT LIABILITIES		133,349	140,138

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		At 30 June 2024 <i>RMB'000</i> (Unaudited)	At 31 December 2023 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
NON-CURRENT LIABILITIES			
Contract liabilities		536	592
Other payables and deposits received	<i>14</i>	250	257
Lease liabilities		11,182	13,959
Bank borrowings		1,798	2,484
Convertible bonds		13,636	14,313
		27,402	31,605
NET ASSETS		105,947	108,533
EQUITY			
Equity attributable to owners of the Company			
Share capital	<i>15</i>	87,489	81,947
Reserves		34,909	41,777
		122,398	123,718
Non-controlling interests		(16,451)	(15,185)
TOTAL EQUITY		105,947	108,533

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company													Total equity
	Share capital	Share premium	Merger reserve	Statutory reserve	Statutory surplus reserve	Properties revaluation reserve	Foreign currency translation reserve	Share-based compensation reserve	Other reserve	Convertible bonds reserve	Accumulated losses	Total	Non-controlling interests	
At 31 December 2022 (Audited) and 1 January 2023 (Unaudited)	69,218	220,633	(16,261)	790	12,058	5,152	(18,775)	1,900	361	-	(161,858)	113,218	17,599	130,817
Loss for the period	-	-	-	-	-	-	-	-	-	-	(3,791)	(3,791)	(770)	(4,561)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	2,516	-	-	-	-	2,516	130	2,646
Other comprehensive expenses	-	-	-	-	-	-	2,516	-	-	-	-	2,516	130	2,646
Total comprehensive expenses for the period	-	-	-	-	-	-	2,516	-	-	-	(3,791)	(1,275)	(640)	(1,915)
Lapse of share options	-	-	-	-	-	-	-	(272)	-	-	272	-	-	-
At 30 June 2023 (Unaudited)	69,218	220,633	(16,261)	790	12,058	5,152	(16,259)	1,628	361	-	(166,377)	111,943	16,959	128,902
At 31 December 2023 (Audited) and 1 January 2024 (Unaudited)	81,941	222,910	(16,261)	790	12,058	6,155	(14,932)	1,417	(1,785)	(27)	(168,548)	123,718	(15,185)	108,533
Loss for the period	-	-	-	-	-	-	-	-	-	-	(8,665)	(8,665)	(244)	(8,909)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	1,797	-	-	-	-	1,797	(1,262)	535
Other comprehensive income/(expenses)	-	-	-	-	-	-	1,797	-	-	-	-	1,797	(1,262)	535
Total comprehensive income/(expenses) for the period	-	-	-	-	-	-	1,797	-	-	-	(8,665)	(6,868)	(1,506)	(8,374)
Placement of new shares	5,548	-	-	-	-	-	-	-	-	-	-	5,548	-	5,548
Capital contribution from non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	240	240
At 30 June 2024 (Unaudited)	87,489	222,910	(16,261)	790	12,058	6,155	(13,135)	1,417	(1,785)	(27)	(177,213)	122,398	(16,451)	105,947

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	<u>(12,145)</u>	<u>5,547</u>
NET CASH GENERATED FROM INVESTING ACTIVITIES	<u>704</u>	<u>4,135</u>
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	<u>1,534</u>	<u>(3,889)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(9,907)	5,793
CASH AND CASH EQUIVALENTS AT 1 JANUARY	125,019	112,477
EFFECT OF FOREIGN EXCHANGE RATES CHANGES	<u>3,658</u>	<u>2,059</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE	<u>118,770</u>	<u>120,329</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>118,770</u>	<u>120,329</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. GENERAL

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 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 advance biotechnical machineries and other electronic products in Hong Kong. The Company and its subsidiaries are herein collectively referred to as the "Group". The addresses of the Company's registered office and principal place of business are The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands and 18/F., Ovest, No. 77 Wing Lok Street, Sheung Wan, Hong Kong respectively.

2. BASIS OF PREPARATION

These Group's unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements set out in Chapter 18 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") and Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations, including compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These unaudited condensed consolidated interim financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules. These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2023 (the "2023 Annual Financial Statements"), which have been prepared in accordance with HKFRS(s).

The HKICPA has issued certain new and amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. These unaudited condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2023 Annual Financial Statements, except for the changes in accounting policies that are expected to be reflected in the annual financial statements for the year ending 31 December 2024. Note 3 of these unaudited condensed consolidated interim financial statements provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these unaudited condensed consolidated interim financial statements.

These unaudited condensed consolidated interim financial statements have been prepared under the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- investment properties;
- freehold land and buildings;
- financial assets measured as at FVTPL; and
- convertible bonds designated at FVTPL.

The preparation of these unaudited condensed consolidated interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant judgements made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2023 Annual Financial Statements.

These unaudited condensed consolidated interim financial statements contains unaudited condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 Annual Financial Statements. These unaudited condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

These unaudited condensed consolidated interim financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand, unless otherwise stated.

All intra-group assets and liabilities, equity, income and expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

These unaudited condensed consolidated interim financial statements have not been audited by the Company’s auditor, but have been reviewed by the Company’s audit committee (the “Audit Committee”).

3. CHANGES IN ACCOUNTING POLICIES

3.1 New and amended standards adopted by the Group

The Group has adopted the following new and revised HKFRSs (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA for the first time for these unaudited condensed consolidated interim financial statements.

HK – Int 5 (Amendments)	<i>Amendments to HKAS 1</i>
HKAS 1 (Amendments)	<i>Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5</i>
HKAS 1 (Amendments)	<i>Non-current Liabilities with Covenants</i>
HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
HKFRS 7 and HKAS 7 (Amendments)	<i>Supplier Finance Arrangement</i>

The Group concluded that the adoption of these new and revised standards in the current period has had no material impact on the amounts reported and/or disclosures set out in these unaudited condensed consolidated interim financial statements.

3.2 New standards and amendments to standards issued but not yet effective for the accounting period beginning on 1 January 2024 and not early adopted by the Group

	Effective for accounting periods beginning on or after
HKAS 21 (Amendments), <i>Lack of exchangeability</i>	1 January 2025
HKFRS 7 and 9 (Amendments), <i>Classification and Measurement of Financial Instruments</i>	1 January 2026
HKFRS 18, <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
HKFRS 19, <i>Subsidiaries without Public Accountability: disclosures</i>	1 January 2027
HKFRS 10 and HKAS 28 (Amendments), <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

The Group is in the process of making an assessment on the impact of these new standards and amendments to standards and preliminary results showed that their initial application are not expected to have material impact on the financial performance and the financial position of the Group.

4. REVENUE AND SEGMENT INFORMATION

(a) Revenue

Revenue represents the fair value of consideration received and receivables for the services rendered to customers and goods sold to customers. The amount of each significant category of revenue during the Period and the Prior Period are as follows:

	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Funeral services and cremation services provided in funeral parlours and funeral services centres under Group's management	33,007	35,957
Funeral arrangement and related consultancy services	1,376	1,554
Sales of burial plots and tombstones	–	321
Sales of biotechnical machineries and other electronic products	–	2,999
	<u>34,383</u>	<u>40,831</u>

(b) 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.

The reportable operating segments derive their revenue primarily from funeral services and stem cells and immunocytes businesses for the Period and the Prior Period. Apart from the below operating and reportable segments, other activities of the Group were mainly investment holdings which are not considered as an operating segment and therefore grouped as "Unallocated" for the purpose of these unaudited condensed consolidated interim financial statements disclosures.

The Group had below two reportable segments:

- Funeral services: Provision of funeral related service, including arrangement services and related consultancy services, provision of funeral and cremation services and sales of burial plots and tombstones; and
- Stem cells and immunocytes and other businesses: Sales of advance biotechnical machineries and other electronic products.

(A) **The segment information provided to the Executive Directors for the reportable segments for the six months ended 30 June 2024 and 2023 is as follows:**

Segment results, assets and liabilities

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

Segment assets include all tangible and intangible assets, and current assets with the exception of certain financial assets measured at FVTPL and corporate assets. Segment liabilities include trade and other payables and deposits received, contract liabilities, lease liabilities, bank borrowings, provisions, amounts due to directors and a shareholder and income tax liabilities attributable to the activities of the individual segments and borrowings managed directly by the segments.

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

Segment results represent the earnings and loss of each segment without allocation of fair value gain/ (loss) on investment properties, financial assets measured at FVTPL and convertible bonds designated at FVTPL, other income and other net gains, unallocated head offices 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.

For the purpose of assessment by the Executive Directors, the finance costs on bank borrowings, convertible bonds and lease liabilities were not included in segment results while the bank borrowings and lease liabilities have been included in the segment liabilities.

Information regarding the Group's reportable segments as provided to the Executive Directors for the purposes of resources allocation and assessment of segment performance for the six months ended 30 June 2024 and 2023 is set out below.

	Six months ended 30 June					
	2024			2023		
	Stem cells and immunocytes		Total	Stem cells and immunocytes		Total
	Funeral services	and other businesses		Funeral services	and other businesses	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment Revenue						
– Funeral services and cremation services provided in funeral parlours and funeral service centres under the Group's management	33,007	–	33,007	35,957	–	35,957
– Funeral arrangement and consultancy services	1,376	–	1,376	1,554	–	1,554
– Sales of burial plots and tombstones	–	–	–	321	–	321
– Sales of biotechnical machineries and other electronic products	–	–	–	–	2,999	2,999
	<u>34,383</u>	<u>–</u>	<u>34,383</u>	<u>37,832</u>	<u>2,999</u>	<u>40,831</u>
Segment operating profit/(loss)	<u>972</u>	<u>(58)</u>	<u>914</u>	<u>3,843</u>	<u>850</u>	<u>4,693</u>

There are no inter-segment sales during both the Period and the Prior Period.

The following table presents segment assets and segment liabilities of the Group's reportable segments as at 30 June 2024 and 31 December 2023:

	As at 30 June 2024			As at 31 December 2023		
	Stem cells and immunocytes		Total	Stem cells and immunocytes		Total
	Funeral services	and other businesses		Funeral services	and other businesses	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
Segment assets	<u>199,647</u>	<u>5,661</u>	<u>205,308</u>	<u>223,199</u>	<u>6,169</u>	<u>229,368</u>
Segment liabilities	<u>128,319</u>	<u>10,296</u>	<u>138,615</u>	<u>118,378</u>	<u>10,050</u>	<u>128,428</u>

Reconciliation of reportable segment profit or loss

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Total reportable segment revenue and consolidated revenue	34,383	40,831
Total reportable segment profit derived from Group's external customers	914	4,693
Fair value gain/(loss) on financial assets measured at FVTPL	79	(16)
Fair value gain on convertible bonds designated at FVTPL	1,017	–
Unallocated other income and other net gains	1,321	2,462
Finance costs	(928)	(943)
Unallocated head office and corporate expenses	(10,076)	(9,380)
Consolidated loss before taxation	(7,673)	(3,184)

(B) Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical markets, major products and services lines and timing of revenue recognition.

For the six months ended 30 June 2024

	Funeral services	Stem cells and immunocytes and other businesses	Total
	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)
Primary geographical markets			
The PRC	33,007	–	33,007
Taiwan	962	–	962
Hong Kong	414	–	414
	34,383	–	34,383
Major products and services			
Funeral services and cremation services provided in funeral parlours and funeral service centres under the Group's management	33,007	–	33,007
Funeral arrangement and consultancy services	1,376	–	1,376
	34,383	–	34,383
Timing of revenue recognition			
At a point in time	–	–	–
Transferred over time	34,383	–	34,383
	34,383	–	34,383

For the six months ended 30 June 2023

	Funeral services <i>RMB'000</i> (Unaudited)	Stem cells and immunocytes and other businesses <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Primary geographical markets			
The PRC	35,957	–	35,957
Taiwan	967	–	967
Hong Kong	587	2,999	3,586
Vietnam	321	–	321
	<u>37,832</u>	<u>2,999</u>	<u>40,831</u>
Major products and services			
Funeral services and cremation services provided in funeral parlours and funeral service centres under the Group's management	35,957	–	35,957
Funeral arrangement and consultancy services	1,554	–	1,554
Sales of burial plots and tombstones	321	–	321
Sales of biotechnical machineries and other electronic products	–	2,999	2,999
	<u>37,832</u>	<u>2,999</u>	<u>40,831</u>
Timing of revenue recognition			
At a point in time	321	2,999	3,320
Transferred over time	37,511	–	37,511
	<u>37,832</u>	<u>2,999</u>	<u>40,831</u>

(C) Geographic information

The following is an analysis of geographical location of (i) the Group's revenue from external customers; and (ii) the Group's property, plant and equipment, investment properties, right-of-use assets, intangible assets, interests in associates, goodwill, other receivables and other deposits paid and deposits for hire of funeral parlours and funeral services centres ("Specified non-current assets").

The geographical location of customers refers to the location at which the services were provided or the goods delivered. The geographical locations of Specified non-current assets are based on the physical location of the assets, in case of property, plant and equipment, the physical location to which they are located. In the case of right-of-use assets, intangible assets, interests in associates, goodwill, other receivables and deposits paid and deposits for hire of funeral parlours and funeral services centres, it is based on the location of the operation to these assets are allocated.

	Revenue from external customers (by customer location)		Specified non-current assets (by physical location)	
	Six months ended 30 June 2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
The PRC	33,007	35,957	22,649	26,109
Taiwan	962	967	30,536	31,618
Hong Kong	414	3,586	663	712
Vietnam	–	321	140	180
	34,483	40,831	53,988	58,619

5. OTHER INCOME AND OTHER NET GAINS

	Six months ended 30 June	
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
Interest income on financial assets measured at amortised cost		
– Interest income on deposits at bank and financial institutions	144	112
Rental income from investment properties	574	386
Losses on disposals of property, plant and equipment	(19)	(112)
Gains on disposal of financial assets measured at FVTPL	564	1,764
Net exchange gains/(losses)	20	(68)
Sundry income	38	380
	1,321	2,462

6. LOSS BEFORE TAXATION

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

	Six months ended 30 June	
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
(a) Finance costs		
Interest on lease liabilities	653	767
Interest on bank borrowings	192	176
Interest on convertible bonds designated at FVTPL	83	–
	<u>928</u>	<u>943</u>
(b) Staff costs (including Directors' emoluments)		
Salaries, wages and other benefits	13,514	16,072
Contributions to defined contribution retirement plans	1,144	1,248
	<u>14,658</u>	<u>17,320</u>
(c) Depreciation and amortisation		
Right-of-use assets	2,563	1,601
Property, plant and equipment	591	384
Intangible assets	289	433
	<u>3,443</u>	<u>2,418</u>
(d) Other items		
Cost of inventories recognised as expenses	2,517	6,781
Rental income from investment properties less direct outgoing of RMB nil (the Prior Period: RMB nil)	(574)	(386)
Lease payments for property, plant and equipment not included in the measurement of lease liabilities: minimum lease payment	–	125

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
PRC Enterprise Income Tax (“EIT”) (Note (c))		
– Current tax	<u>1,236</u>	<u>1,377</u>

Notes:

- (a) Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 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\$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profit above HK\$2,000,000.

No provision for Hong Kong profits tax has been made as the Group has no assessable profits in Hong Kong for both the Period and the Prior Period.

- (b) The Group is not subject to any taxation under the jurisdiction of the Cayman Islands, Independent State of Samoa (“Samoa”) and the British Virgin Islands (“BVI”) for both the Period and the Prior Period.
- (c) During the Period and Prior Period, 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 Bao De Life Enterprise Co., Ltd. (“Bao De”) and Bu Lao Lin Limited (“BLL”), both indirect subsidiaries of the Company, are subject to Taiwan Enterprise Income Tax at 17% for both the Period and Prior Period 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 loss brought forward which exceed the estimated assessable profits for both the Period and Prior Period, and Bao De and BLL have no assessable profits for both the Period and the Prior Period.
- (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% for both the Period and the Prior Period, 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 the Period and the Prior Period.

8. LOSS PER SHARE

(a) **Basic loss per share**

The calculation of basic loss per share for the six months ended 30 June 2024 and 2023 are as follow:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Loss attributable to the owners of the Company (<i>RMB'000</i>)	<u>(8,665)</u>	<u>(3,791)</u>
Weighted average number of ordinary shares	<u>901,813,000</u>	<u>742,500,000</u>
Basic loss per share (<i>RMB cents</i>)	<u><u>(0.96)</u></u>	<u><u>(0.51)</u></u>

(b) Diluted loss per share

The calculation of diluted loss per share for the six months ended 30 June 2024 and 2023 are as follow:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss:		
Loss attributable to owners of the Company for the purpose of basic loss per share	(8,665)	(3,791)
Effect of dilutive potential ordinary shares		
– Interest on convertible bonds	83	N/A
– Fair value gain on convertible bonds	(1,017)	N/A
	<u>(9,599)</u>	<u>(3,791)</u>
Loss attributable to owners of the Company for the purpose of diluted loss per share	<u>(9,599)</u>	<u>(3,791)</u>
	Six months ended 30 June	
	2024	2023
Number of shares:		
Weighted average number of shares for the purpose of basic loss per share	901,813,000	742,500,000
Effect of dilutive potential ordinary shares		
– Convertible bonds	56,466,188	N/A
	<u>958,279,188</u>	<u>742,500,000</u>
Weighted average number of shares for the purpose of diluted loss per share (<i>note</i>)	958,279,188	742,500,000
Diluted loss per share (<i>RMB cents</i>)	(1.00)	(0.51)

Note: For both the six months ended 30 June 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. DIVIDENDS

The Directors do not recommend payment of interim dividend for both the Period and the Prior Period.

10. PROPERTY, PLANT AND EQUIPMENT

(a) Acquisitions and disposals

During the Period, the Group acquired items of property, plant and equipment with a cost of approximately RMB52,000 (the Prior Period: RMB998,000). Items of property, plant and equipment with carrying amounts of approximately RMB560,000 were disposed of during the Period (the Prior Period: RMB521,000).

(b) **Valuation**

The freehold land and buildings held by the Group for own use were carried at their fair values as determined by the Directors, at 30 June 2024, with reference to recent market transactions for similar properties; and at 31 December 2023, with reference to the valuation reports prepared by an independent firm of surveyors.

No revaluation surplus or deficit have been recognised in other comprehensive expense and accumulated in properties revaluation reserve for both the Period and Prior Period.

11. INVESTMENT PROPERTIES

Valuation

The investment properties held by the Group were carried at its fair value as determined by the Directors, at 30 June 2024, with reference to recent market transactions for similar properties; and at 31 December 2023, with reference to the valuation reports prepared by an independent firm of surveyors.

12. FINANCIAL ASSETS MEASURED AT FVTPL

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Mutual funds/unit trusts established in Taiwan (<i>note (i)</i>)	32,369	33,963
Listed outside Hong Kong for trading purpose (<i>note (ii)</i>)		
– Equity securities	12,967	12,448
– Exchange traded funds	–	2,084
	45,336	48,495

Notes:

- (i) According to the Mortuary Service Administration Act (殯葬管理條例) in Taiwan, which was first promulgated on 17 July 2002 and further amended on 1 July 2003 and 4 July 2007, the Group has to deposit 75% of the gross receipt of each funeral services deed entered into after 31 July 2003 in financial institutions in Taiwan as trust monies. The trust monies have been invested, in mutual funds and unit trusts in Taiwan, which were managed by fund managers of these financial institutions in Taiwan. The mutual funds and unit trusts comprise a basket of financial assets including local and foreign currencies bank deposits, bonds and equity securities listed in Taiwan and other foreign stock markets. The financial assets above offer the Group the opportunity for return through fair value gain. They have no fixed maturity and coupon rate. The fair value of the above financial assets is based on their current bid prices in an active market.
- (ii) At 30 June 2024 and 31 December 2023, the equity securities and exchange traded funds listed outside Hong Kong for trading purpose were stated at fair value, determined by reference to bid prices quoted in an active market.

The above financial assets are classified as current as the management expects to realise these financial assets within twelve months after the reporting period.

Mutual funds/unit trusts are presented within “operating activities” as part of changes in working capital and equity securities, debt instruments and exchange traded funds for trading purpose are presented within “investing activities” in the condensed unaudited consolidated statement of cash flows. The Group recognised a net realised and unrealised gain of approximately RMB79,000 for the Period (the Prior Period: net realised and unrealised loss of RMB16,000).

13. TRADE AND OTHER RECEIVABLES

	At 30 June 2024 <i>RMB'000</i> (Unaudited)	At 31 December 2023 <i>RMB'000</i> (Audited)
Trade receivables form contracts with customers	1,160	1,107
Less: Allowance for expected credit losses (“ECLs”)	<u>(612)</u>	<u>(612)</u>
Trade receivables from contracts with customers, net (<i>note (a)</i>)	<u>548</u>	<u>495</u>
Prepayments, deposits paid and other receivables (<i>note (d)</i>)	<u>39,018</u>	<u>34,166</u>
	<u>39,566</u>	<u>34,661</u>
Representing:		
Current		
– Trade and other receivables and deposits paid	38,179	33,268
Non-current		
– Deposits for hire of funeral parlours and funeral services centre	927	927
– Other receivables and deposits paid	<u>460</u>	<u>466</u>
	<u>39,566</u>	<u>34,661</u>

Notes:

- (a) Trade receivables from contract with customers with the following aging analysis by age presented based on the invoice date, net of allowance, as at 30 June 2024 and 31 December 2023 is as below:

	At 30 June 2024 <i>RMB'000</i> (Unaudited)	At 31 December 2023 <i>RMB'000</i> (Audited)
0 to 180 days	<u>548</u>	<u>495</u>

During the Period, the average credit period for funeral arrangement services granted to non-funeral services deed customers is 45 days (the Prior Period: 45 days).

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

The Group does not hold any collateral over these balances.

- (b) All of the current portion of trade and other receivables and deposits paid are expected to be recovered within one year and prepayments are expected to be recognised as expense within one year or in its normal operating cycle.
- (c) The carrying amounts of trade and other receivables and deposits paid approximate to their fair values.
- (d) Included in prepayments, deposits paid and other receivables are deposits paid for funeral parlours and funeral services centre and the respective consulting services, prepaid hire charge of funeral parlours and funeral services centres, prepayment for purchase of biotechnical machineries and other electronics products, prepayment for purchase of raw materials and prepaid agency commission for funeral services of approximately RMB927,000 (31 December 2023: RMB927,000), RMB3,838,000 (31 December 2023: RMB9,012,000), RMB4,895,000 (31 December 2023: RMB4,777,000), RMB16,162,000 (31 December 2023: RMB13,410,000) and RMB2,115,000 (31 December 2023: RMB2,585,000), respectively.

14. TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED

	At 30 June 2024 <i>RMB'000</i> (Unaudited)	At 31 December 2023 <i>RMB'000</i> (Audited)
Trade payables (<i>note (c)</i>)	1,470	1,941
Other payables and accruals	10,146	9,562
Deposits received	250	571
	<u>11,866</u>	<u>12,074</u>
Less: deposits received	(250)	(571)
	<u>11,616</u>	<u>11,503</u>
Financial liabilities measured at amortised cost		
Representing:		
Non-current liabilities		
– Other payables and deposits received	250	257
Current liabilities		
– Trade and other payables and deposits received	11,616	11,817
	<u>11,866</u>	<u>12,074</u>

Notes:

- (a) All of the current portion of the trade and other payables and deposits received are expected to be settled within one year or are repayable on demand.
- (b) The carrying amounts of trade and other payables and deposits received approximate to their fair values.

- (c) The following is an ageing analysis of trade payables, based on the date of receipt of goods or services received, as at 30 June 2024 and 31 December 2023:

	At 30 June 2024 <i>RMB'000</i> (Unaudited)	At 31 December 2023 <i>RMB'000</i> (Audited)
0 to 30 days	1,343	1,196
31 days to 90 days	9	130
Over 90 days	118	615
	<u>1,470</u>	<u>1,941</u>

During the Period, the average credit period on purchase of goods is 30 days (the Prior Period: 30 days). The Group has financial risk management polices in place to ensure that all payables are settled within the credit timeframe.

15. CAPITAL AND RESERVES

(a) Share Capital

	No. of shares	Amount <i>RMB'000</i>
Authorised:		
Ordinary shares of HK\$0.1 each		
At 1 January 2023 (audited), 31 December 2023 (audited), 1 January 2024 (unaudited) and 30 June 2024 (unaudited)	10,000,000,000	881,541
Ordinary shares issued and fully paid:		
At 1 January 2023	742,500,000	69,218
Issue of shares (<i>Note (a)</i>)	142,500,000	12,723
At 31 December 2023	885,000,000	81,941
Issue of shares (<i>Note (b)</i>)	60,000,000	5,548
At 30 June 2024	945,000,000	87,489

Note (a):

On 26 April 2023 (after trading hours), 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”) entered into a sale and purchase agreement (the “SPA”) with Shenzhen Huaxin Times Investment Co., Ltd.* (深 圳 市 華 信 時 代 投 資 有 限 公 司) (“Shenzhen Huaxin”). Pursuant to the SPA, Zhongke Xunda agreed to acquire from Shenzhen Huaxin the paid-up capital of Guangdong Zhenyuan Investment Company Limited (“Guangdong Zhenyuan”)* (廣 東 臻 遠 投 資 有 限 責 任 公 司) amounting to RMB15,000,000 which is contributed by Shenzhen Huaxin and 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). The aforesaid consideration shall be satisfied by way of the issue of 142,500,000 ordinary shares of the Company (the “Consideration Shares”) to Shenzhen Huaxin or its nominee(s) under the specific mandate (the “Specific Mandate”). The Specific Mandate was granted by the independent shareholders of the Company to the board of the directors at the extraordinary general meeting held on 12 July 2023. On 11 August 2023, the Consideration Shares were allotted and issued.

Note (b):

On 14 June 2024, the Company has placed an aggregate of 60,000,000 new shares of the Company to six independent shareholders.

(b) Equity settled share-based transactions

Pursuant to the share option scheme adopted by the Company on 22 April 2021 (the “Share Option Scheme”), on 19 May 2022, 25,956,000 share options (the “Share Options”) to subscribe for 25,956,000 ordinary shares of par value of HK\$0.1 each of the Company (the “Shares”), representing approximately 3.7% of the issued share capital of the Company, were granted by the Company to certain eligible persons (the “Grantees”) at a consideration of HK\$1.00 for grant of Share Options upon acceptance for each Grantee. Each option gives the holder the right to subscribe for one ordinary share of the Company.

These Share Options were vested immediately upon the grant of Share Options, and then be exercisable until 18 May 2032. The exercise price is HK\$0.137, being the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of the grant of the Share Options.

The terms and conditions of the options granted are as follows:

	Number of shares issuable under options granted	Exercisable period	Contractual life of options
Options granted on 19 May 2022:			
Options granted to directors:			
– on 19 May 2022	7,424,000	19 May 2022 to 18 May 2032	10 years
Options granted to an employee:			
– on 19 May 2022	3,700,000	19 May 2022 to 18 May 2032	10 years
Options granted to business partners:			
– on 19 May 2022	14,832,000	19 May 2022 to 18 May 2032	10 years
	<hr/>		
Total share options	<u>25,956,000</u>		

The method of settlement for options granted is by equity. The closing price of the Company’s share on 19 May 2022, the date on which the options were granted was HK\$0.137.

During the Prior Period, 3,712,000 share options was lapsed and no share option was granted, cancelled and exercised. During the Period, no share options was lapsed, granted, cancelled and exercised.

The particulars of outstanding options at the end of the reporting period as follows:

	Six months ended 30 June			
	2024 (Unaudited)		2023 (Unaudited)	
	Weighted average exercise price	Number of shares issuable under options granted	Weighted average exercise price	Number of shares issuable under options granted
Outstanding at the beginning of the period	HK\$0.137	18,532,000	HK\$0.137	25,956,000
Granted during the period	N/A	–	N/A	–
Lapsed during the period	N/A	–	HK\$0.137	(3,712,000)
Outstanding at the end of the period	HK\$0.137	18,532,000	HK\$0.137	22,244,000
Exercisable at the end of the period	HK\$0.137	18,532,000	HK\$0.137	22,244,000

Terms of unexpired and unexercised share options at the end of the reporting period are as follows:

30 June 2024	Number of shares issuable under options granted	Vesting period	Exercisable period	Exercise price
Options granted on 19 May 2022:				
Options granted to an employee:				
– on 19 May 2022	3,700,000	N/A	19 May 2022 to 18 May 2032	HK\$0.137
Options granted to business partners:				
– on 19 May 2022	14,832,000	N/A	19 May 2022 to 18 May 2032	HK\$0.137
Total share options outstanding	18,532,000			

The share options outstanding at 30 June 2024 had exercise price of HK\$0.137 (31 December 2023: HK\$0.137) and a weighted average remaining contractual life of 7.88 years (31 December 2023: 8.38 years).

The options granted on 19 May 2022 shall expire ten years from the date of grant. As at 30 June 2024, 18,532,000 options (31 December 2023: 18,532,000 options) were exercisable at any time during a period of 10 years from the date of grant.

16. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair Value Measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

18. RELATED PARTY TRANSACTIONS

The Group has entered into the following material related party transactions:

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Directors, is as follows:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Short-term employee benefits	<u>3,677</u>	<u>2,308</u>

(b) Remuneration for close family members of key management personnel

Remuneration for close family members of key management personnel of the Group is as follows:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Short-term employee benefits	<u>579</u>	<u>827</u>

(c) Other related parties transactions

- (i) On 15 March 2013, a renewal of deed of trust (the “Niao Song Deed”) was entered into between Bau Shan and Ms. Li Pi Hsia (“Ms. Li”), spouse of Mr. Liu Tien-Tsai (“Mr. Liu”), in relation to the land property situated in Taiwan at No. 943 in Section Linnei, Niao Song Township, Kaohsiung County, Taiwan (the “Niao Song Property”). Under the Niao Song Deed, Bau Shan agreed that the Niao Song Property, which is owned by Bau Shan, shall be registered under the name of and held on trust by Ms. Li for Bau Shan for a term of ten years commencing on 15 March 2013. Ms. Li has agreed that she shall act in the interest of Bau Shan in relation to the Niao Song Property during the term of the Niao Song Deed.
- (ii) On 25 March 2016, a deed of trust (the “Neimen Deed”) was entered into between BLL and Mr. Liu in relation to a land property situated in Taiwan at No. 0300-00001 in Section Laizikeng, Neimen District, Kaohsiung County, Taiwan (the “Neimen Property”). Under the Neimen Deed, BLL agreed that the Neimen Property, which is owned by BLL, shall be registered under the name of and held on trust by Mr. Liu for BLL. Mr. Liu has agreed that he shall act in the interest of BLL in relation to the Neimen Property.
- (iii) On 1 April 2016, BLL was granted by Mr. Liu Ting Husan, close family member of Mr. Liu, on an exclusive basis a licence to use a number of trademarks in connection with the elderly care and related consultancy services of BLL at a consideration of HK\$1,000 per year.
- (iv) Guarantee for the Group’s bank loan of approximately RMB831,000 (31 December 2023: RMB1,028,000) is given by Mr. Liu as at 30 June 2024.

(d) **Amounts due from/(to) other related parties**

Particular of amounts due from/(to) other related parties, which are included in trade and other receivables or in trade and other payables are disclosed as follows:

		As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Ms. Chang Hui-Lan	Key management personnel	–	(42)
Mr. Liu Ting Hsuan	Close family member of key management personnel	–	(385)
		<u>–</u>	<u>(385)</u>

The amounts are unsecured, interest free and repayable on demand.

(e) **Amounts due to directors**

Particular of amounts due to directors are disclosed as follows:

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Mr. Liu	1,855	2,003
Mr. Xu Jianchun	3,361	2,634
Mr. Chai Chung Wai	16	–
Ms. Hu Zhaohui	59	30
Dr. Yang Jingjing	42	14
	<u>5,333</u>	<u>4,681</u>

The amounts are unsecured, interest free and repayable on demand.

(f) **Amount due to a shareholder**

Particular of amount due to a shareholder is disclosed as follows:

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Hong Kong Gaoqi Biological Technology Company Limited	<u>13,499</u>	<u>13,023</u>

As at 30 June 2024, the amount due to a shareholder classified as current liabilities amounting to approximately RMB13,499,000 (31 December 2023: RMB10,625,000) are unsecured, interest-free and repayable on demand, while the remaining portion of RMB nil (31 December 2023: RMB2,398,000) is unsecured, interest-free and repayable after one year.

19. EVENTS AFTER REPORTING PERIOD

a) Acquisition of 19.46% equity interests in Guangdong Yinwei

On 29 July 2024 (after trading hours), 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.* (深圳市南嶽資產管理有限公司) (“Nanyue AM”) to acquire from Nanyue AM the 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”) contributed by Nanyue AM, which is equivalent to approximately 19.46% of the equity interest in Guangdong Yinwei at a maximum consideration of RMB10,800,000 (equivalent to approximately HK\$11,664,000) (the “Acquisition”). Upon completion of the Equity Transfer Agreement, Guangdong Yinwei will be held as to approximately 19.46% by Zhongke Xunda.

Pursuant to the Equity Transfer Agreement, the Company and Zhongke Xunda conditionally agreed to acquire from Nanyue AM the paid-up capital of Guangdong Yinwei contributed by Nanyue AM, which is equivalent to approximately 19.46% of the equity interest in Guangdong Yinwei at a maximum consideration of RMB10,800,000 (equivalent to approximately HK\$11,664,000), which shall be satisfied by way of issue of the Convertible Bonds I (as defined below) and Convertible Bonds II (as defined below) (collectively the “Convertible Bonds”), with the maximum aggregate principal amount of RMB10,800,000 (equivalent to approximately HK\$11,664,000) to be issued by the Company to Nanyue AM or its nominee(s).

The maximum consideration of RMB10,800,000 (equivalent to approximately HK\$11,664,000) shall be satisfied by way of issue of the Convertible Bonds to Nanyue AM or its nominee(s), in the following manner:

1. The first instalment of HK\$6,000,000, shall be satisfied by way of the issue of the convertible bonds in the principal amount of HK\$6,000,000 to be issued by the Company to Nanyue AM or its nominee(s) (the “Convertible Bonds I”); and
2. The final instalment in the maximum amount of HK\$5,664,000, shall be adjusted according to the final price adjustment upon the Completion, and satisfied by way of the issue the convertible bonds in the maximum principal amount of HK\$5,664,000 to be issued by the Company to Nanyue AM or its nominee(s) (the “Convertible Bonds II”) pursuant to the Equity Transfer Agreement.

The Convertible Bonds shall carry an interest rate of 1% per annum on the outstanding principal amount of the Convertible Bonds, payable in arrears on the sixth anniversary of the date of issue of the Convertible Bonds (the “Maturity Date”) with the conversion price of HK\$0.10 per conversion share.

Guangdong Yinwei was founded by a team of professional scientists at a top biophysics institution in the PRC in 2015 and is principally engaged in research and development of biochips, high-throughput sequencing, big data cloud computing analysis, and personalized medical consulting services. In recent years, Guangdong Yinwei has achieved great success in the development of biochips for the detection of various diseases, such as tumors, cardiovascular and cerebrovascular diseases, diabetes, nervous system, etc. The Acquisition could further enhance the strength of scientific research and the innovation capabilities of the Group in the biotechnology industry as well as to enrich the product lines of the Group and can create synergy for the Group’s existing business. It is expected that upon the realisation of sales of Guangdong Yinwei’s biochip products could materialise the investment return of the Company and improve the financial performance of the Group with an aim to maximise the return to the shareholders of the Company.

Up to the date of this announcement, the Acquisition has not been completed yet. For details, please refer to the announcement of the Company dated 29 July 2024.

b) Proposed share consolidation

On 4 August 2024, the Board intends to put forward a proposal to the Shareholders to effect the share consolidation which involves the consolidation of every ten (10) ordinary share(s) of par value HK\$0.1 each in the share capital of the Company into one (1) consolidated share of HK\$1.0 each.

As at the date of this announcement, the authorised share capital of the Company is HK\$1,000,000,000 divided into 10,000,000,000 ordinary shares of HK\$0.1 each, of which 945,000,000 Shares have been issued and are fully paid or credited as fully paid. Assuming no further Shares will be issued or repurchased between the date of this announcement and the date of the extraordinary general meeting, immediately after the share consolidation becoming effective, the authorised share capital of the Company will become HK\$1,000,000,000 divided into 1,000,000,000 consolidated Shares of HK\$1.0 each, of which 94,500,000 Consolidated Shares (which are fully paid or credited as fully paid) will be in issue. The extraordinary general meeting will be convened and held to consider and, if thought fit, approve, among other things, the necessary resolution(s) in respect of the share consolidation and the transaction contemplated thereunder.

Up to the date of this announcement, the share consolidation has not been completed.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The first half of 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 of Republic of China (the "PRC" or "China") also faced challenges including insufficient effective domestic demand, overcapacity in certain industries, and weak social expectations.

Despite these headwinds, the Chinese government insisted on seeking progress while maintaining stability. It strengthened macro policy adjustments, balancing effective quality improvements with reasonable quantitative growth. This approach aimed to promote continuous structural reforms, industrial upgrades, high-quality sustainable development, and stable overall economic and social conditions.

China's macroeconomic growth was a moderate 5.0% in the first half of the year (Source: National Bureau of Statistics). However, second quarter gross domestic products ("GDP") growth dipped to 4.7%, below market expectations and the government's 5.0% target, dampening economic activities.

With the weakening of the China's economy, the operation of Sino-Life Group Limited (the "Company") and its subsidiaries (the "Group") was inevitably impacted. The revenue from all of the Group's geographical segments experienced a downward pressure during the six months ended 30 June 2024 (the "Current Period") as compared with the six months ended 30 June 2023 (the "Prior Period").

The insufficient domestic demand, industrial overcapacity, and subdued social expectations weighed on the Group's revenue across regions. Management may need to moderate the pace of transformation and upgrading to optimize resource allocation to bolster overall risk resilience.

Biotechnology remains the long-term strategic focus for the Group's business development. To further accelerate biotechnology expansion, the Group has formed a professional investment team to drive biotechnology initiatives, including expert consultants in the biotechnology industry, investment and research professionals with solid experience in the sector, as well as professionals in management, finance, legal disciplines and more.

To rapidly accelerate biotechnology expansion, the Group established a specialized and comprehensive investment platform focused on this strategic direction. Target areas include biomedicine, medical healthcare, life science instruments, as well as other emerging industries that could create synergies with the Group's existing businesses and generate additional returns on capital.

Although confronted with a complex internal and external environment, the Group remains united in prudent operations while capitalizing on policy opportunities. The government's stance of seeking progress while maintaining stability offers potential support through strengthened macro policy adjustments.

The Group will seize policy opportunities through coordinated resource allocation and collaborative development, leveraging its economies of scale. It should also capture emerging prospects from industrial reforms. By responding proactively, the Group is well-positioned to navigate this challenging period successfully.

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

	Six months ended 30 June			
	2024		2023	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
The PRC	33,007	96.0	35,957	88.1
Taiwan	962	2.8	967	2.3
Hong Kong Special Administrative Region, the PRC (“Hong Kong”)	414	1.2	3,586	8.8
Socialist Republic of Vietnam (“Vietnam”)	–	–	321	0.8
Total	<u>34,383</u>	<u>100.0</u>	<u>40,831</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 Current Period. The Group’s revenue derived from the PRC market was approximately Renminbi (“RMB”) 33,007,000 for the Current Period (the Prior Period: RMB35,957,000), representing a decrease of approximately 8.2% from the Prior Period.

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. As a result, revenue from funeral, cremation and cemetery services recorded a year-on-year decrease of approximately 8.2% from approximately RMB35,957,000 during the Prior Period to approximately RMB33,017,000 during the Current Period.

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.

While the business in Taiwan remained relatively stable with revenue of approximately RMB962,000 during the Current Period as compared with that of approximately RMB967,000 during the Prior Period, business in Hong Kong decreased from approximately RMB3,586,000 during the Prior Period to approximately RMB414,000 during the Current Period.

The decrease in Hong Kong revenue was mainly because an advanced biotechnical machinery was successfully installed and met revenue recognition criteria in the Prior Period, contributing revenue of approximately RMB3,069,000 from the Group's sales of biotechnical machineries and other electronics products business. However, no such revenue was recognized during the Current Period. As of 30 June 2024, the Group recorded approximately RMB7,117,000 in unearned revenue related to its Hong Kong sales of biotechnical machineries and electronics products.

Vietnam

During the Current Period, the Group refrained from conducting any sales activities in the Vietnam market due to a noticeable decline in demand for burial plots, resulting in zero revenue contribution from this market. In the Prior Period, the Vietnam's operations contributed approximately RMB321,000 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

The weakening Chinese economy inevitably impacted the operations the Group. The insufficient domestic demand, industrial overcapacity, and subdued social expectations weighed on the Group's revenue across regions. As compared with the Prior Period, the Group's revenue decreased by approximately RMB6,448,000 or 15.8% to approximately RMB34,383,000 during the Current Period from approximately RMB40,831,000 for the Prior Period.

The decrease in revenue during the Current Period was primarily driven by two factors. Firstly, in the traditional funeral, cremation and cemetery services segment in China market, demand shifted from high-quality services to more value-oriented offerings due to the economic pressures. As a result, revenue from funeral, cremation and cemetery services recorded a year-on-year decrease of approximately 8.2% from approximately RMB35,957,000 during the prior period to approximately RMB33,017,000 in the Current Period. Secondly, during the Prior Period, an advanced biotechnical machinery was successfully installed and met revenue recognition criteria, contributing revenue of approximately RMB3,069,000 from the Group's sales of biotechnical machineries and other electronics products business. However, no such revenue was recognized during the Current Period, contrasting with the contribution in the Prior Period.

Cost of sales for the Current Period was approximately RMB22,412,000 (the Prior Period: RMB23,835,000), decreased by approximately 6.0% as compared with the Prior Period. The decrease in cost of sales for the Current Period was mainly due to the decrease in cost of machineries as the result of the fulfillment of the revenue recognition criteria of the Group's sales of an advanced biotechnical machinery in Hong Kong in the Prior Period.

Other income and other net gain for the Current Period was approximately RMB1,321,000, representing an approximately 46.3% year-on-year decrease as compared with approximately RMB2,462,000 for the Prior Period. The decrease was mainly contributed by the decrease of approximately RMB1,200,000 on gains on disposal of financial assets measured at FVTPL during the Current Period.

Compared with the Prior Period, selling expenses for the Current Period increased by approximately 14.5% to approximately RMB1,657,000 as the result of increase in promotion expenses aimed at enhancing the Group's presence and market development in the cemetery segment.

Administrative expenses, which accounted for approximately 56.6% (the Prior Period: 49.6%) of revenue, decreased by approximately 3.7% to approximately RMB19,474,000 (the Prior Period: RMB20,232,000) during the Current Period. The decrease in the administrative expenses underscores the Group's commitment to enhancing operational efficiencies and optimizing costs across the organization.

Finance costs of the Group primarily encompass interest expenses on bank borrowings, lease liabilities under HKFRS 16, and convertible bonds. The finance costs decreased to approximately RMB928,000 from that of the Prior Period of approximately RMB943,000 as the result of the decrease in interest on lease liabilities of approximately RMB114,000 while offset by the increase in interest on bank borrowings of approximately RMB16,000 and interest on the convertible bonds, which was issued in the second half of 2023, of approximately RMB83,000 during the Current Period.

The loss attributable to the owners of the Company for the Current Period was approximately RMB8,665,000 (the Prior Period: RMB3,791,000). Loss per share for the Current Period was approximately RMB0.96 cents (the Prior Period: RMB0.51 cents).

SIGNIFICANT INVESTMENTS HELD

As at 30 June 2024, the Group had investments in equity securities of approximately RMB12,967,000 (31 December 2023: RMB14,532,000) and none of the equity securities, both individually and in aggregate, held by the Group equaled or exceeded 5% of the Group's total assets. For further details, please refer to the section headed "Liquidity, Financial Resources and Capital Structure" under the "Management Discussion and Analysis" to this announcement.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The equity attributable to owners of the Company as at 30 June 2024 decreased to approximately RMB122,398,000, a decrease of approximately 1.0% over that as at 31 December 2023 of approximately RMB123,718,000.

The Group continues to maintain a strong financial position. To enhance the value of shareholders (the “Shareholders”) of the Company, the Group invests surplus cash in quality equity securities listed on well recognised stock exchanges to generate additional returns for the Group and the Shareholders. As at 30 June 2024, the Group invested approximately RMB12,967,000 in certain equity securities listed outside Hong Kong (31 December 2023: RMB14,532,000 in certain equity and exchange trade fund listed outside Hong Kong) for trading purpose. These listed equity investments are denominated in RMB and were classified as financial assets measured at fair value through profit or loss (“FVTPL”). The directors of the Company considered that the closing price of those listed equity securities as at 30 June 2024 was the fair value of those investments. As at 30 June 2024, the fair value of the Group’s investment portfolio was approximately RMB12,967,000 (31 December 2023: RMB14,532,000).

The aggregate value of the investment portfolio decreased by approximately RMB1,565,000 during the Current Period. Additions to investment portfolio during the Current Period totalled approximately RMB29,679,000, including investments in 6 equity securities or ETFs listed outside Hong Kong. Whereas disposals in investment portfolio during the Current Period totalled approximately RMB31,323,000, including divestments of 5 equity securities or ETFs listed outside Hong Kong. Other movements of the investment portfolio during the Current Period included net fair value gain on financial assets measured at FVTPL of approximately RMB79,000.

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

As at 30 June 2024, the Group had current and non-current bank borrowings were approximately RMB1,240,000 and approximately RMB1,798,000 respectively (31 December 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 the 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 HKD which entitled the holder of the Convertible Bonds to convert them in ordinary shares of the Company at any time commencing from the date of issue of the Convertible Bonds up the sixth anniversary of the date of issue of the Convertible Bonds (the “Maturity Date”), at a conversion price of HK\$0.126 per Convertible Bond (subject to anti-dilutive adjustments). The Convertible Bonds carry interests at 1% per annum and payable in arrears on the Maturity Date.

The 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 Current Period, no convertible bonds were converted by the holder of Convertible Bonds, and the Company did not redeem any part of the Convertible Bonds.

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. As at 30 June 2024, the Group maintained time deposits with original maturity over three months and bank and cash balances of approximately RMB118,770,000 (31 December 2023: RMB125,019,000).

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 policy

The Group continues to adopt a conservative treasury policy in liquidity and financial management. The Group conducted its continuing operational business transactions mainly in RMB and HKD. Surplus cash is generally placed in fixed deposits RMB. During the Current Period, the Group did not use any financial instruments for hedging purposes.

Gearing ratio

As at 30 June 2024, the gearing ratio representing the ratio of total liabilities to total assets of the Group was approximately 59.6% (31 December 2023: 60.06%).

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

Capital commitments outstanding at 30 June 2024 and 31 December 2023 not provided for in these unaudited condensed consolidated financial statements are as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Capital expenditure contracted but not provided for:		
– Investments in associates	2,460	2,460
– Intangible assets	225	225
	<u>2,685</u>	<u>2,685</u>

The Group did not have any contingent liabilities as at both 30 June 2024 and 31 December 2023.

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

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group's operations are geographically based in the PRC, Taiwan, Hong Kong and Vietnam.

The unaudited condensed consolidated interim financial statements of the Group are presented in RMB, except for certain incomes and expenses which are denominated in United States dollars ("USD"), NTD, HKD and Vietnamese Dong ("VTD").

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

As at 30 June 2024, the Group currently does not have a foreign currency hedging policy. However, the directors of the Company monitor the Group's foreign currency exposures and will consider hedging significant foreign currency exposures should the need arises.

SIGNIFICANT ACQUISITIONS AND DISPOSAL OF INVESTMENTS

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

CHARGE ON GROUP ASSETS

As at 30 June 2024, the carrying amount of property, plant and equipment pledged as security for the Group's bank borrowings was approximately RMB23,690 (31 December 2023: RMB24,377,000).

DIVIDEND

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

THE NUMBER AND REMUNERATION OF EMPLOYEES

As at 30 June 2024, the Group employed 207 employees (31 December 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 Current Period, no share option was granted, exercised and lapsed. As at 30 June 2024, 18,532,000 share options were outstanding. Further details of the share option scheme of the Company currently in effect are set out in the sub-section headed "Share Option Scheme" in this announcement.

PROSPECTS

In the current economic landscape, there are several notable trends shaping the environment in which our Group operates. Globally, there is anticipation of a soft landing in the economy, which is expected to have a positive impact on export stabilization. The recent conclusion of the Federal Reserve's interest rate hike is seen as a relieving factor, likely reducing pressure on the RMB exchange rate and RMB assets, and potentially averting further deterioration and its economic implications.

Within China, fundamental indicators suggest a mixed outlook. While the consumer sector's unemployment rates have shown a marginal decline, indicating some stability, the real estate sector remains complex. However, there are signs that any decline in this sector may be narrowing, suggesting a potential turnaround in the near future.

As a strategic emerging industry, biotechnology holds great development potential as China's population aging deepens, medical expenses rise, and public health awareness increases. Technological advancements in areas like AI, big data and blockchain are efficiently integrating massive biomedical data, reducing costs and enabling sustainable biotechnology growth.

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* (中科技臻慧(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.

Looking ahead, the world is undergoing unprecedented changes and geopolitical risks are intensifying. China faces the triple pressures of shrinking demand, supply shocks and expected economic weakening. However, China's innovation-driven development, support for rapid emerging industry growth, and high-quality economic development remain strategic goals.

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.

* *For identification purpose only*

CORPORATE GOVERNANCE AND OTHER INFORMATION

Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or its Associated Corporations

As at 30 June 2024, the interests and short positions held by the Directors or chief executives of the Company in the shares (the "Shares"), underlying shares (the "Underlying Shares") and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Aggregated long positions in the Shares and Underlying Shares:

Name of Director	Number of Shares held		Number of Underlying Shares held pursuant to the convertible bonds	Total	Approximate percentage of the total number of Shares in issue
	Personal Interest	Corporate Interest	Corporate Interest		
Mr. XU Jianchun ("Mr. Xu")	–	220,475,000 <i>(Note 1)</i>	144,126,984 <i>(Note 2)</i>	364,601,984	38.58%

Notes:

1. Mr. Xu is interested in 220,475,000 Shares through his controlling interests in Hong Kong Gaoqi Biological Technology Company Limited (“HK Gaoqi”). Mr. Xu is interested in HK Gaoqi through his 25.55% direct beneficial interests and 9.78% through Houp Bio-Technology Limited (“HBT Limited”), a company incorporated in the British Virgin Islands. HBT Limited 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. Mr. Xu holds 94.07% class A interests and Ms. Qiu Qi (邱琪), 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 HBT Limited, and in turn is interested in 9.78% of HK Gaoqi. Accordingly, Mr. Xu is deemed to be interested in all the Shares held by HK Gaoqi by virtue of SFO.
2. 144,126,984 conversion shares have been allotted and issued by the Company to 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) (“Nanyue CB”) of the convertible bonds of HK\$18,160,000 upon exercise of the conversion rights attaching to the Convertible Bonds at HK\$0.126 per conversion share on 11 August 2023. Mr. Xu is interested in 144,126,984 conversion shares through his controlling interests in Nanyue CB. Mr. Xu is interested in Nanyue CB through his 71.25% direct beneficial interests. Accordingly, Mr. Xu is deemed to be interested in all the conversion shares held by Nanyue CB by virtue of SFO.

Save as disclosed above, as at 30 June 2024, none of the Directors, chief executive of the Company or their respective associates had any interests or short positions in the Shares, Underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short position which they are taken or deemed to have taken under such provisions of the SFO), or which will be required to be entered into the register kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors of the Company as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares

So far as the Directors are aware, as at 30 June 2024, other than the Directors or chief executives of the Company whose interests or short positions are disclosed under the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or its Associated Corporations" above, the following persons and corporations have interests or short position in the Shares or Underlying Shares which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, and who were expected, directly or indirectly, to be interested in 5% or more of the Shares is listed as follows:

Aggregate long positions in the Shares

Name of Shareholders	Capacity/Nature of Interest	Number of Shares held	Number of Share held pursuant to the share options	Number of Underlying Shares held pursuant to the convertible bonds	Total	Approximate percentage of the issued share capital of the Company
HK Gaoqi	Beneficial Owner (Note 1)	220,475,000	–	–	220,475,000	23.33%
Ms. QIU Qi	Interests of controlled corporation (Note 2)	220,475,000	–	–	220,475,000	23.33%
Mr. OU Yafei	Beneficial Owner (Note 4)	147,864,000	7,416,000	–	155,280,000	16.43%
Nanyue CB	Beneficial Owner	–	–	144,126,984 (Note 3)	144,126,984	15.25%

Notes:

- Mr. Xu is the director of HK Gaoqi, which holds 24.91% Shares, and the director of 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 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 HBT Limited, and in turn is interested in 9.78% of HK Gaoqi.
- By virtue of the SFO, Ms. Qiu Qi, the spouse of Mr. Xu, is taken to be interested in all the shares held by Mr. Xu.
- 144,126,984 conversion shares have been allotted and issued by the Company to Nanyue CB of the convertible bonds of HK\$18,160,000 upon exercise of the conversion rights attaching to the Convertible Bonds at HK\$0.126 per conversion share on 11 August 2023. Mr. Xu is interested in 144,126,984 conversion shares through his controlling interests in Nanyue CB. Mr. Xu is interested in Nanyue CB through his 71.25% direct beneficial interests. Accordingly, Mr. Xu is deemed to be interested in all the conversion shares held by Nanyue CB by virtue of SFO.
- Mr. Ou Yafei is the beneficial owner of 147,864,000 Shares and Mr. Ou holds 7,416,000 share options of the Company which is deemed to be interested in the Share by virtue of SFO.

Save as disclosed above and the Directors' interests as disclosed in "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or its Associated Corporations", no person had interests or short positions in the Shares or Underlying Shares which are required to be recorded in the register to be kept by the Company pursuant to section 336 of the SFO as at 30 June 2024.

DIRECTORS' INTERESTS IN CONTRACTS

As disclosed in the announcement (the "Announcement") dated 26 April 2023 and the circular (the "Circular") dated 23 June 2023 of the Company with respect to the major and connected transactions in relation to (i) acquisition of 20.25% equity interest in Zhongke Zhenhui involving issue of convertible bonds under specific mandate; (ii) acquisition of approximately 21.43% equity interest in Guangdong Zhenyuan involving issue of consideration shares under specific mandate, the Company has entered into the SPA I and the SPA II on 26 April 2023. Capitalised terms used in this announcement shall bear the same meanings as those defined in the Announcement and the Circular unless the context requires otherwise.

On 26 April 2023, the Company and Zhongke Xunda, a company established in the PRC, an indirect wholly-owned subsidiary of the Company, entered into the SPA I with Nanyue CB, a company established in the PRC. Pursuant to the SPA I, Zhongke Xunda (as purchaser) agreed to acquire from Nanyue CB (as vendor) the RMB16,200,000 paid-up capital of Zhongke Zhenhui, a company established in the PRC contributed by Nanyue CB, which is equivalent to 20.25% of the equity interest in Zhongke Zhenhui at a consideration of RMB15,930,000 (equivalent to HK\$18,160,000), which shall be satisfied by way of issue of the Convertible Bonds in the principal amount of HK\$18,160,000 to Nanyue CB or its nominee(s) under the Specific Mandate I granted to the Board at the EGM held on 12 July 2023 for the allotment and issue of 187,000,000 Conversion Shares to the holders of the Convertible Bonds upon exercise of the conversion rights attaching to the Convertible Bonds at the Conversion Price.

As at the date of the SPA I, Nanyue CB is controlled as to approximately 71.25% by Mr. Xu (together with his associates), the chairman and an executive Director of the Company.

For more details, please refer to the Announcement and the Circular.

Save as disclosed above and the transactions disclosed in note 18 to the unaudited condensed consolidated interim financial statements, no transaction, arrangement or contract that is significant in relation to the Group's business to which the Company or any of its subsidiaries, fellow subsidiaries or parent company was a party and in which a Director or his connected entity had, directly or indirectly, a material interest subsisted at the end of the Current Period or at any time during the Current Period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the details as disclosed under the heading "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or its Associated Corporations" above, at no time during the Current Period was the Company, its holding company, or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective

associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Current Period.

DIRECTORS' INTEREST IN COMPETING BUSINESS

As disclosed in the announcement (the "JV Announcement") dated 13 September 2021 and the circular (the "JV Circular") dated 29 October 2021 of the Company with respect to (i) the major and connected transaction in relation to the capital increase in Zhongke Zhenhui; and (ii) the major transaction in relation to the formation of the JV Company, the Company has entered into the Capital Increase Agreement and the JV Agreement on 13 September 2021. Capitalised terms used in this announcement shall bear the same meanings as those defined in the JV Announcement and the JV Circular unless the context requires otherwise.

The Capital Increase and the Formation of the JV Company had been approved by the shareholders of the Company at the extraordinary general meeting on 22 November 2021. The Group through (i) the JV Company will engage in equity and/or securities investment business; and (ii) Zhongke Zhenhui engaged in technical development and consultation services, investment activities and business management consultation. The businesses of Nanyue AM are mainly engaged in asset management, investment management, equity investment and investment consulting services through its private equity funds. Mr. Xu is a director of Nanyue AM and, together with his associates, ultimately owned as to approximately 71.25% equity interests of Nanyue AM, therefore, Mr. Xu may be regarded as being interested in the competing business with the business of the Group.

As the Company's management and administrative structure are independent to that of Nanyue AM, and coupled with the diligence of the independent non-executive Directors and the audit committee of the Company (the "Audit Committee"), the Group is capable of carrying its businesses independently on an arm's length basis.

For more details, please refer to the JV Announcement, the JV Circular and the announcement dated 22 November 2021 of the Company.

Save as disclosed above, during the Current Period and up to the date of this announcement, none of the Directors, the controlling shareholders of the Company, or any of their respective close associates (as defined in the GEM Listing Rules) is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the businesses of the Group, and is required to be disclosed pursuant to Rule 11.04 of the GEM Listing Rules.

SHARE OPTION SCHEME

The old share option scheme, which was adopted by the Company on 24 August 2009, was expired and there was no outstanding share option. A new share option scheme (the "Share Option Scheme") was adopted by the shareholders of the Company at the extraordinary general

meeting of the Company held on 22 April 2021. The Share Option Scheme will remain in force for a period of 10 years commencing from the date of adoption of the Share Option Scheme from 22 April 2021 (the “Date of Adoption”) (that is from 22 April 2021 to 21 April 2031). The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to the participants and to promote the success of the business of the Group. The participants include any director, employee (full-time and part-time), advisor, consultant, supplier, agent, customer, partner or joint-venture partner of the Company or any subsidiary of the Company, who, in the absolute discretion of the Board, has contributed or may contribute to the Group so as to promote the success of the business of the Group.

The Company may grant to eligible participants (including any director, employee, advisor, consultant, supplier, agent, customer, partner or joint-venture partner of the Company or any subsidiary of the Company whom the Board considers, in its sole discretion, have contributed or will contribute to the Group) options to subscribe shares in the Company, subject to a maximum of 10% of the total number of shares of the Company in issue as at the Date of Adoption and as at the approval date of refreshment from time to time, excluding for this purpose shares issued on the exercise of options.

The subscription price for Shares under the Share Option Scheme shall be determined at the absolute discretion of the Directors but in any event will not be less than the highest of (a) the closing price of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the offer date of the particular option, which must be a business day; (b) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five consecutive business days immediately preceding the offer date of that particular option; and (c) the nominal value of a Share on the offer date of the particular option.

Upon acceptance of the options, the grantee of the Share Option Scheme shall pay HK\$1.00 to the Company as consideration for the grant. The acceptance of an offer of the grant of the option must be made within 10 days from the date of offer. The exercise period of any option granted under the Share Option Scheme is determined by the Board upon granting the options but in any event must not be more than 10 years commencing on the date of grant. Unless determined by the Directors otherwise, there is no minimum holding period before the options can be exercised.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not, in the absence of shareholders’ approval, in aggregate exceed 10% of the total number of shares of the Company in issue as at the date of approval of the Share Option Scheme. The Board may seek approval by the shareholders of the Company at general meeting to refresh the 10% limit. However, the total number of shares available for issue under exercise of options which may be granted under the Share Option Scheme in these circumstances must not exceed 10% of the total number of shares of the Company in issue as at the date of approval of the refreshment of the 10% limit.

The number of options available for grant under the Share Option Scheme as at 1 January 2024 and 30 June 2024 were both 48,294,000.

The total number of shares available for issue under the Share Option Scheme is 74,250,000 Shares, representing approximately 10% of the total number of Shares in issue as at the date of passing of an ordinary resolution by the Shareholders at the annual general meeting of the Company (the “AGM”) to approve the adoption of the Share Option Scheme. As at 30 June 2024, 48,294,000 Shares were available for issue under the Share Option Scheme, representing 6.50% of the Shares in issue as at the date of the AGM passing of an ordinary resolution by the Shareholders to approve the adoption of the Share Option Scheme, 5.11% of the Shares in issue as at 30 June 2024 and as at the date of this announcement.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the total number of shares of the Company in issue from time to time and the maximum number of shares in respect of which options may be granted to each eligible participant shall not exceed 1% of the total number of shares of the Company in issue for the time being in any 12-month period up to and including the date of offer of the grant.

The Share Option Scheme does not set out any performance targets that must be achieved before the share options may be exercised. However, the Board may at its sole discretion specify, as part of the terms and conditions of any share option, such performance conditions that must be satisfied before the share option can be exercised.

The period during which a share option may be exercised is determined and notified by the Board to each grantee at the time of making an offer for the grant of the share option and such period shall not expire later than ten years from the date of grant of the share option.

Details of the share options movements during the Current Period under the Share Option Scheme are as follows:

Name or category of grantees	Date of grant of share options	Exercise Price (HK\$)	Exercise Period	Vesting Period	Closing price immediately preceding the date of grant (Note 1) (HK\$)	Number of share options		
						Balance as at 1/1/2024	Lapsed during the Current Period	Balance as at 30/06/2024
Other eligible participants:								
Employee	19/5/2022	0.137	19/5/2022-18/5/2032	N/A	0.137	3,700,000	–	3,700,000
Business partners (Note 2)	19/5/2022	0.137	19/5/2022-18/5/2032	N/A	0.137	14,832,000	–	14,832,000
Total						18,532,000	–	18,532,000

Notes:

- Being the higher of the closing price of the Shares quoted on the Stock Exchange on the trading day immediately prior to the date of grant of the share options; and the average closing price for the five business days immediately preceding the date of grant.
- The share options have been granted to 2 business partners on 19 May 2022 and each of them holds 7,416,000 share options.

During the Current Period, no share option was lapsed, granted, cancelled and exercised.

Further details of Share Options Scheme were set out in note 15 to the unaudited condensed consolidated interim financial statements.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities, including the sale of treasury shares (as defined under GEM Listing Rules), during the Current Period. As at 30 June 2024, the Company does not hold any treasury shares.

CORPORATE GOVERNANCE

The Company's corporate governance practices are based on the principles and the code provisions as set out in the Corporate Governance Code as contained in Appendix C1 to the GEM Listing Rules (the "Code"). The principles adopted by the Company emphasis a quality board, transparency and accountability to the shareholders of the Company. In the opinion of the Board, the Company has complied with all of the code provisions set out in the Code for the Current Period, with exception 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 general meetings of the Company.

Dr. Yang Jingjing, an independent non-executive Director and the chairman of nomination committee of the Company, was unable to attend the AGM held on 21 June 2024 (the "2024 AGM") due to other business engagements. Dr. Yang had appointed another member of the committee as his delegate to attend and to answer questions at the 2024 AGM.

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 subsequent to the date of annual report for the year ended 31 December 2023.

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 had complied with such code of conduct throughout the Current Period.

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 Current Period.

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

At the 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.

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 30 June 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 unaudited condensed consolidated financial statements of the Group for the Current Period 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.

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

29 August 2024

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

This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange’s website at <http://www.hkexnews.hk> for 7 days from the date of its posting. This announcement will also be posted on the Company’s website at <http://www.sinolifegroup.com>.