NANJING SINOLIFE UNITED COMPANY LIMITED*
南京中生聯合股份有限公司

(A joint stock limited liability company incorporated in the People's Republic of China)

(Stock code: 3332)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

FINANCIAL HIGHLIGHTS FOR THE FIRST HALF OF 2016

- Turnover increased by 25.4% to RMB186.8 million (First half of 2015: RMB149.0 million)
- Gross profit increased by 3.9% to RMB131.2 million (First half of 2015: RMB126.3 million)
- Profit for the period decreased by 16.7% to RMB40.3 million (First half of 2015: RMB48.4 million)
- Basic earnings per share decreased by 16.7% to RMB5 cents (First half of 2015: RMB6 cents)
- The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2016 (First half of 2015: nil).

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Nanjing Sinolife United Company Limited* 南京中生聯合股份有限公司 (the "**Company**") is pleased to announce its unaudited condensed consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2016 together with the comparative figures for the corresponding period in 2015 which are as follows:

* *For identification purposes only*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Notes	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Revenue	2, 4	**186,809**	149,033
Cost of sales		**(55,635)**	(22,773)
Gross profit		**131,174**	126,260
Other income and gains	4	**6,775**	7,063
Selling and distribution expenses		**(50,500)**	(42,474)
Administrative expenses		**(32,743)**	(23,441)
Other expenses		**(881)**	(471)
Share of profits and losses of a joint venture		**328**	–
Profit before tax	5	**54,153**	66,937
Income tax expenses	6	**(13,818)**	(18,545)
Profit for the period		**40,335**	48,392
Attribute to:			
Equity holders of the parent		**37,772**	47,728
Non-controlling interests		**2,563**	664
Other comprehensive income that may be reclassified to profit or loss in subsequent periods, net of tax			
Exchange differences on translation of foreign operations		**6,269**	(3,490)
Total comprehensive income for the period		**46,604**	44,902
Attribute to:			
Equity holders of the parent		**41,912**	45,360
Non-controlling interests		**4,692**	(458)
		RMB	*RMB*
Earnings per share:			
— Basic and diluted	8	**5 cents**	6 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2016

	Notes	**30 June 2016 *RMB'000* (unaudited)**	31 December 2015 *RMB'000* (audited)
Non-current assets			
Property, plant and equipment	*9*	**53,775**	37,149
Prepaid land lease payments		**10,834**	10,957
Goodwill		**153,557**	54,096
Other intangible assets		**78,371**	19,350
Investment in a joint venture		**8,746**	8,069
Deferred tax assets		**13,442**	5,839
Pledged deposit		**1,199**	1,146
Other non-current assets		**6,207**	2,671
Total non-current assets		**326,131**	139,277
Current assets			
Inventories		**98,027**	69,990
Trade receivables	*10*	**34,162**	26,430
Prepaid land lease payments		**247**	247
Prepayments, deposits and other receivables		**16,960**	11,413
Available-for-sale investments		**3,000**	–
Other current assets		**–**	76
Cash and cash equivalents		**504,420**	532,326
Total current assets		**656,816**	640,482
Total assets		**982,947**	779,759

	Notes	**30 June 2016** *RMB'000* **(unaudited)**	31 December 2015 *RMB'000* (audited)
Current liabilities			
Trade payables	*11*	**23,879**	12,574
Other payables and accruals		**158,270**	25,874
Tax payables		**16,530**	20,908
Deferred income		**1,302**	–
Total current liabilities		**199,981**	59,356
NET CURRENT ASSETS		**456,835**	581,126
TOTAL ASSETS LESS CURRENT LIABILITIES		**782,966**	720,403
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**18,986**	4,059
Provision		**670**	631
Total non-current liabilities		**19,656**	4,690
NET ASSETS		**763,310**	715,713
Equity attributable to equity holders of the parent			
Share capital		**90,089**	83,817
Reserves		**617,336**	580,703
Non-controlling interests		**55,885**	51,193
TOTAL EQUITY		**763,310**	715,713

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended 30 June 2016

1. BASIS OF PRESENTATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

These unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2016 (the "**Period**") have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. These unaudited interim condensed consolidated financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

These unaudited interim condensed consolidated financial statements do not include all information and disclosures required in the Group's annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2015.

2. SEGMENT INFORMATION

(a) Reportable segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions. For management purposes, the Group operates in one business unit based on its products, and has one reportable segment which is the manufacturing and sale of nutritional supplements and the sale of packaged health food products in the People's Republic of China ("**PRC**" or "**China**"), Australia and New Zealand.

(b) Geographical information

Most of the group companies are domiciled in the PRC and the majority of their non-current assets are located in the PRC and New Zealand. The Group's revenue from external customers is primarily derived in the PRC and New Zealand.

The following is an analysis of the Group's revenue from its major markets:

	Six months ended	
	30 June 2016	30 June 2015
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Mainland China	**123,256**	133,511
New Zealand	**54,271**	14,174
Australia	**1,687**	379
Others	**7,595**	969
	186,809	149,033

(c) Non-current assets

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Mainland China	**104,308**	39,629
New Zealand	**36,896**	26,992
Australia	**1,776**	835
	142,980	67,456

The non-current asset information above is based on the locations of the assets and excludes goodwill, investment in a joint venture, deferred tax assets, pledged deposit and other non-current assets.

(d) Information about major customers

No revenue from transactions with single external customer amounted to 10% or more of the Group's revenue.

3. BUSINESS COMBINATION

(a) Acquisition of Living Nature Natural Products Ltd ("LN")

On 31 May 2016, the Group acquired 100% interests in LN. LN is a limited liability company incorporated in New Zealand that specialises in the manufacturing of cosmetics and skincare products. The acquisition has been accounted for using the acquisition method. The interim condensed consolidated financial statements include the financial results of LN for the one-month period from the acquisition date.

The fair values of the identifiable assets and liabilities of LN as at the date of acquisition were:

	Fair value recognised on acquisition *RMB'000*
Assets	
Property, plant and equipment	2,386
Intangible assets — trademark	4,413
Intangible assets — license	1,059
Intangible assets — customer relationship	1,456
Inventories	4,176
Trade receivables	2,059
Prepayments, deposits and other receivables	105
Cash and cash equivalents	44
	15,698
Liabilities	
Trade payables	(577)
Other payables and accruals	(1,554)
Amount due to the shareholder	(2,629)
Deferred tax liabilities	(2,145)
	(6,905)
Total identifiable net assets at fair value	8,793
Goodwill arising on acquisition	10,757
Total purchase consideration of the acquisition	19,550
Satisfied by cash	19,550

An analysis of the cash flows in respect of the acquisition is as follows:

	RMB'000
Total purchase consideration of the acquisition	19,550
Cash and bank balance acquired	(44)
Net cash outflow on acquisition (included in cash flows from investing activities)	19,506

From the date of acquisition, LN has contributed RMB1,026,000 to the Group's revenue and RMB135,000 to the loss for the six months ended 30 June 2016. If the acquisition had taken place at the beginning of the year, revenue and profit before tax of the Group for the Period would have been RMB192,750,000 and RMB54,173,000 respectively.

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of LN with those of the Group. The goodwill is not deductible for income tax purposes.

The Group incurred transaction costs of RMB537,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in profit or loss and are part of operating cash flows in the statement of cash flows.

(b) Acquisition of Shanghai Hejian Nutritional Food Products Company Limited ("Hejian")

On 31 May 2016, the Group completed the acquisition of 100% interests in Hejian. Hejian is a limited liability company incorporated in China that is principally engaged in the online retailing of nutritional supplements. The acquisition has been accounted for using the acquisition method. The purchase consideration for the acquisition was in the form of shares. 62,717,770 domestic shares of the Company were issued at a fair value of RMB130,000,000. The interim condensed consolidated financial statements include the financial results of Hejian for the one-month period from the acquisition date.

The fair values of the identifiable assets and liabilities of Hejian as at the date of acquisition were:

	Fair value recognised on acquisition *RMB'000*
Assets	
Property, plant and equipment	6,278
Intangible assets — trademark	39,400
Intangible assets — customer relationship	12,040
Intangible assets — health food certificate	182
Deferred tax assets	5,375
Other non-current assets	4,608
Inventories	13,061
Trade receivables	322
Prepayments, deposits and other receivables	4,464
Available-for-sale investments	3,000
Cash and cash equivalents	10,030
	98,760
Liabilities	
Trade payables	(8,964)
Other payables and accruals	(24,787)
Tax payables	(6,930)
Deferred income	(958)
Deferred tax liabilities	(13,664)
Other non-current liabilities	(680)
	(55,983)
Total identifiable net assets at fair value	42,777
Goodwill arising on acquisition	87,223
Total purchase consideration of the acquisition	130,000
Satisfied by shares at fair value	130,000

An analysis of the cash flows in respect of the acquisition is as follows:

	RMB'000
Cash and bank balance acquired	10,030
Net cash inflow on acquisition (included in cash flows from investing activities)	10,030

From the date of acquisition, Hejian has contributed RMB15,692,000 to the Group's revenue and RMB10,160,000 to the profit before tax for the six months ended 30 June 2016. If the acquisition had taken place at the beginning of the year, revenue and profit before tax of the Group for the Period would have been RMB238,818,000 and RMB62,763,000, respectively.

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of Hejian with those of the Group. The goodwill is not deductible for income tax purposes.

The Group incurred transaction costs of RMB1,854,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in profit or loss and are part of operating cash flows in the statement of cash flows.

Information on prior year acquisition

*Acquisition of Good Health Products Ltd. ("**GHP**")*

On 29 May 2015, Shanghai Weiyi Investment & Management Limited Company* (上海惟翊投資管理有限公司) ("**Shanghai Weiyi**"), a 60%-owned subsidiary of the Group, acquired 100% interests in GHP. GHP is a limited liability company incorporated in New Zealand that specialises in the manufacturing of nutritional supplements. The acquisition has been accounted for using the acquisition method.

The fair values of the identifiable assets and liabilities of GHP as at the date of acquisition were as follows:

	Fair value recognised on acquisition *RMB'000*
Assets	
Property, plant and equipment	3,998
Cash	5,277
Trade receivables	19,655
Inventories	24,297
Prepayments	779
Deferred tax assets	1,225
Intangible assets — trademark	16,985
Intangible assets — distribution network	3,344
Investment in a joint venture	7,956
	83,516

	Fair value recognised on acquisition *RMB'000*
Liabilities	
Long-term loans and borrowings	(6,116)
Deferred tax liabilities	(5,790)
Income tax payable	(1,392)
Trade and other payables	(16,421)
	(29,719)
Total identifiable net assets at fair value	53,797
Goodwill arising on acquisition	53,889
Purchase consideration transferred	107,686

Analysis of cash flows on acquisition:

	RMB'000
Total purchase consideration of the acquisition	107,686
Cash and bank balance acquired	(5,277)
Deposits paid for the acquisition in 2014	(11,292)
Net cash outflow on acquisition (included in cash flows from investing activities)	91,117

From the date of acquisition, GHP has contributed RMB15,523,000 to Group's revenue and RMB5,019,000 to the profit before tax for the six months ended 30 June 2015. If the acquisition had taken place at the beginning of 2015, revenue and profit before tax of the Group for the period would have been RMB201,088,000 and RMB77,807,000, respectively.

The Group incurred transaction costs of RMB1,310,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in profit or loss and are part of operating cash flows in the statement of cash flows.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts and the value of services rendered.

An analysis of revenue, other income and gains is as follows:

	2016	2015
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Revenue		
Sale of goods	**185,776**	149,033
Rendering of services	**1,033**	–
	186,809	149,033
Other income and gains		
Bank interest income	**4,715**	6,707
Short-term investment income	**160**	173
Government grants*	**1,890**	183
Others	**10**	–
	6,775	7,063

* Various government grants have been received for boosting local economic development from local government. There are no unfulfilled conditions or contingencies relating to these grants.

5. PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

	2016	2015
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Cost of inventories sold	**52,682**	20,506
Staff costs	**43,387**	32,452
Amortisation of prepaid land lease payments	**123**	103
Amortisation of intangible assets	**1,148**	222
Auditor's remuneration	**205**	956
Depreciation of property, plant and equipment	**2,680**	2,052
Operating lease payments on properties and retail shops *(note)*	**8,571**	7,868
Research and development expenses	**1,263**	418

Note: Included was contingent rental of RMB1,338,000 incurred during the six months ended 30 June 2016 (First half of 2015: RMB2,306,260).

6. INCOME TAX EXPENSES

(a) The amount of income tax expenses in the condensed consolidated statement of comprehensive income represents:

	Six months ended	
	30 June 2016	30 June 2015
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current		
— PRC	**12,583**	19,616
— New Zealand	**4,528**	1,220
— Australia	**–**	–
	17,111	20,836
Deferred tax	**(3,293)**	(2,291)
Income tax expenses	**13,818**	18,545

One of the Group's subsidiaries obtained the certificate of High and New Technology Enterprises in 2015 and was approved by tax authorities to enjoy the preferential tax rate of 15%. Another subsidiary of the Group was deemed as small and micro business and was entitled to enjoy the reduced tax rate of 4%. Except for the aforementioned subsidiaries, the income tax of the Company and its subsidiaries incorporated in the PRC are subject to the statutory rate of 25% of the assessable profits as determined in accordance with the relevant income tax rules and regulations of the PRC. New Zealand Income tax is calculated at 28% of the assessable profits of the subsidiary operating in New Zealand. Australia Income tax is calculated at 30% of the assessable profits of the subsidiary operating in Australia. The subsidiary in Australia has suffered operating loss and no income tax provision was made in both current and comparing period.

7. DIVIDEND

Dividend declared by the Company for the six months ended 30 June 2016 and 2015 as disclosed in the condensed consolidated statement of changes in equity were as follows:

	2016	2015
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Dividend approved during the period	**129,007**	99,994

Pursuant to the annual general meeting on 6 June 2016, the Company's shareholders approved the distribution of a final dividend of RMB6.75 cents (2015: RMB6.05 cents) per share, amounting to RMB60,809,857 (2015: RMB50,709,225) and a special dividend of RMB7.57 cents (2015: RMB5.88 cents) per share, amounting to RMB68,197,128 (2015: RMB49,284,337), which has not been paid at the end of the reporting period.

8. EARNINGS PER SHARE

The basic earnings per share for the six months ended 30 June 2016 and 2015 are calculated based on the profit for the period of attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 848,621,962 (2015: 838,169,000) in issue during the year, as adjusted to reflect the new shares issued during the year.

	2016	2015
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings		
Earnings for the purpose of basic earnings per share calculation	**40,335**	48,392

	30 June 2016	30 June 2015
Number of shares	**(unaudited)**	(unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share calculation	**848,621,962**	838,169,000

9. PROPERTY, PLANT AND EQUIPMENT

No impairment losses were recognised in respect of property, plant and equipment for both periods. During the Period, additions to property, plant and equipment amounted to RMB11,161,469 (First half of 2015: RMB4,020,945) excluding property, plant and equipment acquired through a business combination (see Note 3).

10. TRADE RECEIVABLES

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables	**34,573**	26,714
Impairment	**(411)**	(284)
	34,162	26,430

The ageing analysis of trade receivables (net of impairment losses) as of the end of each reporting period, based on the invoice date and net of provisions, is as follows:

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 1 month	**26,234**	24,500
Over 1 month but within 3 months	**6,081**	1,547
Over 3 months but within 1 year	**1,735**	380
Over 1 year	**112**	3
	34,162	26,430

In general, the entities in the Group other than GHP and LN has no credit period granted to the customers, invoices would be due once they have been issued. The credit period offered by GHP to its customers is generally 30 to 60 days. The credit period offered by LN to its customers is generally 30 to 90 days. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

11. TRADE PAYABLES

The ageing analysis of trade payables as of the end of each reporting period is as follows:

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 1 month	**20,100**	9,726
Over 1 month but within 3 months	**1,372**	1,158
Over 3 months but within 1 year	**2,387**	1,596
Over 1 year	**20**	94
	23,879	12,574

The trade payables are non-interest-bearing and are normally settled on 120-day terms.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In the first half of 2016, the Company has completed the acquisitions of Hejian and LN, and now is in the process of integrating its resources and consolidating its business, hence the sales year plan was prolonged. The Group's turnover increased from RMB149.0 million in the first half of 2015 to RMB186.8 million for the six months ended 30 June 2016, representing a growth of 25.4%. By considering the long-term growth of the Group, extra costs were involved in the integration strategies of "Zhongsheng" and "Hejian" brands in the first half of 2016. In addition, the increase in promotional activities for the Good Health brand in the first half of 2016 led to an increase in the relevant expenses. These strategies adversely affected the short-term financial results of the Group. As a result, the Group's net profit decreased from RMB48.4 million in the first half of 2015 to RMB40.3 million for the six months ended 30 June 2016, representing a decrease of 16.7%.

In recent years, the continuous growth of nutritional supplements industry in China was principally driven by the rising disposable income of consumers in China, the increasing average age of the population in China, growing population under sub-health condition in China and the rising awareness of the health benefits of nutritional supplements. The strategies of "Healthy China 2020" have been launched and the relevant administrative policies continue to be standardised and ascertained. Hence, the idea of "Healthy China 2020" has driven the relevant industries into a fast-growing stage. By leveraging on the branding-focused directly-owned specialty store business model with broad and diversified product mix, the Group believes that it is well-positioned to capture attractive market opportunities and deliver strong growth in terms of turnover, profit and expand customer base.

The Group has achieved strong brand recognition in the target markets with diversified product mix. The Group's product mix has different distribution channels, which includes (i) specialty stores and district selling centres under the Zhongsheng brand; (ii) premium retail stores under the Cobayer brand; (iii) service hotlines selling platform under the Hejian brand; (iv) distributors and pharmacies under the Good Health brand; and (v) distributors and cross-border online selling platform under the Living Nature brand. As at 30 June 2016, the Group offered 634 retained and new products in total, including 53 Zhongsheng series products, 117 Hejian series products, 40 Cobayer series products, 280 Good Health series products; 133 Living Nature series products; and 11 other products. Furthermore, the Group has launched 17 new products during the first half of 2016, including 1 Zhongsheng series product, 4 Hejian series products, 1 Cobayer series product, 6 Good Health series products and 5 Living Nature series products.

To achieve fast-growing product development, the Group has adopted a market-oriented research and product development process to meet evolving customer demands and needs. The Group continues to cooperate with sizable research institutions on research and development in relation to new product developments, such as Jianghongjian TM Pressed Candy, Hejian Cirsium Setosum Glycyrrhiza & Corn Peptide Tablet and Good Health Viralex Soothe Epicor Throat Lozenge. The Group has developed into an entity that integrates scientific research, production and sales, with a three-dimensional, comprehensive, online and offline, as well as domestic and overseas business.

The Group continued to participate in a variety of marketing and promotional activities in the first half of 2016 to increase customer awareness of the products, including (i) seasonal promotions and discounts on major public holidays in China; (ii) participation in trade fairs such as China International Health Services Expo 2016 (2016年中國國際健康服務業博覽會) and the Eighth World Health — Maintenance Conference 2016 (第八屆世界養生大會暨 2016 中國健康養生產業展覽會); (iii) acting as sponsor for sports competition such as Australian Badminton Open; (iv) acting as sponsor for the Voice of China and Miss Chinese Cosmos Pageant held in Australia; and (v) media, print and internet advertising.

The Group has a fast-growing retail network and diversified sales platform to serve a broad customer base. The Group has a diversified sales platform with a wide geographic coverage of 27 cities in 13 provinces and centrally administered municipalities in the PRC as of 30 June 2016. The Group's diversified sales platform in the PRC primarily consists of retail stores under the Zhongsheng brand, in the form of 12 specialty stores and 29 district selling centres, 28 retail stores under the Cobayer brand as well as 400 service hotlines under the Hejian brand. Our Zhongsheng retail stores are mainly located in central business districts, well-established residential areas or local transportation centres. Our Cobayer retail stores are mainly located in large and premium shopping malls. Our Group has an online Hejian store at http://www.hejian.com, an online Cobayer store at http://conbair.tmall.com and a Weixin platform. In addition, the Group continues to operate online selling platforms such as Alibaba, Tmall International, Jingdong platform, Suning platform and other joint platforms with large enterprises during the first half of 2016.

Acquisition of subsidiaries

(a) LN

With reference to the voluntary announcement of the Company dated 14 June 2016, the Company has acquired all the issued shares of LN which is a company incorporated in New Zealand. Since 31 May 2016, LN has become a wholly-owned subsidiary of the Company.

LN has been established in New Zealand for 29 years, and is principally engaged in the manufacturing of cosmetics and skincare products in New Zealand and its products are being distributed to countries around the world such as Japan, Canada and certain countries in Europe. Its products are mainly manufactured with natural botanical raw materials with the certification of natural cosmetics by BDIH (Bundesverband Deutscher Industrie-und Handelsunternehmen (Federal Association of German Industry and Trade)), and cover an extensive range including facial and body cleansing products, moisturisers, hair care products and makeup products.

(b) *Hejian*

Reference is made to (i) the announcement of the Company dated 26 November 2015, 17 December 2015 and 22 January 2016; and (ii) the circular of the Company dated 29 February 2016 in relation to, among others, the acquisition of Hejian, a company established in PRC. An extraordinary general meeting (the "**1st EGM**"), a class meeting for the holders of H shares and a class meeting for holders of domestic shares of the Company were held on 15 April 2016. All the proposed resolutions set out in the notices of the 1st EGM and the abovementioned class meetings, all dated 29 February 2016, were duly passed by way of poll. Since 31 May 2016, Hejian has become a wholly-owned subsidiary of the Company.

Hejian was established in Shanghai, the PRC. Hejian is mainly engaged in the sale of dietary supplements through online platform, and its products are sold through its website and third party e-commerce online platforms to the customers.

(c) *Shanghai Weiyi*

Reference is made to (i) the announcement of the Company dated 6 April 2016 and 27 April 2016; and (ii) the circular of the Company dated 3 May 2016 in relation to the acquisition of 40% of the equity interest in Shanghai Weiyi, a limited liability company established in the PRC which was a 60% owned subsidiary of the Group and the sole owner of GHP. An extraordinary general meeting (the "**2nd EGM**"), a class meeting for the holders of H shares and a class meeting for holders of domestic shares of the Company were held on 21 July 2016. All the proposed resolutions set out in the notices of the 2nd EGM and the abovementioned class meetings, all dated 3 May 2016, were duly passed by way of poll.

FINANCIAL REVIEW

Results

The turnover of the Group in the first half of 2016 was RMB186.8 million, representing an increase of approximately 25.4% from RMB149.0 million over the same period in 2015. Profit for the first half of the year decreased by approximately 16.7% to RMB40.3 million in 2016 from RMB48.4 million in 2015. The Company's basic earnings per share was RMB5 cents (First half of 2015: RMB6 cents) based on the weighted average number of approximately 848.6 million (First half of 2015: 838.2 million) shares in issue during the first half of 2016.

Revenue

The turnover of the Group increased by approximately 25.4% from RMB149.0 million in the first half of 2015 to RMB186.8 million for the six months ended 30 June 2016. Revenue generated from the PRC decreased by approximately 7.6% from RMB133.5 million in the first half of 2015 to RMB123.3 million for the six months ended 30 June 2016, primarily because the branding integrations of the Zhongsheng series products and Hejian series products were in progress during the six months ended 30 June 2016. Revenue generated from New Zealand increased by approximately 282.4% from RMB14.2 million in the first half of 2015 to RMB54.3 million for the six months ended 30 June 2016, which was primarily due to the increased sales of Good Health series products.

Gross profit

The Group's gross profit increased from RMB126.3 million in the first half of 2015 to RMB131.2 million for the six months ended 30 June 2016. The Group's average gross profit margin decreased from 84.7% in the first half of 2015 to 70.2% for the six months ended 30 June 2016. Such decrease in gross profit margin was mainly due to the increased portion of the Group's total revenue generated from GHP and the majority of the sales of GHP through different distribution channels such as pharmacies and supermarkets in various geographical locations generated a relatively low profit margin.

Other income and gains

The Group's other income and gains decreased from RMB7.1 million in the first half of 2015 to RMB6.8 million in the first half of 2016, which was mainly due to (i) decrease in interest income from the bank deposits and financial products purchased from banks; and (ii) increase in government grants and other gains.

Selling and distribution expenses

The Group's selling and distribution expenses increased by approximately 18.8% from RMB42.5 million in the first half of 2015 to RMB50.5 million for the six months ended 30 June 2016, representing approximately 28.5% and 27.0% of the Group's turnover respectively. Such increase was primarily due to (i) increase in staff costs from RMB23.2 million for the first half of 2015 to RMB26.3 million for the first half of 2016; (ii) increase in advertising and promotional expenses from RMB7.3 million for the first half of 2015 to RMB9.6 million for the first half of 2016; and (iii) increase in transportation expenses from RMB0.8 million for the first half of 2015 to RMB2.1 million for the first half of 2016.

Administrative expenses

The Group's administrative expenses increased by approximately 39.7% from RMB23.4 million for the first half of 2015 to RMB32.7 million for the six months ended 30 June 2016, representing approximately 15.7% and 17.5% of the Group's turnover respectively. Such increase was primarily due to the increase in staff costs from RMB9.3 million to RMB16.3 million and the increase in general and administrative expenses from RMB4.6 million to RMB8.0 million, and the effect is partially offset by the decrease in travelling expenses.

Income tax expenses

Income tax expenses decreased by approximately 25.4% from RMB18.5 million in the first half of 2015 to RMB13.8 million for the six months ended 30 June 2016, which was in line with the decrease in profit before tax for the period. The Group's effective tax rates for the six months ended 30 June 2015 and 2016 were approximately 27.7% and 25.5% respectively.

Profit for the period

As a result of the foregoing, the Group's profit for the period decreased from RMB48.4 million in the first half of 2015 to RMB40.3 million in the first half of 2016. The decrease was due to the increase in promotional activities for the Good Health brand in the first half of 2016. By considering the long-term growth of the Group, the branding integrations of "Zhongsheng" and "Hejian" brands were in progress in the first half of 2016, which adversely affected the short-term financial results of the Group. Furthermore, the effects on the profit due to reversal, depreciation and amortization in the period of inventories, fixed assets and intangible assets whose fair values were higher than their carrying amounts due to the merger as well as the intermediary costs incurred in connection with the merger in the period on amounted to RMB5.0 million.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow

For the first half of 2016, cash and cash equivalents of the Group decreased by RMB29.1 million, which comprised the net cash outflow in operating activities with the amount of RMB12.2 million, net cash outflow in investment activities with the amount of RMB14.3 million, net cash outflow in financing activities with the amount of RMB2.6 million.

Inventories

The Group's inventories increased to RMB98.0 million as at 30 June 2016 (As at 31 December 2015: RMB70.0 million), which was primarily due to the increase in inventory level of overseas products in order to meet the online and offline product demands in PRC market for the second half of 2016, as well as the additional inventories acquired from the acquisition of Hejian. The Group's inventories comprise raw materials, work in progress, finished goods and merchandise. During the first half of 2016, inventory turnover was approximately 544 days (First half of 2015: 202 days). The longer inventory turnover period during the six months ended 30 June 2016 was primarily the result of increase in inventory level of nutritional supplements of Good Health series products and raw materials and from the acquisition of Hejian.

Trade receivables

The Group's trade receivables amounted to RMB34.2 million as at 30 June 2016 (As at December 2015: RMB26.4 million). During the first half of 2016, the Good Health series products were mainly sold through distributors and the distributors were generally granted with credit terms of 30 to 60 days. In addition, the sales of Zhongsheng series products through distributors were increased. Turnover days for trade receivables increased to 58 days (First half of 2015: 18 days).

Trade payables

The Group's trade payables amounted to RMB23.9 million as at 30 June 2016 (As at 31 December 2015: RMB12.6 million). Turnover days for trade payables increased to 118 days (First half of 2015: 34 days), which was primarily due to the increased inventory level of the Group to meet the market demand for the second half of 2016, which led to the increased procurement of raw materials from the suppliers.

Foreign exchange exposure

As the Group conducts PRC business transactions principally in Renminbi while the Group conducts overseas business transactions principally in Australian Dollar and New Zealand Dollar, the management of the Group considered the exchange rate risk at the Group's operational level is not significant. Accordingly, the Group had not used any financial instruments for hedging purposes as at 30 June 2016. During the first half of 2016, the Group recorded an exchange loss of approximately RMB0.7 million (First half of 2015: RMB0.4 million) which was primarily due to the conversion from Hong Kong Dollar to Renminbi.

Borrowings and pledge of assets

The Group had no outstanding bank borrowings and pledge of assets as of 30 June 2015 and 2016.

Capital expenditure

The Group invested approximately RMB10.1 million in the first half of 2016 (First half of 2015: RMB4.0 million) for purchase of property, plant and equipment.

Capital commitments and contingent liabilities

As at 30 June 2016, the Group's capital commitments were approximately RMB42.3 million (As at 31 December 2015: RMB44.9 million), all of which were commitments for acquisitions of land and buildings. The Group had no material contingent liabilities as at 30 June 2016 (As at 31 December 2015: nil).

OUTLOOK

For the second half of 2016, the Group will continue to adopt a branding-focused directly-owned specialty store and online platform business model and integrate with the newly acquired business to attract majority of existing consumers and potential consumers, and provide customers with health solutions, in order to distinguish itself from the competitors in the nutritional supplements market.

The Group will continue to seize every opportunity to be the leading nutritional supplements provider in the market. From the beginning of the year to the date of this announcement, 1 new Zhongsheng series product, 6 new Good Health series products and 4 new Hejian series products have been launched to the markets, such as Jianghongjian TM Pressed Candy, Hejian Cirsium Setosum Glycyrrhiza & Corn Peptide Tablet and Good Health New Zealand Colostum Milk Powder.

The Group will continue to participate in sizeable elderly health care exhibitions as well as well-known nutritional supplement products and health food exhibitions to be held in various PRC cities such as Guangzhou, Wuhan, Nanjing, Chengdu and Beijing in the second half of 2016 in order to enhance consumer awareness of the Group's nutritional supplement products.

The Board and the Chairman have confidence in the future development of the Group. Having a positive and pragmatic attitude towards the business development by the expansion of sales network, the Group endeavours to strengthen national sales coverage, unswervingly implement the strategy to attract outstanding talents, expand professional management team and marketing team, build professional business management ideas and models. Barring unforeseen circumstances, the Group is optimistic about its performance in the second half of 2016.

HUMAN RESOURCES MANAGEMENT

Quality and dedicated staff are indispensable assets to the Group's success in the competitive market. By providing comprehensive training and corporate culture education periodically, the employees are able to obtain on-going training and development in the nutritional supplements industry. Furthermore, the Group offers competitive remuneration packages commensurate with industry practice and provides various fringe benefits to all employees. The Group reviews its human resources and remuneration policies periodically to ensure that they are in line with market practice and regulatory requirements. As at 30 June 2016, the Group employed a work force of 967, including 579 employees of the Group, 81 employees of GHP, 277 employees of Hejian and 30 employees of LN. The total salaries and related costs for the six months ended 30 June 2016 amounted to approximately RMB43.4 million (First half of 2015: RMB32.5 million).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the six months ended 30 June 2016, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules on the Stock Exchange as the code of conduct for Directors in their dealings in the Company's securities.

The Company has made specific enquiry with the Directors and all the Directors confirmed that they have complied with the Model Code throughout the six months ended 30 June 2016 and up to the date of this announcement.

CODE OF CORPORATE GOVERNANCE PRACTICE

In the opinion of the Directors, the Company has complied with the Corporate Governance Code ("**CG Code**") as set out in Appendix 14 to the Listing Rules for the six months ended 30 June 2016 and up to the date of this announcement.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2016 (First half of 2015: nil).

REVIEW OF THE INTERIM RESULTS

The unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2016 has been reviewed by the audit committee of the Company (the "**Audit Committee**"). The Audit Committee has been established in compliance with Rule 3.21 and Rule 3.22 of the Listing Rules and with written terms of reference in compliance with the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Mr. Jiang Fuxin, Ms. Feng Qing and Mr. Vincent Cheng. Mr. Vincent Cheng serves as the chairman of the Audit Committee. The primary responsibilities of the Audit Committee are to review and monitor the financial reporting, internal control and risk management systems of the Company and to assist the Board to fulfill its responsibilities over audit.

PUBLICATION OF INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.zs-united.com. The interim report of the Group for the six months ended 30 June 2016 containing all the relevant information required by the Listing Rules will be despatched to the shareholders of the Company and published on the aforesaid websites in due course.

By Order of the Board
Nanjing Sinolife United Company Limited*
Gui Pinghu
Chairman

Nanjing, the People's Republic of China, 29 August 2016

As of the date of this announcement, the executive Directors are Mr. Gui Pinghu, Ms. Zhang Yuan, Ms. Xu Li and Ms. Zhu Feifei; the non-executive Director is Mr. Xu Chuntao; and the independent non-executive Directors are Mr. Jiang Fuxin, Ms. Feng Qing and Mr. Vincent Cheng.

* *For identification purposes only*