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)

FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 17.4% to RMB466.2 million (2015: RMB397.1 million).
- Gross profit increased by approximately 2.1% to RMB326.7 million (2015: RMB319.9 million).
- Profit for the year decreased by 34.8% to RMB90.6 million (2015: RMB139.0 million).
- Basic earnings per share decreased by 37.5% to RMB10 cents (2015: RMB16 cents).
- The Board has recommended the payment of final dividend of RMB6.00 cents (2015: RMB6.75 cents) per share, totalling RMB56,777,902 (2015: RMB56,547,600) for the year ended 31 December 2016 and a special dividend of RMB4.57 cents (2015: RMB7.57 cents) per share, totalling RMB43,222,098 (2015: RMB63,452,400), subject to the approval of the shareholders of the Company at the forthcoming annual general meeting.

FINAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Nanjing Sinolife United Company Limited (the "**Company**") is pleased to announce its audited consolidated final results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2016 (the "**Year**") together with the comparative figures for the year ended 31 December 2015 which are as follows:

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December

	Notes	2016 RMB'000	2015 RMB'000
Revenue	4	**466,241**	397,064
Cost of sales		**(139,549)**	(77,138)
Gross profit		**326,692**	319,926
Other income and gain	4	**13,407**	15,008
Selling and distribution expenses		**(131,905)**	(90,054)
Administrative expenses		**(85,385)**	(59,488)
Other expenses		**(3,719)**	(1,212)
Share of profit of a joint venture		**426**	327
Profit before tax		**119,516**	184,507
Income tax expense	6	**(28,870)**	(45,557)
Profit for the year		**90,646**	138,950
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods, after tax			
Exchange differences on translation of foreign operations		**8,496**	804
Total comprehensive income for the year		**99,142**	139,754
Profit attributable to:			
Owners of the parent		**87,232**	136,233
Non-controlling interests		**3,414**	2,717
Profit for the year		**90,646**	138,950
Total comprehensive income attributable to:			
Owners of the parent		**92,750**	136,558
Non-controlling interests		**6,392**	3,196
		99,142	139,754
		RMB	*RMB*
Earnings per share attributable to ordinary equity holders of the parent:			
— Basic and diluted	8	**10 cents**	16 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	Notes	2016 RMB'000	2015 RMB'000
Non-current assets			
Property, plant and equipment	9	**70,695**	37,149
Prepaid land lease payments		**10,710**	10,957
Goodwill	10	**153,387**	54,096
Other intangible assets		**77,575**	19,350
Investment in a joint venture		**6,304**	8,069
Deferred tax assets		**13,085**	5,839
Pledged deposit		**1,216**	1,146
Other non-current assets		**7,297**	2,671
		340,269	139,277
Current assets			
Inventories		**75,177**	69,990
Trade receivables	11	**39,674**	26,430
Prepaid land lease payments		**247**	247
Prepayments, deposits and other receivables		**9,996**	11,413
Other current assets		**–**	76
Pledged deposits		**367**	–
Cash and cash equivalents		**517,934**	532,326
		643,395	640,482
Total assets		**983,664**	779,759
Current liabilities			
Trade payables	12	**15,538**	12,574
Other payables and accruals		**51,346**	25,874
Tax payables		**18,020**	20,908
		84,904	59,356
Net current assets		**558,491**	581,126
Total assets less current liabilities		**898,760**	720,403

	Notes	**2016**	2015
		RMB'000	*RMB'000*
Non-current liabilities			
Deferred tax liabilities		**17,244**	4,059
Provision		**707**	631
		17,951	4,690
Net assets		**880,809**	715,713
Equity			
Equity attributable to owners of the parent			
Share capital		**94,630**	83,817
Reserves		**728,594**	580,703
Non-controlling interests		**57,585**	51,193
Total equity		**880,809**	715,713

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. CORPORATE INFORMATION

The Company is a joint stock limited liability company established in The People's Republic of China (the "**PRC**"). The address of its registered office is 30/F, Deji Building, 188 Chang Jiang Road, Xuanwu District, Nanjing, Jiangsu Province, PRC.

The Group is principally engaged in the manufacturing and sale of nutritional supplements and health food products in the PRC, Australia and New Zealand.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2016. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements;

(c) the Group's voting rights and potential voting rights; and

(d) the financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (Continued)

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest, and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained, and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012–2014 Cycle	*Amendments to a number of HKFRSs*

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[2]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[2]
HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*[2]
HKFRS 16	*Leases*[3]
Amendments to HKAS 7	*Disclosure Initiative*[1]
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[1]

[1] Effective for annual periods beginning on or after 1 January 2017
[2] Effective for annual periods beginning on or after 1 January 2018
[3] Effective for annual periods beginning on or after 1 January 2019
[4] No mandatory effective date yet determined but available for adoption

3. OPERATING 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. The Group principally operates in one business segment, which is the manufacturing and sale of nutritional supplements and the sale of packaged health food products in the PRC, Australia and New Zealand.

(b) Geographical information

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

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

	2016	2015
	RMB'000	*RMB'000*
Mainland China	**322,656**	319,957
New Zealand	**127,330**	68,384
Australia	**3,405**	1,465
Vietnam	**2,974**	1,863
Others	**9,876**	5,395
	466,241	397,064

(c) Non-current assets

	2016	2015
	RMB'000	*RMB'000*
Mainland China	**128,431**	39,629
New Zealand	**29,191**	26,992
Australia	**1,358**	835
	158,980	67,456

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

(d) Information about major customers

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

4. REVENUE, OTHER INCOME AND GAIN

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 gain is as follows:

	2016	2015
	RMB'000	*RMB'000*
Revenue		
Sale of goods	**464,085**	396,274
Rendering of services	**2,156**	790
	466,241	397,064
Other income		
Bank interest income	**8,266**	10,304
Government grants*	**4,820**	2,046
Short term investment income	**79**	2,649
Net exchange gain	**98**	–
Others	**144**	–
	13,407	14,999
Gain		
Gain on disposal of a subsidiary	**–**	9
	13,407	15,008

* Various government grants have been received for the Group's contribution to the development of local economy. There are no unfulfilled conditions or contingencies relating to these grants.

5. PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

	2016 *RMB'000*	2015 *RMB'000*
Cost of inventories sold	**134,613**	71,694
Amortisation of prepaid land lease payments	**247**	247
Amortisation of intangible assets	**2,962**	1,129
Auditor's remuneration	**2,174**	2,441
Depreciation of property, plant and equipment	**8,444**	5,474
Operating lease payments on properties and retail shops	**19,211**	16,879
Research and development expenses	**2,232**	2,520
Employment benefits expense (excluding Directors', supervisors' and chief executive's remuneration):		
Wages and salaries	**90,249**	59,129
Pension scheme contributions	**6,578**	11,551
Other benefits	**7,683**	2,775
Foreign exchange differences, net	**(98)**	308
Impairment of an investment in a joint venture	**2,143**	–
Impairment of trade receivables	**297**	284
Write-down of inventories to net realisable value	**297**	182
Bank interest income	**(8,266)**	(10,304)
Government grants	**(4,820)**	(2,046)

6. INCOME TAX

(a) The amount of income tax expense in the consolidated statement of profit or loss and other comprehensive income represent:

	2016 *RMB'000*	2015 *RMB'000*
Current tax		
— PRC	**27,150**	45,600
— New Zealand	**6,520**	3,925
	33,670	49,525
Deferred tax	**(4,800)**	(3,968)
Income tax expense	**28,870**	45,557

One of the Group's subsidiaries obtained the certificate of High and New Technology Enterprise in 2015 and was approved by tax authorities to enjoy the preferential tax rate of 15%, and another subsidiary of the Group was deemed as small and micro business and was entitled to enjoy the reduced tax rate of 4%. The other subsidiary of the Group is in the software technology business with tax exemption for the profit for the first two years and a 50% preferential tax rate for the profit for the subsequent three years, so the tax rate for the year ended 31 December 2016 was 12.5%. Except for the aforementioned subsidiaries, the income tax of the Company and its subsidiaries established 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.

6. **INCOME TAX (CONTINUED)**

(b) A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates to the effective tax rates, are as follows:

2016

	Mainland China		**New Zealand**		**Australia**		**Total**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Profit/(loss) before tax	**113,630**		**11,982**		**(6,096)**		**119,516**	
Tax at the statutory tax rate	**28,408**	**25.0**	**3,355**	**28.0**	**(1,829)**	**30.0**	**29,934**	**25.0**
Lower tax rates enacted by local authority	**(2,088)**	**(1.8)**	**–**	**–**	**–**	**–**	**(2,088)**	**(1.8)**
Additional deductible allowance for research and development expenses	**(117)**	**(0.1)**	**–**	**–**	**–**	**–**	**(117)**	**(0.1)**
Expenses not deductible for tax	**997**	**0.9**	**–**	**–**	**–**	**–**	**997**	**0.9**
Tax losses not recognised	**688**	**0.6**	**–**	**–**	**–**	**–**	**688**	**0.6**
Tax losses utilised from previous period	**(283)**	**(0.3)**	**–**	**–**	**–**	**–**	**(283)**	**(0.3)**
Others	**(201)**	**(0.2)**	**(51)**	**(0.4)**	**(9)**	**–**	**(261)**	**(0.2)**
Tax charge/(credit) at the Group's effective rate	**27,404**	**24.1**	**3,304**	**27.6**	**(1,838)**	**30.0**	**28,870**	**24.2**

2015

	Mainland China		New Zealand		Australia		Total	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Profit/(loss) before tax	175,787		9,254		(534)		184,507	
Tax at the statutory tax rate	43,947	25.0	2,591	28.0	(160)	30.0	46,378	25.1
Lower tax rates enacted by local authority	(1,517)	(0.8)	–	–	–	–	(1,517)	(0.8)
Additional deductible allowance for research and development expenses	(183)	(0.1)	–	–	–	–	(183)	(0.1)
Expenses not deductible for tax	229	0.1	68	0.7	–	–	297	0.2
Tax losses not recognised	940	0.5	–	–	–	–	940	0.5
Others	(161)	(0.1)	(197)	(2.1)	–	–	(358)	(0.2)
Tax charge/(credit) at the Group's effective rate	43,255	24.6	2,462	26.6	(160)	30.0	45,557	24.7

7. DIVIDENDS

	2016	2015
	RMB'000	*RMB'000*
Dividend approved and paid	**129,007**	99,994

Pursuant to the annual general meeting on 6 June 2016, the Company declared a dividend of RMB6.75 cents (2015: RMB6.05 cents) per share, totalling RMB60,809,857 (2015: RMB50,722,200) and a special dividend of RMB7.57 cents (2015: RMB5.88 cents) per share, totalling RMB68,197,128 (2015: RMB49,271,800), which was paid in July 2016.

The Directors proposed a final dividend of RMB6.00 cents (2015: RMB6.75 cents) per share, totalling RMB56,777,902 (2015: RMB56,547,600) for the year ended 31 December 2016 and a special dividend of RMB4.57 cents (2015: RMB7.57 cents) per share, totalling RMB43,222,098 (2015: RMB63,452,400) after the end of the reporting period, subject to the approval of the shareholders of the Company at the forthcoming annual general meeting. The final dividend has not been recognised as liabilities at the end of the reporting period.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 875,738,080 (2015: 838,169,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2016 and 2015.

The calculations of basic earnings per share are based on:

	2016	2015
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	**87,232**	136,233
	2016	2015
Shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share calculation	**875,738,080**	838,169,000

9. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Leasehold improvements *RMB'000*	Plant and machinery *RMB'000*	Furniture and fixtures *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
31 December 2016							
At 1 January 2016:							
Cost	24,564	5,018	9,837	8,489	6,451	10,457	64,816
Accumulated depreciation	(9,434)	(3,251)	(5,637)	(5,232)	(4,113)	–	(27,667)
Net carrying amount	15,130	1,767	4,200	3,257	2,338	10,457	37,149
At 1 January 2016, Net of accumulated depreciation	15,130	1,767	4,200	3,257	2,338	10,457	37,149
Additions	–	1,264	2,034	2,901	3,567	23,328	33,094
Acquisition of subsidiaries	–	506	1,320	5,697	1,141	–	8,664
Depreciation provided during the year	(1,212)	(1,718)	(2,273)	(2,028)	(1,213)	–	(8,444)
Transfers	–	–	1,842	–	–	(1,842)	–
Disposals	(279)	–	–	(306)	(18)	–	(603)
Exchange realignment	–	94	530	136	75	–	835
At 31 December 2016, Net of accumulated depreciation	13,639	1,913	7,653	9,657	5,890	31,943	70,695
At 31 December 2016							
Cost	24,564	3,918	14,737	15,080	10,182	31,943	100,424
Accumulated depreciation	(10,925)	(2,005)	(7,084)	(5,423)	(4,292)	–	(29,729)
Net carrying amount	13,639	1,913	7,653	9,657	5,890	31,943	70,695

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings *RMB'000*	Leasehold improvements *RMB'000*	Plant and machinery *RMB'000*	Furniture and fixtures *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
31 December 2015							
At 1 January 2015:							
Cost	25,513	3,884	4,653	3,593	4,218	218	42,079
Accumulated depreciation	(8,767)	(1,810)	(4,381)	(2,057)	(3,327)	–	(20,342)
Net carrying amount	16,746	2,074	272	1,536	891	218	21,737
At 1 January 2015, Net of accumulated depreciation	16,746	2,074	272	1,536	891	218	21,737
Additions	–	1,135	1,529	2,287	2,112	10,239	17,302
Acquisition of a subsidiary	–	1	3,656	338	3	–	3,998
Depreciation provided during the year	(1,179)	(1,472)	(1,259)	(869)	(695)	–	(5,474)
Disposals	(437)	–	–	(54)	–	–	(491)
Exchange realignment	–	29	2	19	27	–	77
At 31 December 2015, Net of accumulated depreciation	15,130	1,767	4,200	3,257	2,338	10,457	37,149
At 31 December 2015:							
Cost	24,564	5,018	9,837	8,489	6,451	10,457	64,816
Accumulated depreciation	(9,434)	(3,251)	(5,637)	(5,232)	(4,113)	–	(27,667)
Net carrying amount	15,130	1,767	4,200	3,257	2,338	10,457	37,149

10. GOODWILL

	2016 *RMB'000*	2015 *RMB'000*
Cost at 1 January	**54,096**	–
Acquisition of subsidiaries	**97,980**	53,889
Exchange realignment	**1,311**	207
Cost and net carrying amount at 31 December	**153,387**	54,096

On 2 June 2016, the Group acquired 100% equity interest in Shanghai Hejian Nutritional Food Products Company Limited ("**Hejian**"). Hejian is a limited liability company incorporated in China that is principally engaged in the retailing of nutritional supplements. The purchase consideration for the acquisition was in the form of shares valued at RMB130,000,000. This business combination gave rise to goodwill of RMB87,222,541.

On 31 May 2016, the Group acquired 100% interest in Living Nature Natural Products Limited ("**Living Nature**"). Living Nature is a limited liability company incorporated in New Zealand that specialises in the manufacture of cosmetics and skincare products. The purchase consideration for the acquisition was in the form of cash of RMB19,550,462. This business combination gave rise to goodwill of RMB10,756,797.

10. GOODWILL (CONTINUED)

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash generating units (the "**CGUs**") for impairment testing:

- Good Health Products Limited ("**GHP**") products CGU;
- Hejian products CGU; and
- Living Nature products CGU.

The carrying amounts of goodwill allocated to each of the CGUs are as follows:

	2016	2015
	RMB'000	*RMB'000*
GHP products	**55,272**	54,096
Hejian products	**87,223**	–
Living Nature products	**10,892**	–
	153,387	54,096

The recoverable amount of each CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. Cash flows beyond the forecast period are extrapolated using the estimated growth rates stated below.

For each of the CGUs with a significant amount of goodwill, the key assumptions, long term growth rates and discount rates used in the value-in-use calculation for 31 December 2016 and 31 December 2015 are as follows:

	GHP products		**Hejian products**		**Living Nature products**	
	2016	2015	**2016**	2015	**2016**	2015
Sales annual growth rate (%)	**2.4%–3.4%**	2.4%–3.4%	**5%–12%**	–	**5%–20%**	–
Gross margin (% of revenue)	**48%**	46%	**67.7%**	–	**67%**	–
Long term growth rate	**2%**	2%	**3%**	–	**2%**	–
Pre-tax discount rate	**19.9%**	20.2%	**22.5%**	–	**21.2%**	–

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rates

The discount rates used are before tax and reflect specific risks relating to the relevant units.

The values assigned to the key assumptions on market development of the CGUs and discount rates are consistent with external information sources.

11. TRADE RECEIVABLES

	2016	2015
	RMB'000	*RMB'000*
Trade receivables	**40,255**	26,714
Impairment	**(581)**	(284)
	39,674	26,430

In general, the entities of the Group has no credit period granted to the retail customers and invoices would be due once they have been issued. The credit period offered by the Group to its distributors 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.

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 provision, is as follows:

	2016	2015
	RMB'000	*RMB'000*
Within 1 month	**26,840**	24,500
Over 1 month but within 3 months	**11,154**	1,547
Over 3 months but within 1 year	**1,376**	380
Over 1 year	**304**	3
	39,674	26,430

The movements in provision for impairment of trade receivables are as follows:

	2016	2015
	RMB'000	*RMB'000*
At beginning of the year	**284**	–
Impairment losses recognised	**297**	284
	581	284

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB581,000 (2015: RMB284,000) with a carrying amount before provision of RMB581,000 (2015: RMB284,000).

11. TRADE RECEIVABLES (CONTINUED)

The ageing analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2016	2015
	RMB'000	*RMB'000*
Neither past due nor impaired	**32,836**	17,679
Less than 1 month past due	**3,657**	6,821
1–3 months past due	**2,352**	1,547
Over 3 months past due	**829**	383
	39,674	26,430

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

12. TRADE PAYABLES

The ageing analysis of trade payables as of the end of each reporting period, based on the invoice date is as follows:

	2016	2015
	RMB'000	*RMB'000*
Within 1 month	**11,645**	9,726
Over 1 month but within 3 months	**2,577**	1,158
Over 3 months but within 1 year	**1,078**	1,596
Over 1 year	**238**	94
	15,538	12,574

The trade payables are non-interest-bearing and are normally settled on 40-day terms.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

With a view to the Group's future long-term development, during the Year, the Group has performed re-engineering on the new businesses acquired in 2015 and 2016. This resulted in certain pressure on the Group's performance and profit. Therefore, although the Group's revenue increased from RMB397.1 million in 2015 to RMB466.2 million in 2016, representing an increase of 17.4%, the profit for the Year decreased from RMB139.0 million in 2015 to RMB90.6 million in 2016, representing a decrease of 34.8%.

During the Year, the Group has achieved brand building in the target markets through diversified product mix, multiple brands strategies and extensive distribution channels. The Group has achieved brand building and promotion both through the Group's retail stores under its Zhongsheng and Cobayer brands and Hejian's online selling centre in the PRC, as well as through the distributors and pharmacies for Good Health brand and Living Nature brand in overseas. As of 31 December 2016, the Group offered 703 products, which consists of 92 Zhongsheng series products, 56 Cobayer series products, 342 Good Health series products, 86 Hejian series products and 127 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. In 2016, the Group's expenditure on research and development activities were mainly spent on cooperation with sizable research and development organisations and tertiary education institutions for new product developments. Furthermore, the Group has launched 56 new products, including 2 Zhongsheng series products, 12 Cobayers series products, 5 Hejian series products, 29 Good Health series products and 8 Living Nature series products during the Year. The Group's major products include Jianghongjian Pressed Candy, ACAI Capsules, Hejian Cirsium Setosum Glycyrrhiza & Corn Peptide Tablet, Hejian Moringa Oleifera Tablet, Good Health Synetrim®Slim and Good Health Joint Active UCII.

The Group has put more effort to brand promotion and undergone continuing brand promotion and publicity through various channels the PRC and overseas during the Year. We promoted our brands in the PRC through (i) seasonal promotions and discounts on major holidays in the PRC; (ii) participation in trade fairs such as The China International Senior Services Expo and The Guangzhou International Senior Services Expo; (iii) cooperation with various domestic TV channels for TV shopping; and (iv) media advertising, print advertising in shopping malls and internet advertising. Meanwhile, we promoted our brands in overseas through (i) media and internet advertising in mainstream media of Australia and New Zealand; (ii) acting as sponsor for entertainment activities and competitions held in Australia such as singing concerts and Miss Chinese International Pageant; (iii) acting as sponsor for Auckland International Marathon; and (iv) media, magazine and internet advertising.

The Group's sustained-growth retail network and diversified sales platform enables the Group to serve a broader customer base. The Group has a diversified sales platform with a wide geographic coverage of 20 cities in 12 provinces and centrally administered municipalities in the PRC as of 31 December 2016. The Group's diversified sales platform in the PRC primarily consists of 36 retail stores under the Zhongsheng brand in the form of 9 specialty stores and 27 regional sales offices; and 24 retail stores under the Cobayer brand. The Zhongsheng retail stores are mainly located in central business districts, well-established residential areas and local transportation centres. The Cobayer retail stores are mainly located in large and premium shopping malls. The Group's overseas diversified sales platform mainly includes international distribution network broadly distributed in the United Kingdom, Germany, the Netherlands, Canada, Korea, Japan, Singapore, South Africa, Vietnam, Thailand, Malaysia, Indonesia and the United Arab Emirates, and local large chain pharmacies, health goods supermarkets and tourist shops in New Zealand and Australia. In addition, the Group has continued to cooperate with Alibaba, Tmall International, JD.com, Suning, Health Post, Health Element and other e-commerce platforms during the Year.

FINANCIAL REVIEW

Results

The revenue of the Group in 2016 was RMB466.2 million, representing an increase of approximately 17.4% from RMB397.1 million in 2015. Profit for the Year decreased by approximately 34.8% to RMB90.6 million in 2016 from RMB139.0 million in 2015. The Company's basic earnings per share was RMB10 cents (2015: RMB16 cents) based on the weighted average number of 875.7 million (2015: 838.2 million) ordinary shares in issue during the Year. The increase in revenue in 2016 was mainly attributable to the acquisition of online sales platform of dietary supplements company, namely Hejian in 2016, and due to the increase in sales of Good Health series products in 2016. The decrease in profit for the Year was mainly due to the slow-down of sales for Zhongsheng series products.

Turnover

The turnover of the Group increased by approximately 17.4% from RMB397.1 million in 2015 to RMB466.2 million in 2016. Sales of Zhongsheng series products decreased by approximately 28.9% from RMB246.1 million in 2015 to RMB175.0 million in 2016; sales of Cobayer series products decreased by 45.6% from RMB72.5 million in 2015 to RMB39.4 million in 2016; and sales of Good Health series products increased by 109.6% from RMB77.7 million in 2015 to RMB162.8 million in 2016. The main reason of the aforesaid changes is that the Group has re-organised its business as follows: (i) the Group has optimized Zhongsheng series products, therefore, the sales of Zhongsheng series products to the Group's total sales decreased; and (ii) the Group's advertising and promotional activities were mainly focused on Good Health series products, so the sales of Cobayer series products decreased.

Gross profit

The Group's gross profit increased from RMB319.9 million in 2015 to RMB326.7 million in 2016. The Group's average gross profit margin decreased from 80.6% in 2015 to 70.1% in 2016. Such decrease in gross profit margin was mainly due to the increase in the proportion of sales income of Good Health series products during the Year and the Group has newly acquired the "Hejian" and "Living Nature" business. The above three businesses were conducted through distributors and online sales models, which dragged the Group's average gross profit margin down.

Other income and gain

The Group's other income and gain mainly included interest income from bank deposits and government grants. The amount slightly decreased from RMB15.0 million in 2015 to RMB13.4 million in 2016.

Selling and distribution expenses

The Group's selling and distribution expenses increased by approximately 46.4% from RMB90.1 million in 2015 to RMB131.9 million in 2016, representing approximately 22.7% and 28.3% of the Group's revenue in 2015 and 2016 respectively. Such increase was primarily due to the increase in staff costs of 34.5% from RMB50.1 million in 2015 to RMB67.4 million in 2016 as a result of increase in number of employees due to the acquisitions and the increase in advertising and promotional expenses of 142.1% from RMB13.3 million in 2015 to RMB32.2 million in 2016.

Administrative expenses

The Group's administrative expenses increased by approximately 43.5% from RMB59.5 million in 2015 to RMB85.4 million in 2016, representing approximately 15.0% and 18.3% of the Group's revenue in 2015 and 2016 respectively. Such increase was primarily due to the increase in staff costs from RMB25.3 million to RMB40.7 million and the increase in depreciation and amortisation from RMB3.1 million to RMB5.9 million.

Taxation

Income tax expense decreased by approximately 36.6% from RMB45.6 million in 2015 to RMB28.9 million in 2016 due to the decrease in profit before taxation. The Group's effective tax rates in 2015 and 2016 were approximately 24.7% and 24.2% respectively.

Profit for the Year

As a result of the foregoing, the Group's profit for the Year decreased from RMB139.0 million in 2015 to RMB90.6 million in 2016. The decrease was mainly due to the Group has re-organised its newly acquired business as follows: (i) product optimization of Zhongsheng series products and Hejian series products, therefore, sales of Zhongsheng series products decreased; and (ii) the Group's advertising and promotional activities were mainly focused on Good Health series products during the Year, so the sales of Cobayer series products decreased.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow

In 2016, cash and cash equivalents of the Group decreased by RMB14.4 million, which was comprised of the net cash flows generated from operating activities with the amount of RMB77.7 million, net cash flows used in investment activities with the amount of RMB25.6 million and net cash flows used in financing activities with the amount of RMB66.7 million, while RMB0.2 million was the net effect of foreign exchange rate changes.

Inventories

The Group's inventories amounted to RMB75.2 million (31 December 2015: RMB70.0 million) as at 31 December 2016. The Group's inventories comprise raw materials, work in progress, finished goods and goods merchandise. The inventories balances increased by 7.4%, which was mainly due to the acquisition of Hejian and Living Nature business. During the Year, inventory turnover was approximately 187 days (2015: 204 days). The shorter inventory turnover period during the Year was primarily due to the enhancement in inventory management and control in 2016.

Trade receivables

The Group's trade receivables amounted to RMB39.7 million (2015: RMB26.4 million) as at 31 December 2016 which represents an increase of 50.4%. It was mainly due to credit terms granted to the distributors of Good Health series products and Living Nature series products with 30 days to 60 days. Besides, sales of Hejian series products were first received on behalf of the Company by courier express companies. There was a time lag of around 8 days.

Trade payables

The Group's trade payables amounted to RMB15.5 million (2015: RMB12.6 million) as at 31 December 2016 which represents an increase of 23.0%. Turnover days for trade payables increased to 36 days (2015: 34 days), which has no significant fluctuation. The Group's major trade payables were trade payables to GHP and Hejian's suppliers.

Foreign exchange exposure

As the Group conducts business in-bound transactions principally in Renminbi and outbound transactions principally in New Zealand Dollar and Australian Dollar. In respect of the exchange rate risk that faced by the Group, the Group has adopted corresponding measures to adjust the structure of the Company's monetary capital. The Group had not used any financial instruments for hedging purposes as at 31 December 2016.

Borrowings and pledge of assets

The Group had no outstanding bank borrowings and pledge of assets as of 31 December 2015 and 2016.

Capital expenditure

The Group invested approximately RMB26.9 million in 2016 (2015: RMB17.9 million) for purchase of property, plant and equipment.

Capital commitments and contingent liabilities

As at 31 December 2016, the Group had commitments for acquisition of property, plant and equipment of approximately RMB26.0 million (2015: RMB44.9 million). The Group had no material contingent liabilities as at 31 December 2016 (2015: nil).

USE OF NET PROCEEDS FROM LISTING

The total net proceeds (the "**Net Proceeds**") from the listing of shares of the Company (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the issue of the over-allotment shares amounted to approximately HK$428.7 million (RMB336.4 million).

As at 31 December 2016, (i) the Net Proceeds of approximately RMB72.0 million and RMB0.8 million has been used on the acquisition of GHP, and for Living Nature's product function enhancement; (ii) the Net Proceeds of approximately RMB20.2 million has been used to build a research and development and testing center; (iii) the Net Proceeds of approximately RMB11.2 million has been used to build information technology and logistics center; (iv) the Net Proceeds of approximately RMB11.4 million has been used on the marketing and promotional activities; (v) the Net Proceeds of approximately RMB7.3 million has been used to expand the sales network and expand into new regions; (vi) the Net Proceeds of approximately RMB33.2 million has been used for working capital and the remaining of the Net Proceeds of approximately RMB180.3 million has been deposited into banks, which are intended to be applied in accordance with the proposed application set out in the section headed "Future Plans and Use of Proceeds" of the prospectus of the Company dated 31 December 2013.

OUTLOOK

The year of 2016 is a special year for the nutritional supplements industry.

In August 2016, the Meeting of Political Bureau of the Communist Party of China Central Committee considered the "Healthy China 2030 Plan". "Healthy China" has been upgraded to a state-level strategy. China's nutritional supplements industry will enter into a brand new era.

It was a crucial year for the Company in 2016. We had acquired 100% equity interests of Hejian which has an online and offline marketing system and had acquired 100% interests of Living Nature which holds a New Zealand organic cosmetics brand named "Living Nature" during the Year. In 2016, Good Health series products in the PRC's TV shopping platform became popular and opened up a new cross-border business mode.

In 2016, the Company reorganised its resources in diversified dimension and ready to take on future challenges. We believe 2017 would be a prosperous year for us.

The construction of information technology research and development centres is a brand new start for the Company. After completion of construction, the Company will have a sound information technology equipment, high-end research and development technology and staff. The Company will put more resources into research and development of products to provide customers with higher-quality products.

It will be a critical year for the Group's brands development in 2017. In 2017, it would be the Company's 18th anniversary, GHP's 30th anniversary, Living Nature's 30th anniversary and Hejian's 16th anniversary. The Company will make use of this opportunity to increase marketing inputs, and by enhancing each brand's influencing power, the Group's strategic goal is to establish a globalized brand, using brand culture, brand history and brand building to enhance the development of each brand.

In 2017, we will continue to promote the call center system and vigorously develop the call center system business through branding, marketing, information technology and team building.

Our mission is to serve life. Our responsibility is to improve quality of life. This is a supreme goal which is full of mercy and care. As long as there is human, there will be health needs. We will adhere to our beginning of thought, continue to dedicate our effort to serve the community, in order to make life become healthier, more long-lasting and nicer.

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 commensurated with industry practice and provides various fringe benefits to all employees. The Group reviews its human resources and remuneration policies periodically to ensure they are in line with market practice and regulatory requirements. As at 31 December 2016, the Group employed a work force of 909. The total salaries and related costs for the year ended 31 December 2016 amounted to approximately RMB107.4 million (2015: RMB76.7 million).

MATERIAL ACQUISITION OF SUBSIDIARIES

On 17 December 2015, Ms. Zhou Li, Mr. Zhou Dong, Shanghai Jiahanyin Investment Company Limited (上海甲翰寅投資有限公司), Shanghai Zhongwei Chuangye Investment Centre Partnership* (上海中衛創業投資中心(有限合夥)), Shanghai Baojiehui Chuangye Investment Partnership Limited* (上海寶捷會創業投資合夥企業(有限合夥)) (collectively, the "**Vendors**"), Hejian and the Company entered into an acquisition agreement, pursuant to which the parties have conditionally agreed to carry out the acquisition in relation to, among others, the acquisition of the Hejian. On 22 January 2016, the Company, Hejian and the Vendors entered into a supplemental acquisition agreement to the acquisition agreement dated 17 December 2015.

Hejian is a company established in the PRC and mainly engaged in the sale of dietary supplements through online platform and its products are sold through its online platform to the customers. The sales models of Hejian are in line with and complementary to the Group's business expansion strategy.

Details of the acquisition of Hejian were set out in the announcements of the Company dated 17 December 2015 and 22 January 2016 and the circular of the Company dated 29 February 2016. The acquisition was completed on 2 June 2016.

On 6 April 2016, the Company, Shanghai Fosun Weishi Phase I Equity Investment Fund Partnership (L.P.)* （上海復星惟實一期股權投資基金合夥企業(有限合夥)) ("**Fosun Partnership**") and Fosun Weishi (Hong Kong) Limited (復星惟實(香港)有限公司) ("**Fosun HK**") entered into an acquisition agreement, pursuant to which the parties have conditionally agreed to carry out the acquisition in relation to, among others, the acquisition of 40% of the equity interest in Shanghai Weiyi Investment & Management Limited Company* (上海惟翊投資管理有限公司) ("**Target Company**") by the Company at a consideration of HK$133 million. On 28 October 2016, the Company, Fosun Partnership and Fosun HK agreed in writing to extend the latest effective date of the acquisition agreement to 31 May 2017 since certain approval(s) under applicable laws and regulations were not yet obtained. The Target Company together with its subsidiaries are principally engaged in the manufacturing and sale of dietary and wellbeing supplements in New Zealand. Upon completion of the acquisition, the Target Company will become a wholly-owned subsidiary of the Company. Details of the acquisition of the Target Company were set out in the announcement of the Company dated 6 April 2016, 21 July 2016 and 28 October 2016, and the circular of the Company dated 3 May 2016. As at the date of this announcement, the Company is in the process of negotiation with parties to the acquisition agreement to revise the structure of the acquisition so as to implement completion of the acquisition.

On 31 May 2016, the Company acquired a 100% equity interest in Living Nature, a company incorporated in New Zealand. Living Nature 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. The acquisition transaction allows the Group to broaden its product range and enable it to explore different market segments which will enhance the Group's overall competitiveness in the global health products industry.

Details of the acquisition of Living Nature were set out in the voluntary announcement of the Company dated 14 June 2016. The acquisition was completed on 31 May 2016.

SUBSCRIPTION OF H SHARES UNDER GENERAL MANDATE

On 13 December 2016, the Company and Five Seasons XIV Limited (being an independent third party) entered into a subscription agreement pursuant to which Five Seasons XIV Limited has conditionally agreed to subscribe for 45,411,600 new H shares of the Company at the subscription price of HK$1.61 per subscription share. The net proceeds from the subscription amounted to approximately HK$72.93 million is intended to be applied to the general working capital of the Group. Details of the subscription were set out in the announcement of the Company dated 13 December 2016. As at the date of this announcement, the Company has not utilised the proceeds from the subscription.

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

The H shares of the Company were listed on the Stock Exchange on the date of Listing. Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during 2016.

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 Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange as its own code governing the 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 during 2016.

CODE OF CORPORATE GOVERNANCE PRACTICE

In the opinion of the Directors, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during 2016.

NON-COMPETITION UNDERTAKINGS

Mr. Gui Pinghu and Ms. Wu Yanmei, both being the controlling shareholders (as defined in the Listing Rules) of the Company, have made non-competition undertakings in favour of the Company. They have confirmed compliance with the non-competition undertakings. The Board, including the independent non-executive Directors, is of the opinion that the relevant controlling shareholders have been in compliance with the non-competition undertakings in favour of the Company.

AUDIT COMMITTEE

The audit committee currently comprises three independent non-executive Directors, namely Mr. Jiang Fuxin, Ms. Feng Qing and Mr. Vincent Cheng. The audit committee is primarily responsible for the review and supervision of the financial reporting process and internal control system. It has reviewed the accounting principles and practices adopted by the Company and the audited final results of the Group for the Year.

FINAL DIVIDEND AND SPECIAL DIVIDEND

The final dividend for the year ended 31 December 2016 and special dividend as proposed by the Board, inclusive of tax, amounted to RMB6.00 cents per share (2015: RMB6.75 cents) and RMB4.57 cents per share (2015: RMB7.57 cents) respectively, and are subject to the approval of the Company's shareholders at the forthcoming annual general meeting (the "**AGM**"). The proposed dividends will be payable on Monday, 31 July 2017 to the shareholders whose names appear on the register of members of the Company on Friday, 14 July 2017.

THE WITHHOLDING AND PAYMENT OF ENTERPRISE INCOME TAX FOR NON-RESIDENT ENTERPRISE SHAREHOLDERS AND OF INDIVIDUAL INCOME TAX FOR NON-RESIDENT INDIVIDUAL SHAREHOLDERS

Pursuant to the PRC Enterprise Income Tax Law and its implementing rules which became effective on 1 January 2008 and relevant policies and regulations, the Company is required to withhold and pay enterprise income tax at the rate of 10% for the proposed final dividend and special dividend when paid to a non-resident enterprise shareholder whose name appears on the register of members of H shares of the Company. Any shares registered in the name of non-individual shareholders of the Company, including HKSCC Nominees Limited, other nominees, trustees or other organisations and groups will be treated as being held by non-resident enterprise shareholders and therefore, the dividends attributing to such shares should be paid after deducting the enterprise income tax.

Pursuant to the Notice on the Issues on Levy of Individual Income Tax after the Abolishment of Guo Shui Fa [1993] No. 045 Document (the "**Notice**") issued by the State Administration of Taxation on 28 June 2011, the dividend to be distributed by the PRC non-foreign invested enterprises which has issued shares in Hong Kong to the non-resident individual shareholders, is subject to the individual income tax with a tax rate of 10% in general. However, the tax rates for respective non-resident individual shareholders may vary depending on the relevant tax agreements between the countries of their residence and the PRC. Thus, 10% individual income tax will be withheld from the final dividend and special dividend payable to the individual holders of H shares, unless otherwise stated in the relevant taxation regulations, taxation agreements or the Notice. The Company will withhold and pay individual income tax at the unified rate of 10% for the non-resident individual shareholders. Therefore, dividends attributable to the non-resident individual shareholders will be paid to such shareholders after netting of 10% individual income tax.

The Company will not be liable for any claim arising from any delay in, or inaccurate determination of the status of the shareholders or any disputes over the mechanism of withholding.

The Board is not aware of any shareholders who have waived or agreed to waive any dividends.

ANNUAL GENERAL MEETING

The AGM of the Company will be convened on Monday, 5 June 2017. A notice convening the AGM will be published and despatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed for the following periods:

(a) For the purpose of determining shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Saturday, 6 May 2017 to Monday, 5 June 2017, both days inclusive, during which no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the AGM or any adjournment thereof, shareholders of the Company's H shares must lodge their share certificates and all the relevant instruments of transfer for registration with the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on Friday, 5 May 2017.

(b) For the purpose of determining the entitlement to the proposed final dividend and special dividend (subject to the approval of the shareholders at the AGM), the register of members of the Company will be closed from Saturday, 8 July 2017 to Friday, 14 July 2017, both days inclusive, during which no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend and the special dividend, all transfer of H shares accompanied by the relevant share certificates must be lodged with the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday 7 July 2017.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual 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 annual report of the Company for the Year 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, People's Republic of China, 28 March 2017

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.