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 2017

FINANCIAL HIGHLIGHTS FOR THE FIRST HALF OF 2017

- Revenue increased by 31.3% to RMB245.3 million (First half of 2016: RMB186.8 million)
- Gross profit increased by 27.9% to RMB167.8 million (First half of 2016: RMB131.2 million)
- Profit for the period increased by 0.5% to RMB40.5 million (First half of 2016: RMB40.3 million)
- Basic earnings per share decreased by 20% to RMB4 cents (First half of 2016: RMB5 cents)
- The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2017 (First half of 2016: 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 2017 together with the comparative figures for the corresponding period in 2016 which are as follows:

* *For identification purposes only*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2017

	Notes	2017 *RMB'000* (unaudited)	2016 *RMB'000* (unaudited)
Revenue	*2, 3*	**245,256**	186,809
Cost of sales		**(77,427)**	(55,635)
Gross profit		**167,829**	131,174
Other income and gains	*3*	**2,972**	6,775
Selling and distribution expenses		**(67,634)**	(50,500)
Administrative expenses		**(41,379)**	(32,743)
Other expenses		**(8,167)**	(881)
Share of profits and losses of a joint venture		**143**	328
Profit before tax	*4*	**53,764**	54,153
Income tax expenses	*5*	**(13,275)**	(13,818)
Profit for the period		**40,489**	40,335
Attributable to:			
Equity holders of the parent		**33,193**	37,772
Non-controlling interests		**7,296**	2,563
Other comprehensive income that may be reclassified to profit or loss in subsequent periods, net of tax			
Exchange differences on translation of foreign operations		**(1,042)**	6,269
Total comprehensive income for the period		**39,447**	46,604
Attributable to:			
Equity holders of the parent		**32,708**	41,912
Non-controlling interests		**6,739**	4,692
		RMB	*RMB*
Earnings per share:			
— Basic and diluted	*7*	**4 cents**	5 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2017

	Notes	**30 June 2017 *RMB'000* (unaudited)**	31 December 2016 *RMB'000* (audited)
Non-current assets			
Property, plant and equipment	*4, 8*	**78,739**	70,695
Prepaid land lease payments		**10,587**	10,710
Goodwill		**147,292**	153,387
Other intangible assets		**76,381**	77,575
Investment in a joint venture		**6,525**	6,304
Deferred tax assets		**11,853**	13,085
Pledged deposit		**1,263**	1,216
Prepaid investment payments		**20,000**	–
Other non-current assets		**5,638**	7,297
Total non-current assets		**358,278**	340,269
Current assets			
Inventories		**137,375**	75,177
Trade receivables	*9*	**58,227**	39,674
Prepaid land lease payments		**247**	247
Prepayments, deposits and other receivables		**17,935**	9,996
Other current assets		**3,636**	–
Pledged deposits		**368**	367
Cash and cash equivalents		**447,799**	517,934
Total current assets		**665,587**	643,395
Total assets		**1,023,865**	983,664

	Notes	**30 June 2017** *RMB'000* **(unaudited)**	31 December 2016 *RMB'000* (audited)
Current liabilities			
Trade payables	*10*	**28,452**	15,538
Other payables and accruals		**122,735**	51,346
Interest-bearing loans and borrowings		**19,500**	–
Tax payables		**15,477**	18,020
Total current liabilities		**186,164**	84,904
NET CURRENT ASSETS		**479,423**	558,491
TOTAL ASSETS LESS CURRENT LIABILITIES		**837,701**	898,760
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**16,744**	17,244
Provision		**725**	707
Total non-current liabilities		**17,469**	17,951
NET ASSETS		**820,232**	880,809
Equity attributable to equity holders of the parent			
Share capital		**94,630**	94,630
Reserves		**661,279**	728,594
Non-controlling interests		**64,323**	57,585
TOTAL EQUITY		**820,232**	880,809

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

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 2017 (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 2016.

2. 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. 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 2017	30 June 2016
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Mainland China	**154,086**	123,256
New Zealand	**75,600**	54,271
Australia	**9,524**	1,687
Others	**6,046**	7,595
	245,256	186,809

(c) Non-current assets

	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Mainland China	**147,531**	128,431
New Zealand	**16,818**	29,191
Australia	**1,358**	1,358
	165,707	158,980

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, prepaid investment payments 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.

3. 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:

	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Revenue		
Sale of goods	**245,111**	185,776
Rendering of services	**145**	1,033
	245,256	186,809
Other income and gains		
Bank interest income	**2,343**	4,715
Short-term investment income	**9**	160
Government grants*	**596**	1,890
Others	**24**	10
	2,972	6,775

* 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.

4. PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Cost of inventories sold	**75,008**	52,682
Staff costs	**48,548**	43,387
Amortisation of prepaid land lease payments	**123**	123
Amortisation of intangible assets	**1,868**	1,148
Auditor's remuneration	**–**	205
Depreciation of property, plant and equipment	**3,619**	2,680
Operating lease payments on properties and retail shops	**9,106**	8,571
Research and development expenses	**1,346**	1,263

5. INCOME TAX EXPENSES

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

	Six months ended	
	30 June	30 June
	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current		
— PRC	**8,754**	12,583
— New Zealand	**7,426**	4,528
— Australia	**–**	–
	16,180	17,111
Deferred tax	**(2,905)**	(3,293)
Income tax expenses	**13,275**	13,818

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.

6. DIVIDEND

Dividend declared by the Company for the six months ended 30 June 2017 and 2016 as disclosed in the condensed consolidated statement of changes in equity were as follows:

	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Dividend approved during the period	**100,024**	129,007

Pursuant to the annual general meeting on 5 June 2017, the Company's shareholders approved the distribution of a final dividend of RMB6.00 cents (2016: RMB6.75 cents) per share, amounting to RMB56,777,902 (2016: RMB60,809,857) and a special dividend of RMB4.57 cents (2016: RMB7.57 cents) per share, amounting to RMB43,245,836 (2016: RMB68,197,128), which has not been paid at the end of the reporting period.

7. EARNINGS PER SHARE

The basic earnings per share for the six months ended 30 June 2017 and 2016 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 946,298,370 (2016: 848,621,962) in issue during the year, as adjusted to reflect the new shares issued during the year.

	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings		
Earnings for the purpose of basic earnings per share calculation	**40,489**	40,335

	30 June 2017	30 June 2016
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share calculation	**946,298,370**	848,621,962

8. 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 RMB11,779,678 (First half of 2016: RMB11,161,469) excluding property, plant and equipment acquired through a business combination.

9. TRADE RECEIVABLES

	30 June 2017 *RMB'000* **(unaudited)**	31 December 2016 *RMB'000* (audited)
Trade receivables	**58,808**	40,255
Impairment	**(581)**	(581)
	58,227	39,674

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 2017 *RMB'000* **(unaudited)**	31 December 2016 *RMB'000* (audited)
Within 1 month	**52,382**	26,840
Over 1 month but within 3 months	**4,824**	11,154
Over 3 months but within 1 year	**427**	1,376
Over 1 year	**594**	304
	58,227	39,674

In general, the entities in the Group other than Good Health Products Limited ("**GHP**") and Living Nature Natural Products Limited ("**LN**") have 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.

10. TRADE PAYABLES

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

	30 June 2017 *RMB'000* **(unaudited)**	31 December 2016 *RMB'000* (audited)
Within 1 month	**10,804**	11,645
Over 1 month but within 3 months	**11,855**	2,577
Over 3 months but within 1 year	**4,038**	1,078
Over 1 year	**1,755**	238
	28,452	15,538

The trade payables are non-interest-bearing and are normally settled on 30 to 60 day terms.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's revenue increased by 31.3% from RMB186.8 million in the first half of 2016 to RMB245.3 million in the first half of 2017. Profit for the period increased by approximately 0.5% from RMB40.3 million in the first half of 2016 to RMB40.5 million in 2017. The significant increase in the Group's revenue was mainly attributable to the increases in revenue of Good Health brand and Hejian brand. As the further integration strategies of "Zhongsheng" and "Hejian" brands and the increase in the Group's promotion expenses in the first half of 2017, the profit for the period remained about flat as compared with same period of previous year.

In 2017, the Group continued focusing on and applying its brand strategies of multi-channel marketing and diverse product portfolios, deeply cultivating in the global health industry centered in China and New Zealand. We operate business mainly through combining retail shops under Zhongsheng and Cobayer brands and the online model of Hejian brand internally, and the mutual penetration of distributors under Good Health brand, chain pharmacies and travel channels externally. We also conducted continual brand building and marketing by opening flagship stores at major e-commerce platforms at home and abroad and cooperating with large and medium TV shopping platforms at home. As of 30 June 2017, the Group sold an aggregate of 713 existing products and new products, which include 95 Zhongsheng series products, 56 Cobayer series products, 348 Good Health series products, 94 Hejian series products and 120 Living Nature series products.

The Group adopted a market-oriented research and product development strategy in 2017 to meet evolving customer demands and needs while achieving rapid growth. Expenses in relation to the Group's research and development activities in 2017 were mainly generated from new product development. The Group launched a total of 13 new products during the reporting period, including 2 Zhongsheng series products, 3 Hejian series products, 6 Good Health series products and 2 Living Nature series products. New products mainly comprise Zhongsheng Acer Truncatum Seed Oil Tablets (Pressed Candy), Zhongsheng Chitosan Oligosaccharide (Pressed Candy), Hejian L-Arabinose (Pressed Candy), Hejian Maitake D Fraction (Pressed Candy), Good Health Viralex Kids Chews, Good Health Pregnancy DHA and so on.

The Group put more efforts in brand promotion in 2017 by conducting continual brand promotion and marketing at home and abroad via various channels. Such marketing activities include domestically (i) acting as title-sponsor of the "2017 Online Celebrity Contest on Dream Star Project" (2017夢想星計劃網紅大賽) ; (ii) participation in trade fairs such as the Twenty-first China International Nutritional Health Services Expo 2017 (第二十一屆中國國際營養健康產業2017博覽會) and the Fifth Imported Food Conference (第五屆進口食品展覽會); (iii) cooperating with domestic TV media to conduct TV shopping; and (iv) newspapers and media advertising, print advertising in shopping malls and internet advertising; and externally, (i) advertising on mainstream TV station in New Zealand; (ii) acting as sponsor of sports event such as Northern Mystics, a famous handball team in Auckland; and (iii) advertising on outdoor media, magazines and internet in Australia.

The Group has a fast-growing retail network and diversified sales platform to serve a broad customer base. Currently, the major selling channels of the Group cover brand retail stores, online marketing centre, cross-border e-commerce, TV shopping, overseas large-scale chain pharmacies, health goods supermarkets, tourist shops and distributors.

The Group has a diversified brand retail stores with a wide geographic coverage of 20 cities in 12 provinces and centrally administered municipalities in the PRC as of 30 June 2017. Such retail stores primarily consist of (i) retail stores under the Zhongsheng brand, in the form of 6 specialty stores and 22 district selling centres, which are mainly located in central business districts, well-established residential areas or local transportation centres; (ii) 20 retail stores under the Cobayer brand, which are mainly located in large and premium shopping malls. The Group's overseas diversified distribution platform mainly includes (i) local large chain pharmacies, health goods supermarkets and tourist shops in New Zealand and Australia; (ii) international distribution networks around the world (including United Kingdom, Germany, the Netherlands, Canada, Korea, Japan, Singapore, South Africa, Vietnam, Thailand, Malaysia, Indonesia, and United Arab Emirates). In 2017, the Group continued to cooperate with e-commerce platforms such as Alibaba, Tmall International, JD.com, Suning, Health Post, and Health Element and has built an established cross-border e-commerce network. The Group also cooperated with dozens of TV media including Global Home Shopping, Orient Shopping, Happy Shopping Experience (好享購物), Jiayou Home Shopping, UGO and Happy Shopping in 2017 and has successfully built TV shopping platforms.

Acquisition of a subsidiary

Shanghai Weiyi Investment & Management Limited Company (上海惟翊投資管理有限公司, "Shanghai Weiyi")*

Reference is made to (i) the announcement of the Company dated 6 April 2016, 27 April 2016 and 31 March 2017; and (ii) the circulars of the Company dated 3 May 2016 and 27 April 2017 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, 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 extraordinary general meeting and the abovementioned class meetings, all dated 3 May 2016, were duly passed by way of poll. On 12 June 2017, another extraordinary general meeting was held. All the proposed resolutions set out in the notice of the extraordinary general meeting dated 27 April 2017 were duly passed by way of poll. The Company completed the aforementioned acquisition on 2 August 2017.

FINANCIAL REVIEW

Results

The revenue of the Group in the first half of 2017 was RMB245.3 million, representing an increase of approximately 31.3% from RMB186.8 million over the same period in 2016. Profit for the first half of the year increased by approximately 0.5% from RMB40.3 million in 2016 to RMB40.5 million in 2017. The Company's basic earnings per share was RMB4 cents (First half of 2016: RMB5 cents) based on the weighted average number of 946.3 million (First half of 2016: 848.6 million) shares in issue during the year.

Revenue

The revenue of the Group increased by approximately 31.3% to RMB245.3 million in the first half of 2017 from RMB 186.8 million in the first half 2016. Revenue generated from the PRC increased by approximately 25% from RMB123.3 million in the first half of 2016 to RMB154.1 million in the first half of 2017, primarily due to the increased sales of the products under Hejian and Good Health brands in China. Revenue generated from New Zealand increased by approximately 39.2% from RMB54.3 million in the first half of 2016 to RMB75.6 million in the first half of 2017, which was primarily due to the significantly increased sales of Good Health series products.

Gross profit

The Group's gross profit increased from RMB131.2 million in the first half of 2016 to RMB167.8 million in the first half of 2017. The Group's average gross profit margin decreased from 70.2% in the first half of 2016 to 68.4% in the first half of 2017. Such decrease in gross profit margin was mainly due to the increased portion of the Group's total revenue generated from Good Health and the majority of the sales of Good Health through different distribution channels such as pharmacies and supermarkets generated a relatively low gross profit.

Other income and other expenditure

The Group's other income, mainly comprising interest income from the bank deposit and financial products purchased from banks as well as government grants, decreased from RMB6.8 million in the first half of 2016 to RMB3.0 million in the first half of 2017, which was mainly due to (i) decrease in interest income from the bank deposits and financial products; and (ii) decrease in government grants.

Selling and distribution expenses

The Group's selling and distribution expenses increased by approximately 33.9% from RMB50.5 million in the first half of 2016 to RMB67.6 million in the first half of 2017, representing approximately 27.0% and 27.6% of the Group's revenue respectively. Such increase was primarily due to the increase in advertising and promotional expenses from RMB9.6 million in the first half of 2016 to RMB23.8 million in the first half of 2017.

Administrative expenses

The Group's administrative expenses increased by approximately 26.6% from RMB32.7 million in the first half of 2016 to RMB41.4 million in the first half of 2017, representing approximately 17.5% and 16.9% of the Group's revenue respectively. Such increase was primarily due to the increase in staff costs from RMB16.3 million to RMB21.4 million.

Income tax expenses

Income tax expenses decreased by approximately 3.6% from RMB13.8 million in the first half of 2016 to RMB13.3 million in the first half of 2017, which shows no material change. The Group's effective tax rates in the first half of 2016 and the first half of 2017 were 25.5% and 24.7% respectively.

Profit for the period

As a result of the foregoing, the Group's profit for the period increased from RMB40.3 million in the first half of 2016 to RMB40.5 million in the first half of 2017. The reason for the obvious sales growth but stable profit was (i) significant increase in sales of Good Health products in the first half of 2017, partially offsetting by decrease in sales of Zhongsheng series products arising from the branding integrations of Zhongsheng and Hejian products; (ii) significant increase in the marketing and promoting expenses arising from continuous increase in promotional activities for our brands during the period.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow

In the first half of 2017, cash and cash equivalents of the Group decreased by RMB70.1 million, which mainly comprised the net cash outflow of RMB54.6 million in operating activities, cash outflow of RMB28.0 million in investing activities (mainly for building R&D centre and investment payments for Shanghai Weiyi), net cash inflow of RMB19.5 million in financing activities (mainly bank borrowings), and cash and bank balances decreased by RMB7.0 million due to the exchange rate fluctuation.

Inventories

The Group's inventories increased to RMB137.4 million as at 30 June 2017 (As at 31 December 2016: RMB75.2 million). The Group's inventories comprise raw materials, work in progress, finished goods and merchandise. The inventories balances increased by 82.7% as compared to that in the end of 2016, which was primarily due to the increase in inventory level to meet the demand of TV shopping platform. During the first half of 2017, inventory turnover was approximately 247 days (First half of 2016: 272 days).

Trade receivables

The Group's trade receivables amounted to RMB58.2 million as at 30 June 2017 (As at 31 December 2016: RMB39.7 million), representing an increase of approximately 46.6%. Trade receivable turnover increased to 36 days (First half of 2016: 29 days), mainly due to the increase in the remaining carrying amount of trade receivables of Good Health. During the first half of 2017, the sales of Good Health products increased significantly. As Good Health usually provides distributors with credit terms of 30 to 60 days, hence there was a large amount of trade receivables of the Group and an increase in the turnover days for trade receivables.

Trade payables

The Group's trade payables amounted to RMB28.5 million as at 30 June 2017 (As at 31 December 2016: RMB15.5 million). Turnover days for trade payables were 51 days (First half of 2016: 59 days). The Group's remaining payables were mainly amounts payable due from Good Health and Zhongsheng to suppliers.

Foreign exchange exposure

As the Group conducts PRC business transactions principally in Renminbi while the Group conducts overseas business transactions principally in New Zealand Dollar and Australian Dollar, the management of the Group considered the exchange rate risk at the Group's operational level is not significant. The Group had not used any financial instruments for hedging purposes as at 30 June 2017. During the first half of 2017, the Group recorded an exchange loss of approximately RMB7.8 million (First half of 2016: RMB0.7 million), which was primarily due to the lower exchange rate of the Group's bank deposits denominated in United States Dollar and Hong Kong Dollar against RMB.

Borrowings and pledge of assets

As at 30 June 2017, the Group had outstanding credit bank borrowings of RMB19.5 million (As at 31 December 2016: nil) and no pledge of assets. The Group's bank borrowings to total assets ratio was 1.9% (As at 31 December 2016: 0%).

Capital expenditure

The Group invested approximately RMB11.8 million in the first half of 2017 (First half of 2016: RMB10.1 million) for building R&D centre, plant and equipment.

Capital commitments and contingent liabilities

As at 30 June 2017, the Group's capital commitments were approximately RMB26.7 million (As at 31 December 2016: RMB26.0 million), all of which were commitments for building R&D centre, plant and equipment. The Group had no material contingent liabilities as at 30 June 2017 (As at 31 December 2016: nil).

OUTLOOK

For the second half of 2017, 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.

The Group will continue to seize every opportunity to be the leading nutritional supplement provider in the market. From the beginning of the year to the date of this announcement, 2 new Zhongsheng series products, 6 new Good Health series products and 3 new Hejian series products have been launched to the markets, such as Zhongsheng Acer Truncatum Seed Oil Tablets (Pressed Candy), Hejian Maitake D Fraction (Pressed Candy), Good Health Viralex Kids Chews, Good Health Pregnancy DHA and so on.

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 channels, 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 2017.

HUMAN RESOURCES MANAGEMENT

Quality and dedicated staff is indispensable asset to the Group's success in the competitive market. By providing comprehensive training and corporate culture education periodically, our employees are able to obtain ongoing 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 2017, the Group employed a work force of 936 employees, including 523 employees of the Group, 262 employees of Hejian, 116 employees of Good Health and Cobayer in Australia and 35 employees of Living Nature. The total salaries and related costs for the six months ended 30 June 2017 amounted to approximately RMB48.5 million (First half of 2016: RMB43.4 million).

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

For the six months ended 30 June 2017, 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 2017 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 2017 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 2017 (First half of 2016: nil).

REVIEW OF THE INTERIM RESULTS

The unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2017 have 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 2017 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, 22 August 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.

* *For identification purposes only*