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## **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 2023**

### **FINANCIAL HIGHLIGHTS FOR THE FIRST HALF OF 2023**

- Revenue increased by approximately 78.3% to approximately RMB218.9 million (First half of 2022: approximately RMB122.8 million)
- Gross profit increased by approximately 103.5% to approximately RMB145.9 million (First half of 2022: approximately RMB71.7 million)
- Profit for the period was approximately RMB27.8 million (First half of 2022: loss of approximately RMB5.2 million)
- Basic earnings per share was approximately RMB2.94 cents (First half of 2022: loss per share approximately RMB0.55 cent)
- The Board has resolved not to declare any interim dividend for the six months ended 30 June 2023 (First half of 2022: 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 2023 together with the comparative figures for the corresponding period in 2022 which are as follows:

\* For identification purpose only

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2023*

	Notes	For the six months ended 30 June	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Revenue	2, 3	218,930	122,760
Cost of sales		(73,063)	(51,077)
<b>Gross profit</b>		<b>145,867</b>	71,683
Other income and gains	3	3,805	3,133
Selling and distribution expenses		(85,063)	(46,208)
Administrative expenses		(30,596)	(29,571)
Finance costs		(1,642)	(252)
Other expenses		(2,516)	(3,113)
Profit/(loss) before tax	4	29,855	(4,328)
Income tax expense	5	(2,033)	(856)
<b>Profit/(loss) for the period</b>		<b>27,822</b>	(5,184)
Profit/(loss) attributable to:			
Owners of the parent		27,822	(5,184)
<b>Other comprehensive income/(loss)</b>			
<b>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods, net of tax</b>			
Gains on property revaluation		–	6,755
<b>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax</b>			
Exchange differences on translation of foreign operations		(382)	(3,287)
<b>Other comprehensive income/(loss) for the period</b>		<b>(382)</b>	3,468
<b>Total comprehensive income/(loss) for the period</b>		<b>27,440</b>	(1,716)
Total comprehensive income/(loss) attributable to:			
Owners of the parent		27,440	(1,716)
<b>Earnings/(Loss) per share attributable to ordinary equity holders of the parent:</b>			
— Basic and diluted for earnings/(loss)	7	<b>RMB2.94 cents</b>	RMB(0.55) cent

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2023*

	<i>Notes</i>	<b>30 June 2023 RMB'000 (unaudited)</b>	31 December 2022 RMB'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	8	76,594	80,074
Investment properties		72,267	72,954
Right-of-use assets		38,276	39,985
Goodwill		32,257	32,374
Other intangible assets		4,033	5,077
Deferred tax assets		11,995	12,125
		235,422	242,589
<b>Total non-current assets</b>			
<b>Current assets</b>			
Inventories	9	114,037	75,272
Trade receivables	10	32,024	28,184
Prepayments, deposits and other receivables		17,984	16,070
Tax recoverable		–	131
Restricted cash		–	1,350
Cash and cash equivalents		60,786	73,391
		224,831	194,398
<b>Total current assets</b>			
		<b>460,253</b>	<b>436,987</b>
<b>Total assets</b>			
<b>Current liabilities</b>			
Trade payables	11	31,835	21,528
Other payables and accruals		25,522	41,101
Lease liabilities		4,263	4,368
Tax payables		2,228	–
		63,848	66,997
<b>Total current liabilities</b>			
		<b>160,983</b>	<b>127,401</b>
<b>NET CURRENT ASSETS</b>			
		<b>396,405</b>	<b>369,990</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*As at 30 June 2023 (continued)*

	<b>30 June 2023</b>	31 December 2022
<i>Notes</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(unaudited)</b>	<b>(audited)</b>
<b>Non-current liabilities</b>		
Lease liabilities	<b>30,756</b>	31,385
Deferred tax liabilities	<b>13,628</b>	14,031
Provision	<b>781</b>	774
	<hr/>	<hr/>
<b>Total non-current liabilities</b>	<b>45,165</b>	46,190
	<hr/>	<hr/>
<b>NET ASSETS</b>	<b>351,240</b>	323,800
	<hr/> <hr/>	<hr/> <hr/>
<b>Equity</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	<b>94,630</b>	94,630
Other reserves	<b>256,610</b>	229,170
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<b>TOTAL EQUITY</b>	<b>351,240</b>	323,800
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# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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

### 1.1 Basis of preparation

These unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2023 (the “**period**”) have been prepared in accordance with Hong Kong Accounting Standards (“**HKASs**”) 34 Interim Financial Reporting.

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 2022.

### 1.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) for the first time for the current period's financial information.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9</i> <i>— Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and</i> <i>Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform — Pillar Two Model Rules</i>

The adoption of these revised standards did not have any material effect on the financial performance and position of the Group.

## 2. OPERATING SEGMENT INFORMATION

### (a) Reportable segment

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 manufacture and sale of nutritional supplements and the sale of packaged health food products in the People's Republic of China (the "PRC" or "China"), Australia and New Zealand.

### (b) Geographical information

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

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

	For the six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Mainland China	159,917	75,937
New Zealand	50,411	40,264
Australia	2,556	828
Other countries	6,046	5,731
	<u>218,930</u>	<u>122,760</u>

### (c) Non-current assets

	As at	As at
	30 June	31 December
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Mainland China	147,652	150,933
New Zealand	42,444	45,800
Australia	1,074	1,357
	<u>191,170</u>	<u>198,090</u>

The non-current assets information above is based on the locations of the assets and excludes goodwill and deferred tax 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:

		<b>For the six months ended 30 June</b>	
		<b>2023</b>	2022
		<b>RMB'000</b>	RMB'000
		<b>(unaudited)</b>	(unaudited)
<b>Type of goods or services</b>			
Sale of goods		<u>218,930</u>	<u>122,760</u>
		<b>218,930</b>	<b>122,760</b>
<b>Timing of revenue recognition</b>			
Goods or services transferred at a point in time		<u>218,930</u>	<u>122,760</u>
Total revenue from contracts with customers		<u><b>218,930</b></u>	<u><b>122,760</b></u>
		<b>For the six months ended 30 June</b>	
		<b>2023</b>	2022
		<b>RMB'000</b>	RMB'000
		<b>(unaudited)</b>	(unaudited)
<b>Other income and gains</b>			
Bank interest income		<b>386</b>	284
Government grants*	4	<b>644</b>	278
Gain on disposal of a subsidiary	4	<b>61</b>	–
Rental income		<b>2,458</b>	2,215
Other		<u><b>256</b></u>	<u>356</u>
		<u><b>3,805</b></u>	<u><b>3,133</b></u>

\* 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.

#### 4. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is arrived at after charging:

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Cost of inventories sold	73,063	51,077
Staff costs (excluding compensation of key management personnel of the Group)	29,612	24,490
Depreciation of right-of-use assets	1,553	1,805
Amortisation of intangible assets	998	1,014
Depreciation of property, plant and equipment	4,400	5,024
Lease payments not included in the measurement of lease liabilities	469	94
Impairment of trade receivables	392	217
Exchange differences, net	983	2,483
Government grants	(644)	(278)
Gain on disposal of a subsidiary	(61)	–
Research and development expenses	355	457

#### 5. INCOME TAX EXPENSE

The amounts of income tax expense in the interim condensed consolidated statement of profit or loss and other comprehensive income represent:

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax	2,307	–
Deferred tax	(274)	856
Total tax expense for the period	2,033	856

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 subsidiaries operating in New Zealand. Australia income tax is calculated at 30% of the assessable profits of the subsidiary operating in Australia.



## 6. DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2023 (For the six months ended 30 June 2022: Nil).

No proposed dividend was declared by the Board for the year ended 31 December 2022.

## 7. EARNINGS/(LOSS) 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 period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 946,298,370 (2022: 946,298,370) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2022 and 2023.

## 8. PROPERTY, PLANT AND EQUIPMENT

No impairment losses were recognised in respect of property, plant and equipment for the period and the corresponding period last year. During the period, additions to property, plant and equipment amounted to RMB1,071,000 (For the six months ended 30 June 2022: RMB1,459,000).

## 9. INVENTORIES

	<b>30 June 2023 RMB'000 (unaudited)</b>	31 December 2022 RMB'000 (audited)
Raw materials	40,163	29,407
Work-in-progress	4,281	412
Finished goods	69,317	45,179
Goods merchandise	276	274
	<u>114,037</u>	<u>75,272</u>

## 10. TRADE RECEIVABLES

	<b>30 June 2023 RMB'000 (unaudited)</b>	31 December 2022 RMB'000 (audited)
Trade receivables	35,093	30,858
Impairment	(3,069)	(2,674)
	<u>32,024</u>	<u>28,184</u>

## 10. TRADE RECEIVABLES (CONTINUED)

An ageing analysis of trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	<b>30 June 2023 RMB'000 (unaudited)</b>	31 December 2022 RMB'000 (audited)
Within 1 month	20,541	14,078
Over 1 month but within 3 months	7,643	11,739
Over 3 months but within 1 year	3,733	1,983
Over 1 year	107	384
	<u>32,024</u>	<u>28,184</u>

## 11. TRADE PAYABLES

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

	<b>30 June 2023 RMB'000 (unaudited)</b>	31 December 2022 RMB'000 (audited)
Within 1 month	26,081	10,541
Over 1 month but within 3 months	4,947	9,907
Over 3 months but within 1 year	126	361
Over 1 year	681	719
	<u>31,835</u>	<u>21,528</u>

The trade payables are non-interest-bearing and are normally settled on terms between 30 and 90 days.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

In the first half of 2023, both the cross-border e-commerce of nutritional supplements and the distribution channels of the maternity and child series products under the Good Health brand in the PRC experienced rapid growth. The Group's revenue for the first half of 2023 amounted to approximately RMB218.9 million, increased by approximately RMB96.1 million as compared to that of approximately RMB122.8 million in the first half of 2022, representing an increase of approximately 78.3%. The gross profit margin in the first half of 2023 was approximately 66.6% as compared with that of approximately 58.4% in the first half of 2022, representing an increase of approximately 8.2%. The Group's selling and distribution expenses and administrative expenses as a percentage of sales revenue decreased by approximately 8.9% to approximately 52.8% for the first half of 2023 from approximately 61.7% for the first half of 2022. For the first half of 2023, the Group recorded profits of approximately RMB27.8 million, representing an increase in profit of approximately RMB33.0 million as compared to losses of approximately RMB5.2 million for the first half of 2022.

In the first half of 2023, the Group continued to adopt the strategies of focusing its resources on the Good Health brand and sales promotion through distributors and e-commerce channels, so as to achieve greater brand recognition of the Good Health brand in the target markets. The Group increased its investments in marketing and promotion of its cross-border e-commerce business in the PRC, and in terms of design, advertising and promotion, the Group strived to innovate, with a view to enhancing the efficiency and effectiveness of its promotional efforts. Meanwhile, more investments were made in the research and development of new products in response to customers' demands for the maternity and child series products of the Good Health brand. The Group carried out continuous brand building and promotion mainly through various channels including distributors, pharmacies, duty-free stores, and flagship stores on domestic major e-commerce platforms.

In the first half of 2023, in order to enhance market competitiveness of its products and meet evolving consumer demands, the Group adopted a market-oriented strategy for research and product development to further strengthen new products development. During the six months ended 30 June 2023, the Group launched a total of eight new products, including one New Goodhealth series product and seven Good Health series products. The new products mainly comprised Elderberry Flavored Drink, Iron-Rich Gummy, Vira-Complex Powder, Virawell Power 300, Carb Buster Citrus Bioflavonoid Plus, Men's Vitality, EinCardio, etc..

## **FINANCIAL REVIEW**

### **Results**

The Group's revenue for the first half of 2023 amounted to approximately RMB218.9 million, and increased by approximately RMB96.1 million as compared to that of approximately RMB122.8 million in the first half of 2022, representing an increase of approximately 78.3%.

For the first half of 2023, the Group recorded profits of approximately RMB27.8 million, representing an increase in profit of approximately RMB33.0 million as compared to losses of approximately RMB5.2 million for the first half of 2022. The Company's earnings per share was approximately RMB2.94 cents (First half of 2022: loss per share of approximately RMB0.55 cent) based on the weighted average number of 946,298,370 (First half of 2022: 946,298,370) ordinary shares of the Company in issue during the first half of 2023.

### **Revenue**

The Group's revenue for the first half of 2023 amounted to approximately RMB218.9 million, and increased by approximately RMB96.1 million as compared to that of approximately RMB122.8 million in the first half of 2022, representing an increase of approximately 78.3%. The increase in revenue was mainly attributable to the significant increase in revenue derived from both online and offline sales channels during the period.

### **Gross profit**

The Group's gross profit increased by approximately RMB74.2 million from approximately RMB71.7 million in the first half of 2022 to approximately RMB145.9 million in the first half of 2023. The gross profit margin increased by approximately 8.2% from approximately 58.4% in the first half of 2022 to approximately 66.6% in the first half of 2023. The increase in gross profit margin was mainly attributable to the increase in the proportion of sales revenue from e-commerce platforms, which has higher gross profit margins, as compared to other sales channels.

### **Other income and gains**

The Group's other income and gains, which mainly comprised rental income, government grants and bank interest income, increased by approximately RMB0.7 million from approximately RMB3.1 million in the first half of 2022 as compared to approximately RMB3.8 million in the first half of 2023, which was mainly due to the slight increase in property rental income and government grants.

## **Selling and distribution expenses**

The Group's selling and distribution expenses increased by approximately RMB38.9 million or approximately 84.2% from approximately RMB46.2 million in the first half of 2022 to approximately RMB85.1 million in the first half of 2023. The proportion of selling and distribution expenses to sales revenue was 38.9%, which remained stable as compared to that of the first half of 2022. Such increase in selling and distribution expenses was mainly due to the Group's vigorous development of Good Health cross-border e-commerce channels by increasing its investment in marketing and promotional resources in such channels.

## **Administrative expenses**

The Group's administrative expenses amounted to approximately RMB30.6 million for the first half of 2023, which remained stable as compared to approximately RMB29.6 million for the first half of 2022. The proportion of administrative expenses to sales revenue decreased approximately 10.1% from approximately 24.1% in the first half of 2022 to approximately 14.0% in the first half of 2023. Such decrease in the proportion of administrative expenses to sales revenue was mainly due to the increase in sales revenue for the first half of 2023.

## **Income tax expense**

The Group's income tax expense increased from approximately RMB0.9 million in the first half of 2022 to approximately RMB2.0 million in the first half of 2023, representing an increase of approximately RMB1.1 million. Such increase in income tax expense was mainly due to the increase in income tax expense of Good Health Products Limited, one of the Group's subsidiaries in New Zealand, due to its corresponding increase in profit.

## **Profit for the period**

The revenue of the Group increased by approximately RMB96.1 million or approximately 78.3% to approximately RMB218.9 million in the first half of 2023 from approximately RMB122.8 million in the first half of 2022. Gross profit margin increased by approximately 8.2% to approximately 66.6% in the first half of 2023 from approximately 58.4% in the first half of 2022. The proportion of selling and distribution expenses and administrative expenses to sales revenue decreased by approximately 8.9% from approximately 61.7% in the first half of 2022 to approximately 52.8% in the first half of 2023. Therefore, the Group recorded a profit of approximately RMB27.8 million in the first half of 2023, representing an increase in profit of approximately RMB33.0 million as compared to a loss of approximately RMB5.2 million recorded in the first half of 2022.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Cash flow**

As at 30 June 2023, the Group's monetary fund decreased by approximately RMB12.6 million as compared with that of 31 December 2022 mainly due to the net cash outflow from operating activities of approximately RMB10.1 million, net cash outflow from investing activities of approximately RMB0.5 million, net cash outflow from financing activities of approximately RMB2.2 million and cash inflow from exchange effects of approximately RMB0.2 million.

### **Inventories**

The Group's inventories amounted to approximately RMB114.0 million as at 30 June 2023 (as at 31 December 2022: approximately RMB75.3 million), representing an increase of approximately RMB38.7 million or approximately 51.4%. The Group's inventories include raw materials, work-in-progress, finished goods and goods merchandise. Such increase in inventories was mainly due to the increase in the reserve of raw materials and finished goods of Good Health products in New Zealand to meet the potential demand from the cross-border e-commerce platforms in the second half of 2023. Meanwhile, the Company continued to further expand its distributor channels for Good Health infant and kid's nutritional products in the PRC, of which the Lactoferrin is a star product in the distributor channels, and the Company has increased the reserves of Lactoferrin during the period to meet the increasing sales demand from the distributor channels. The inventory turnover days remained stable at approximately 233 days in the first half of 2023 (the first half of 2022: 231 days).

### **Trade receivables**

The Group's trade receivables amounted to approximately RMB32.0 million as at 30 June 2023 (as at 31 December 2022: approximately RMB28.2 million), representing an increase of approximately RMB3.8 million or approximately 13.5%. Such increase was mainly due to the increase in accounts receivable as a result of the increase in sales revenue from the distributors of the Company in the PRC and the cross-border e-commerce platforms.

### **Trade payables**

The Group's trade payables amounted to approximately RMB31.8 million as at 30 June 2023 (as at 31 December 2022: approximately RMB21.5 million), representing an increase of approximately RMB10.3 million or approximately 47.9%. Due to the Group's vigorous development of the cross-border e-commerce business for the Good Health brand and the rapid growth of e-commerce channel sales in the first half of 2023, the Group increased its production capacity of Good Health brand in the first half of the year to meet the market demand, resulting in an increase in the balance of trade payables to raw material suppliers.

### **Foreign exchange exposure**

As the Group conducts in-bound transactions principally in RMB and outbound transactions principally in New Zealand dollars, United States dollars and Australian dollars, the Group had not utilised any types of financial instruments for hedging purposes as at 30 June 2023.

### **Borrowings and pledge of assets**

As at 30 June 2023, the Group did not have any outstanding borrowings or pledge of assets.

### **Capital expenditure**

The Group invested approximately RMB1.1 million in the first half of 2023 (the first half of 2022: approximately RMB1.5 million) for fixed assets.

### **Capital commitments and contingent liabilities**

As at 30 June 2023, the Group did not have capital commitments (as at 31 December 2022: Nil). As at 30 June 2023, the Group had no material contingent liabilities (as at 31 December 2022: Nil).

## OUTLOOK

In the first half of 2023, the global economy as a whole showed signs of recovery. Major economies, such as Europe, the United States of America and China, experienced positive growth, with the global inflation rate remaining overall stable, and the employment conditions generally improving across the globe. Following the COVID-19 pandemic, China's economic and social conditions returned to the pre-pandemic level. Supported by effective macroeconomic policies, the national economy has rebounded as a whole with a steady progress in development. However, amid the complex global political and economic conditions, the foundation for sustainable domestic economic recovery and development remained unstable.

In the first half of 2023, sales revenue of the Good Health brand from e-commerce platforms and the distributor channels for infant and child series products in the PRC have both recorded significant growth, enhancing the overall profitability of the Group. Meanwhile, the Good Health brand continues with its growing influence within the industry.

In the second half of 2023, the global economy continues to face considerable uncertainties, mainly including the aftermath of the COVID-19 pandemic, escalating geopolitical conflicts, a continued trend towards deglobalisation, and high debt levels of certain countries and major corporations, which may give rise to financial risks. As a major economic powerhouse in the global economy, China is expected to maintain resilience and sustainability in its macroeconomic recovery for the second half of the year.

Looking into the second half of 2023, the Group will continue to focus on two major business segments: (i) the cross-border e-commerce in the PRC for nutritional supplements under the Good Health brand; and (ii) the offline distributor channels in the PRC for the infant and child series products under the Good Health brand. The Group will focus on: (1) increasing investments in promotion for cross-border e-commerce and distributor channels for infant and child products in the PRC, with an emphasis on the effectiveness and efficiency of these investments; (2) accelerating the research and development and launching of new products to meet the needs of target customers, so as to enhance the competitiveness of Good Health brand products and expand its sales volume; and (3) improving the supply chain management to enhance the inventory turnover rate, thereby improving the overall profitability and cash flow of the Group.



## **HUMAN RESOURCES MANAGEMENT**

High-caliber and dedicated staff are indispensable assets to the Group's success in the competitive market. By providing comprehensive trainings and corporate culture education periodically, the Group's employees are able to receive on-going training and knowledge development in respect of the nutritional supplements, maternity and child nutrition 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 2023, the Group employed the work force of 319 employees, including 192 Chinese employees, 124 New Zealand employees and 3 Australian employees. The total salaries and related costs for the six months ended 30 June 2023 amounted to approximately RMB33.9 million (the first half of 2022: approximately RMB27.9 million).

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

For the six months ended 30 June 2023, neither the Company nor any of its subsidiaries has purchased, redeemed or sold 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 Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (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 supervisors of the Company ("**Supervisors**") and all the Directors and Supervisors confirmed that they have complied with the Model Code throughout the six months ended 30 June 2023 and up to the date of this announcement.

## **CODE OF CORPORATE GOVERNANCE PRACTICE**

In the opinion of the Directors, the Company has complied with Part 2 of the Corporate Governance Code ("**CG Code**") as set out in Appendix 14 to the Listing Rules for the six months ended 30 June 2023 and up to the date of this announcement.

## **EVENTS SUBSEQUENT TO THE SIX MONTHS ENDED 30 JUNE 2023**

Subsequent to the six months ended 30 June 2023 and up to the date of this announcement, there were no significant events affecting the Group.

## **INTERIM DIVIDEND**

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2023 (For the six months ended 30 June 2022: Nil).

## **REVIEW OF THE INTERIM RESULTS**

The unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2023 have been reviewed by the audit committee of the Company (the “**Audit Committee**”). The Audit Committee has been established in compliance with 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. Yu Bo, Ms. Cai Tianchen and Mr. Wang Wei. Ms. Cai Tianchen 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](http://www.hkexnews.hk) and the Company’s website at [www.zs-united.com](http://www.zs-united.com). The interim report of the Group for the six months ended 30 June 2023 containing all the relevant information required by the Listing Rules on the Stock Exchange 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, 23 August 2023

*As of the date of this announcement, the executive Directors are Mr. Gui Pinghu, Ms. Zhang Yuan and Ms. Zhu Feifei; and the independent non-executive Directors are Mr. Yu Bo, Ms. Cai Tianchen and Mr. Wang Wei.*

\* *For identification purpose only*