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 2023

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 105.2% to RMB564.0 million (2022: RMB274.9 million).
- Gross profit increased by approximately 137.3% to RMB379.7 million (2022: RMB160.0 million).
- Profit for the Year of RMB52.6 million (2022: Loss of RMB14.2 million).
- Profit per share was RMB5.56 cents (2022: Loss per share RMB1.51 cents).
- The Board does not recommend the payment of any final dividend (2022: Nil) for the Year or any special dividend (2022: Nil).

FINAL 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 consolidated final results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2023 (the "**Year**") together with the comparative figures for the year ended 31 December 2022 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	**2023** **RMB'000**	2022 *RMB'000*
Revenue	*4*	**563,959**	274,851
Cost of sales		**(184,302)**	(114,856)
Gross profit		**379,657**	159,995
Other income and gains	*4*	**8,474**	7,910
Selling and distribution expenses		**(249,962)**	(108,603)
Administrative expenses		**(72,222)**	(63,924)
Finance costs		**(3,280)**	(472)
Other expenses		**(4,574)**	(5,406)
Profit/(loss) before tax		**58,093**	(10,500)
Income tax expense	*6*	**(5,491)**	(3,746)
Profit/(loss) for the year		**52,602**	(14,246)
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods, after tax:			
Exchange differences on translation of foreign operations		**1,667**	1,045
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods, after tax:			
Gains on property revaluation		**–**	6,755
Total comprehensive income/(loss) for the year		**54,269**	(6,446)
Profit/(loss) attributable to:			
Owners of the parent		**52,602**	(14,246)
Total comprehensive income/(loss) attributable to:			
Owners of the parent		**54,269**	(6,446)
		RMB	*RMB*
Profit/(loss) per share attributable to ordinary equity holders of the parent:			
— Basic and diluted	*8*	**5.56 cents**	(1.51) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	Notes	2023 RMB'000	2022 RMB'000
Non-current assets			
Property, plant and equipment		**72,126**	80,074
Investment properties		**71,725**	72,954
Right-of-use assets		**37,428**	39,985
Goodwill	*9*	**32,981**	32,374
Other intangible assets		**3,083**	5,077
Deferred tax assets		**12,562**	12,125
Total non-current assets		**229,905**	242,589
Current assets			
Inventories	*10*	**108,861**	75,272
Trade receivables	*11*	**32,511**	28,184
Restricted cash		**200**	1,350
Prepayments, deposits and other receivables		**16,386**	16,070
Tax recoverable		**–**	131
Cash and cash equivalents		**117,556**	73,391
Total current assets		**275,514**	194,398
Total assets		**505,419**	436,987
Current liabilities			
Trade payables	*12*	**33,147**	21,528
Other payables and accruals		**38,297**	41,101
Lease liabilities		**4,143**	4,368
Tax payables		**6,464**	–
Total current liabilities		**82,051**	66,997
Net current assets		**193,463**	127,401
Total assets less current liabilities		**423,368**	369,990

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December

	Notes	**2023** *RMB'000*	2022 *RMB'000*
Non-current liabilities			
Lease liabilities		**31,020**	31,385
Deferred tax liabilities		**13,468**	14,031
Provision		**811**	774
Total non-current liabilities		**45,299**	46,190
Net assets		**378,069**	323,800
Equity			
Equity attributable to owners of the parent			
Share capital		**94,630**	94,630
Other reserves		**283,439**	229,170
Total equity		**378,069**	323,800

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. CORPORATE AND GROUP 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 4/F, Building 3, 3 Qingma Road, Qixia District, Nanjing, Jiangsu Province, the PRC.

The Group is principally engaged in the manufacture 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**"), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

HKFRS 17	*Insurance Contracts*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform — Pillar Two Model Rules*

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under HKAS 12.

(d) Amendments to HKAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

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. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[1, 4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[1, 4]
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*[1]
Amendments to HKAS 21	*Lack of Exchangeability*[2]

1 Effective for annual periods beginning on or after 1 January 2024

2 Effective for annual periods beginning on or after 1 January 2025

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

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. 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**"), Australia and New Zealand.

(b) Geographical information

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

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

	2023	2022
	RMB'000	*RMB'000*
Mainland China	**432,391**	172,670
New Zealand	**113,712**	85,892
Australia	**4,701**	3,610
Vietnam	**4,965**	4,839
Other countries	**8,190**	7,840
Total revenue	**563,959**	274,851

(c) Non-current assets

	2023	2022
	RMB'000	*RMB'000*
Mainland China	**143,109**	150,933
New Zealand	**40,478**	45,800
Australia	**775**	1,357
Total non-current assets	**184,362**	198,090

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

(d) Information about a major customer

No revenue from transactions with a single external customer amounted to 10% or more of the Group's revenue for the year (2022: Nil).

4. REVENUE, OTHER INCOME AND GAINS

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

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

	2023	2022
	RMB'000	*RMB'000*
Type of goods or services		
Sale of goods	**563,959**	274,851
Total revenue from contracts with customers	**563,959**	274,851
Timing of revenue recognition		
Goods transferred at a point in time	**563,959**	274,851
Total revenue from contracts with customers	**563,959**	274,851

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2023	2022
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	**13,923**	4,689

	2023	2022
	RMB'000	*RMB'000*
Other income and gains		
Government grants*	**1,489**	434
Rental income	**4,463**	4,768
Gain on disposal of property, plant and equipment	**864**	–
Bank interest income	**852**	329
Gain on disposal of a subsidiary	**61**	–
Foreign exchange differences, net	**–**	2,324
Others	**745**	55
Total other income and gains	**8,474**	7,910

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

5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	2023	2022
	RMB'000	*RMB'000*
Cost of inventories sold	**181,316**	111,798
Depreciation of property, plant and equipment*	**8,639**	9,330
Depreciation of right-of-use assets*	**3,066**	3,578
Lease payments not included in the measurement of lease liabilities	**917**	382
Amortisation of intangible assets**	**2,006**	2,001
Auditor's remuneration	**2,000**	2,000
Research and development expenses	**867**	836
Changes in fair value of investment properties	**1,229**	348
Employment benefit expense (excluding directors', supervisors' and chief executive's remuneration)*:		
Wages and salaries	**74,810**	57,421
Pension scheme contributions (defined contribution scheme)***	**2,617**	2,397
Other benefits	**6,360**	5,979
Foreign exchange differences, net	**2,830**	(2,324)
Impairment loss of other intangible assets****	**–**	1,723
Impairment of trade receivables	**279**	655
Write-down of inventories to net realisable value*****	**2,986**	3,058
Bank interest income	**(852)**	(329)
Government grants	**(1,489)**	(434)
Gain on disposal of a subsidiary	**(61)**	–
Gain on disposal of items of property, plant and equipment	**(864)**	–

* The depreciation of property, plant and equipment, depreciation of right-of-use assets and employment benefit expense for the year is included in "Cost of inventories sold", "Selling and distribution expenses" and "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

** The amortisation of intangible assets for the year is included in "Selling and distribution expenses" and "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

*** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

**** The impairment of other intangible assets is included in "Other expenses" in the consolidated statement of profit or loss and other comprehensive income.

***** The write-down of inventories to net realisable value for the year is included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

6. INCOME TAX

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

	2023	2022
	RMB'000	*RMB'000*
Current		
— New Zealand	**6,410**	7
	6,410	7
Deferred	**(919)**	3,739
Total tax expense for the year	**5,491**	3,746

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.

7. DIVIDENDS

The Board has resolved not to declare any final dividend for the year ended 31 December 2023 (2022: Nil).

8. PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic profit/(loss) per share amount is based on the profit/(loss) for the year 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 year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 2022.

The calculation of basic profit/(loss) per share is based on:

	2023	2022
	RMB'000	*RMB'000*
Profit/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent used in the basic loss per share calculation	**52,602**	(14,246)

	2023	2022
Shares		
Weighted average number of ordinary shares for the purpose of the basic profit/(loss) per share calculation	**946,298,370**	946,298,370

9. GOODWILL

	RMB'000
At 1 January 2022	
Cost	57,019
Accumulated impairment	(25,092)
Net carrying amount	31,927
Cost at 1 January 2022, net of accumulated impairment	31,927
Exchange realignment	447
At 31 December 2022	32,374
At 31 December 2022	
Cost	57,816
Accumulated impairment	(25,442)
Net carrying amount	32,374
Cost at 1 January 2023, net of accumulated impairment	32,374
Exchange realignment	607
Cost and net carrying amount at 31 December 2023	32,981
Cost at 31 December 2023:	
Cost	58,901
Accumulated impairment	(25,920)
Net carrying amount	32,981

10. INVENTORIES

	2023	2022
	RMB'000	*RMB'000*
Raw materials	**29,641**	29,407
Work-in-progress	**229**	412
Finished goods	**78,461**	45,179
Goods merchandise	**530**	274
Total	**108,861**	75,272

11. TRADE RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**35,505**	30,858
Impairment	**(2,994)**	(2,674)
Net carrying amount	**32,511**	28,184

In general, the entities in the Group have 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.

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:

	2023	2022
	RMB'000	*RMB'000*
Within 1 month	**28,136**	14,078
Over 1 month but within 3 months	**3,578**	11,739
Over 3 months but within 1 year	**643**	1,983
Over 1 year	**154**	384
Total	**32,511**	28,184

12. 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:

	2023	2022
	RMB'000	*RMB'000*
Within 1 month	**32,184**	10,541
Over 1 month but within 3 months	**201**	9,907
Over 3 months but within 1 year	**2**	361
Over 1 year	**760**	719
Total	**33,147**	21,528

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

With clear strategic objectives and determined implementation by the management, the Group achieved remarkable operational and financial performance in 2023. The Group witnessed rapid development in both key business segments, namely the cross-border e-commerce platforms and the distribution channels for infant and child series products. The Group's revenue for the Year amounted to approximately RMB564.0 million, representing an increase of approximately 105.2% compared to approximately RMB274.9 million in 2022. The Group recorded a profit of approximately RMB52.6 million for the Year, turning loss into profit as compared to the loss of approximately 14.2 million RMB recorded in 2022.

In terms of supply chain management, the Group has also achieved the goals set at the beginning of the year. During the Year, the Group boosted its production capacity by strengthening the management of its supply chain system and identifying high-quality suppliers, so as to accommodate the fast-growing demands from the cross-border e-commerce platform and the infant and child series products in the market. As a result, the efficiency of inventory turnover has also improved.

During the Year, the Group continued to focus on the Good Health brand and sales promotion through distributors and e-commerce channels, so as to promote the brand recognition of the Good Health in the target markets. The Group carried out continuous brand building and promotion mainly through a combination of distributors, pharmacies, duty-free stores and travel channels, and at the same time through flagship stores on domestic major e-commerce platforms.

In terms of e-commerce platforms in the PRC market, the Group continued to cooperate with e-commerce platforms such as Tmall, JD.com, TikTok, xiaohongshu.com, and Bilibili, etc..

During the Year, the Group made various attempts and innovations in promotional campaigns for cross-border e-commerce platforms to enhance its brand influence. These initiatives include:

(1) making use of the influential capabilities of influencer live streaming channels, which has been beneficial to the growth of the Group. The Group has collaborated with several top influencers on e-commerce platforms, turning its key products into hot-selling products. This has generated significant online exposure and contributed to the future development of its products;

(2) initiating a traceability program in New Zealand. Through cooperation with several influential headliners from platforms such as Taobao and TikTok, the Group invited them to visit New Zealand for a live-streaming traceability journey of the factory and stores of Good Health Products Limited. These dedicated live-streaming activities not only achieved outstanding sales results but also effectively promoted the Group's local brand by highlighting its 37-year heritage, commitment to quality and core values;

(3) using new media operations to promote products through platforms such as xiaohongshu.com, Bilibili, and Weibo. This strategy plays a critical role in enhancing the development of products like Joint Active with UC-II (骨膠原) and Viralex Kids products (嚼嚼樂); and

(4) establishing several brand-owned streaming accounts on prominent e-commerce platforms such as Tmall, JD.com, and TikTok, which has laid the foundation for future development.

The Group's overseas diversified sales platforms mainly include international distribution networks that broadly distributed in various countries, including the United Kingdom, Germany, Netherlands, Singapore, South Africa, Vietnam, and Thailand, etc., and local large chain pharmacies, health goods supermarkets and tourist souvenir shops in New Zealand and Australia.

During the Year, 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 Year, the Group launched a total of 15 new products, including 1 New Goodhealth series product, 13 Good Health series products and 1 Livingnature series product, etc.. The new products mainly comprised Elderberry Flavored Drink, Vira-Complex Powder, Carb Buster Citrus Bioflavonoid Plus Tablets, EinCardio — Concentrated Fish Oil Capsules and Cranberry Plus EPO Capsules, etc..

FINANCIAL REVIEW

Results

The revenue of the Group for the Year was approximately RMB564.0 million, representing an increase of approximately 105.2% from approximately RMB274.9 million in 2022. The Group recorded a profit of approximately RMB52.6 million for the Year as compared with a loss of approximately RMB14.2 million in 2022. The Company's earnings per share was approximately RMB5.56 cents (2022: loss per share of approximately RMB1.51 cents) based on the weighted average number of 946,298,370 (2022: 946,298,370) ordinary shares of the Company in issue during the Year.

Revenue

The revenue of the Group increased by approximately 105.2% from approximately RMB274.9 million in 2022 to approximately RMB564.0 million for the Year. During the Year, the Group continued to increase its promotional efforts for the Good Health brand. The increase in sales revenue for the Year was mainly driven by the significant growth in Good Heath brand's sales revenue from cross-border e-commerce platforms and the distribution channels for infant and child series products in the PRC.

Gross profit

The Group's gross profit increased by approximately 137.3% from approximately RMB160.0 million in 2022 to approximately RMB379.7 million for the Year. The Group's gross profit margin in 2023 increased from approximately 58.2% in 2022 to approximately 67.3% for the Year. Such increase in gross profit margin was mainly due to higher gross profit margins in cross-border e-commerce platforms. The revenue from the cross-border e-commerce platforms accounted for a higher proportion to the overall sales revenue of the Group for the Year, thus improving the Group's overall gross profit margin.

Other income and gains

The Group's other income and gains mainly comprised bank interest income, government grants and rental income, which increased from approximately RMB7.9 million in 2022 to approximately RMB8.5 million for the Year, mainly due to the slight increase in government grants.

Selling and distribution expenses

The Group's selling and distribution expenses increased by approximately 130.2% from approximately RMB108.6 million in 2022 to approximately RMB250.0 million for the Year, representing approximately 39.5% and 44.3% of the Group's revenue in 2022 and for the Year, respectively. Such increase in selling and distribution expenses was mainly due to the Group's increased advertising and promotional efforts on e-commerce distribution channels.

Administrative expenses

The Group's administrative expenses increased by approximately 13.0% from approximately RMB63.9 million in 2022 to approximately RMB72.2 million for the Year, representing approximately 23.3% and 12.8% of the Group's revenue in 2022 and for the Year, respectively. Such increase in administrative expenses was mainly due to the Group's efforts to better incentivise its management, resulting in salary increases for certain members of the management.

Income tax expense/(credit)

The Group recorded an income tax expense of approximately RMB5.5 million for the Year and an income tax expense of approximately RMB3.7 million in 2022. The income tax expenses recorded during the Year were mainly due to the increase in profit of Good Health Products Limited, one of the Group's subsidiaries. The Group's effective tax rates in 2022 and for the Year were 35.7% and 9.5%, respectively.

Profit/(loss) for the Year

As a result of the foregoing, compared with a loss of approximately RMB14.2 million in 2022, the Group recorded a profit of approximately RMB52.6 million for the Year.

Reasons for turnaround from loss to profit

The turnaround from loss to profit for the Year was mainly attributable to (i) the significant growth in Good Heath brand's sales revenue from cross-border e-commerce platforms and the distribution channels for infant and child series products in the PRC; and (ii) the overall improvement in the Group's gross profit margin, driven by the higher proportion of revenue from cross-border e-commerce platforms, which have higher gross profit margins.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow

During the Year, the Group's cash and cash equivalents increased by approximately RMB44.2 million, which mainly comprised the net cash inflow from operating activities of approximately RMB47.1 million, net cash inflow from investing activities of approximately RMB0.5 million, net cash outflow used in financing activities of approximately RMB4.5 million and exchange gains of approximately RMB1.1 million.

Inventories

The Group's inventories amounted to approximately RMB108.9 million as at 31 December 2023 (as at 31 December 2022: approximately RMB75.3 million). The Group's inventories include raw materials, work-in-progress, finished goods and goods merchandise. The balance of inventories increased by approximately 44.6% compared with that as at 31 December 2022. The increase in inventories during the Year is primarily due to the significant growth in Good Health brand's sales revenue from cross-border e-commerce platforms, resulting in an increased inventories of such finished goods sold through the relevant channel by the Group. The inventory turnover days were approximately 181 days for the Year (2022: approximately 213 days), decreasing by 32 days compared with that of 2022. Such decrease was mainly due to the Group's further expansion of e-commerce channels, which generally has faster inventory turnover. The revenue from e-commerce channels increased significantly in terms of the percentage of the Group's overall sales revenue during the Year, thus increasing the Group's overall inventory turnover.

Trade receivables

The Group's trade receivables amounted to approximately RMB32.5 million as at 31 December 2023 (as at 31 December 2022: approximately RMB28.2 million), representing an increase of approximately RMB4.3 million or approximately 15.2%. Such increase in trade receivables was mainly due to (i) the expansion of distribution on business-to-business e-commerce platforms; and (ii) the increase in accounts receivable as a result of the increase in sales revenue from the distributor channels for infant and child series products in the PRC.

Trade payables

The Group's trade payables increased by approximately RMB11.6 million or approximately 54.0% to approximately RMB33.1 million as at 31 December 2023 (as at 31 December 2022: approximately RMB21.5 million). Such increase in trade payables was mainly due to Good Health's significant increase in production volume to meet the high demand for finished goods resulting from the substantial growth in orders from the Chinese customers, thereby leading to intensified procurement from upstream suppliers.

Foreign exchange exposure

The Group conducts in-bound transactions principally in RMB and outbound transactions principally in New Zealand dollar, United States dollar, and Australian dollar. The Group managed its foreign exchange risks by performing regular review and monitoring of its foreign exchange exposures. The Directors consider the Group's risk exposure to currency fluctuation to be minimal. Therefore, the Group had not implemented any hedging or other alternative policies to deal with such exposure during the Year.

Borrowings and pledge of assets

As at 31 December 2023, the Group did not have any outstanding borrowings or pledge of assets.

Capital expenditure

During the Year, the Group invested approximately RMB0.05 million (2022: approximately RMB1.4 million) for the establishment of research & development centre, plants and equipment.

Capital commitments and contingent liabilities

As at 31 December 2023, the Group did not have any material capital commitments or contingent liabilities (as at 31 December 2022: Nil).

OUTLOOK

In 2023, being the first year after the pandemic, the market faced numerous challenges including global inflation, the Russia-Ukraine war, escalating geopolitical conflicts, and continuing China-US trade competition which brought uncertainties to the stability in the global economic growth. Despite these challenges, China maintained stable economic growth, with the domestic consumer market gradually recovering, foreign trade steadily increasing, and increase in investment growth rate. On the other hand, the government continued to implement proactive fiscal policies and prudent monetary policies, which are aimed at promoting economic structural reforms, optimising industrial structure, enhancing technological innovation capabilities, and strengthening environmental protection efforts.

Benefiting from our well-defined strategic objectives and the management's implementation of these objectives, the Group focused on the supply chain management and continued to put various sales and promotion strategies to test, thereby enhancing the influence of the Good Health brand. In 2023, the Group achieved good operating and financial results, evidenced by the rapid development in sales revenue from both of its key business segments, namely, the cross-border e-commerce platform and distribution channels for infant and child products. Furthermore, the Group's profitability also improved steadily, achieving the target set at the beginning of the year.

Looking into 2024, it is expected that the global economic development will continue to be affected by numerous challenges, including the ongoing Russia-Ukraine war and global geopolitical conflicts, and the upcoming US presidential election which brings about political uncertainties. In addition, the domestic economic recovery and the introduction of policies may not live up to market expectation. In 2024, China will be stabilising its economy in the midst of a market correction. Consumption and services are expected to continue in its post-pandemic recovery. The government has reiterated its support for the development of private enterprises, by fostering a fair competitive environment. In addition, the government will strengthen the policy-driven coordination and collaboration effort, enhance communications with the market and enterprises, and timely adjust and optimise relevant policies.

In 2024, the Group will continue to implement its established strategic objectives, whereby amassing resources to push forward with the following development: (1) the Group's cross-border e-commerce platforms will continue to try and optimise marketing and promotional strategies in live streaming, new media, and digital marketing, with a view to enhancing the influence of the Good Health brand and its key products; (2) the Group will continue to strengthen the research and development effort in new products, minimize the research and development cycle, and launch more new products to meet target customers' demands; (3) the Group will continue to strengthen the supply chain management, by enhancing production capacity, in order to meet customers demand in time, and reducing the production and procurement cycles; and (4) the Group will expand the sales revenue scale, while optimising the cost-income output of marketing and promotional expenses, thereby improving overall profitability.

HUMAN RESOURCES MANAGEMENT

Quality 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 employees are able to obtain on-going trainings 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 2023, the Group employed a work force of 349 employees (as at 31 December 2022: 298 employees). The total salaries and related costs for the Year amounted to approximately RMB89.8 million (as at 31 December 2022: approximately RMB71.9 million).

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

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the Year.

SIGNIFICANT EVENTS SUBSEQUENT TO THE YEAR ENDED 31 DECEMBER 2023

Subsequent to the year ended 31 December 2023 and up to the date of this announcement, there were no significant events affecting the Group.

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 C3 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 the Directors in their dealings in the Company's securities.

The Company has made specific enquiry to the Directors and supervisors of the Company ("**Supervisors**") and all the Directors and Supervisors confirmed that they have complied with the Model Code during the Year.

CODE OF CORPORATE GOVERNANCE PRACTICE

In the opinion of the Directors, the Company has complied with all applicable principles and code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules during the Year.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has been established in compliance with Rules 3.21 and 3.22 of the Listing Rules and with written terms of reference in compliance with the CG Code. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Yu Bo, Ms. Cai Tianchen and Mr. Wang Wei. Ms. Cai Tianchen serves as the chairperson of the Audit Committee. The Audit Committee is primarily responsible for the review and supervision of the financial reporting process, and risk management 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.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the Year as set out in this announcement have been agreed by the Company's auditor, Ernst & Young to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Ernst & Young on this announcement.

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Board does not recommend the payment of any final dividend for the Year or any special dividend.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be convened on Thursday, 6 June 2024. A notice convening the AGM will be published and despatched to the shareholders of the Company as required in due course.

CLOSURE OF REGISTER OF MEMBERS

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 Sunday, 1 June 2024 to Thursday, 6 June 2024, 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, 31 May 2024.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final 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 as required 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, 26 March 2024

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 purposes only*