Done by		Checked by	

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 2013

FINANCIAL HIGHLIGHTS

- Turnover increased by 29.5% to RMB194.7 million (2012: RMB150.4 million)
- Gross profit increased by 33.6% to RMB173.8 million (2012: RMB130.1 million)
- Profit for the year increased by 23.8% to RMB70.8 million (2012: RMB57.2 million)
- Basic earnings per share increased by 20% to RMB12 cents (2012: RMB10 cents)
- The Board proposed not to declare any final dividend for the year ended 31 December 2013 (2012: nil)

FINAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Nanjing Sinolife United Company Limited (the "**Company**") is pleased to announce its audited consolidated final results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2013 (the "**Year**") together with the comparative figures for the year ended 31 December 2012 which are as follows:

* *For identification purposes only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
Turnover	5	**194,736**	150,372
Cost of sales		**(20,909)**	(20,276)
Gross profit		**173,827**	130,096
Other revenue and other gains and losses	6	**2,309**	1,484
Selling and distribution expenses		**(39,807)**	(34,047)
Administrative expenses		**(27,018)**	(20,621)
Listing expenses		**(14,314)**	–
Profit before income tax	7	**94,997**	76,912
Income tax expense	8	**(24,211)**	(19,675)
Profit for the year		**70,786**	57,237
Other comprehensive income that may be reclassified to profit or loss in subsequent periods, after tax			
Exchange differences on translation of foreign operations		**(417)**	(11)
Total comprehensive income for the year		**70,369**	57,226
		RMB	*RMB*
Earnings per share:			
– Basic and diluted	9	**0.12**	0.10

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment	10	**21,770**	18,476
Prepaid land lease payments		**4,165**	4,266
Intangible assets		**32**	98
Deposit for acquisition of property, plant and equipment		**–**	3,795
Deferred tax assets		**1,122**	1,569
		27,089	28,204
Current assets			
Inventories		**7,124**	13,684
Prepaid land lease payments		**101**	101
Trade and other receivables	11	**12,651**	3,731
Amounts due from directors		**–**	691
Cash and bank balances		**164,780**	93,220
		184,656	111,427
Current liabilities			
Trade and other payables	12	**19,505**	10,037
Amount due to a director		**12**	3,983
Income tax payables		**8,346**	6,098
		27,863	20,118
Net current assets		**156,793**	91,309
Net assets		**183,882**	119,513
Capital and reserves			
Share capital		**61,111**	55,000
Reserves		**122,771**	64,513
Total equity		**183,882**	119,513

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

1. GENERAL INFORMATION

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

The Group is principally engaged in the manufacture and sale of nutritional supplements and health food products in the PRC.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted all of new and revised standards, amendments and interpretation (hereinafter collectively referred to as "**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), which are effective for the accounting periods beginning on or after 1 January 2013 in the preparation of the consolidated financial statements throughout the year.

The HKICPA has also issued the following new and revised HKFRSs that are not yet effective, potentially relevant to the Group but have not been early adopted in the preparation of the consolidated financial statements.

Amendments to HKAS 32	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Impairment of Assets – Recoverable Amount Disclosures for Non – Financial Assets[1]
HKFRS 9	Financial Instruments[2]

Note:

[1] Effective for annual periods beginning on or after 1 January 2014

[2] No mandatory effective date yet determined but is available for adoption

Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

Amendments to HKAS 36, Recoverable Amount Disclosures

The amendments limit the requirements to disclose the recoverable amount of an asset or cash generating unit (CGU) to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal.

HKFRS 9 – Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The Group is in the process of making an assessment of the potential impact of the new/revised HKFRSs and the Directors so far concluded that the application of the new/revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the HKFRSs and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost.

(c) Functional and presentation currency

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company.

4. SEGMENT INFORMATION

(a) Reportable segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The Group principally operates in one business segment, which is the manufacture and sale of nutritional supplements and sale of packaged health food products in the PRC.

(b) Geographical information

Most of the group companies are domiciled in the PRC and majority of the non-current assets are located in the PRC. All the Group's revenue from external customers are derived in the PRC.

(c) Revenue from major products

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

	2013 ***RMB'000***	2012 *RMB'000*
Nutritional supplements developed and manufactured in China	**102,144**	95,744
Australian or New Zealand manufactured food and nutritional supplements	**90,810**	53,129
Others	**1,782**	1,499
	194,736	150,372

(d) Information about major customers

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

5. TURNOVER

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, net of value-added tax, during the year.

6. OTHER REVENUE AND OTHER GAINS AND LOSSES

	2013	2012
	RMB'000	*RMB'000*
Bank interest income	**1,313**	985
Short term investment income	**775**	318
Government grant	**260**	–
Loss on disposal of property, plant and equipment	**(76)**	–
Net exchange gain	**1**	111
Others	**36**	21
Waiver of long outstanding trade and other payables	**–**	49
	2,309	1,484

7. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	2013	2012
	RMB'000	*RMB'000*
Cost of inventories sold	**17,207**	17,840
Staff costs	**36,818**	28,392
Amortisation of prepaid land lease payments	**101**	100
Amortisation of intangible assets	**66**	65
Auditor's remuneration	**1,175**	329
Depreciation of property, plant and equipment	**3,368**	1,982
Operating lease payments on properties and shops	**8,994**	4,025
Research and development expenses	**903**	219

8. INCOME TAX EXPENSE

(a) The amounts of taxation in the consolidated statement of comprehensive income represent:

	2013	2012
	RMB'000	*RMB'000*
Current tax -		
PRC Enterprise Income Tax		
– Provision for the year	**23,284**	19,319
– Under provision in prior year	**479**	–
Current tax -		
Australia Income Tax		
– Provision for the year	**–**	188
	23,763	19,507
Deferred tax		
– origination and reversal of temporary difference	**448**	168
Income tax expense	**24,211**	19,675

Provision for PRC Enterprise Income Tax is based on a statutory rate of 25% of the assessable profits of the Group as determined in accordance with the relevant income tax rules and regulations of the PRC for the year.

Provision for Australian Income Tax is calculated at 30% of the assessable profits of the subsidiary in Australia for the year.

(b) The income tax expense for the year can be reconciled to the profit shown in the consolidated statement of comprehensive income as follows:

	2013	2012
	RMB'000	*RMB'000*
Profit before income tax	**94,997**	76,912
Tax on profit before income tax, calculated at PRC Enterprise Income Tax rate	**23,749**	19,228
Effect of different tax rates of subsidiaries operating in other jurisdictions	**114**	96
Tax effect of expenses not deductible for tax purposes	**382**	802
Tax effect of deductible temporary differences not recognised	**–**	(4)
Under provision in prior year	**479**	–
Others	**(513)**	(447)
Income tax expense	**24,211**	19,675

9. EARNINGS PER SHARE

The basic earnings per share for the year is calculated based on the profit for the year and on the assumption that 55,000,000 shares issued upon the transformation of the Company from a limited liability company to a joint stock limited liability company had been in issue and the subdivision of the Company's shares had taken place since 1 January 2012.

	2013	2012
Profit for the year (RMB'000)	**70,786**	57,237
Weighted average number of ordinary shares in issue	**588,508,301**	550,000,000
Basic earnings per share (RMB)	**0.12**	0.10

There were no dilutive potential ordinary shares in issue during the years ended 31 December 2012 and 2013, the amount of diluted earnings per share is the same as basic earnings per share for both of the years.

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Leasehold improve-ments *RMB'000*	Plant and machinery *RMB'000*	Office equipment *RMB'000*	Motor vehicles *RMB'000*	Construction in-progress *RMB'000*	Total *RMB'000*
At 1 January 2012, net of accumulated depreciation	16,464	4	724	359	521	–	18,072
Additions	–	639	–	658	1,093	–	2,390
Depreciation	(1,047)	(39)	(239)	(287)	(370)	–	(1,982)
Exchange realignment	–	–	–	–	(4)	–	(4)
At 31 December 2012, net of accumulated depreciation	15,417	604	485	730	1,240	–	18,476
31 December 2012:							
Cost	21,818	669	4,513	2,058	4,074	–	33,132
Accumulated depreciation	(6,401)	(65)	(4,028)	(1,328)	(2,834)	–	(14,656)
Net carrying amount	15,417	604	485	730	1,240	–	18,476
At 1 January 2013, net of accumulated depreciation	**15,417**	**604**	**485**	**730**	**1,240**	**–**	**18,476**
Additions	**3,795**	**1,857**	**–**	**747**	**193**	**151**	**6,743**
Depreciation	**(1,213)**	**(1,170)**	**(185)**	**(353)**	**(447)**	**–**	**(3,368)**
Disposals	**(71)**	**–**	**–**	**(3)**	**(7)**	**–**	**(81)**
At 31 December 2013, net of accumulated depreciation	**17,928**	**1,291**	**300**	**1,121**	**979**	**151**	**21,770**
31 December 2013:							
Cost	**25,513**	**2,526**	**4,513**	**2,779**	**4,058**	**151**	**39,540**
Accumulated depreciation	**(7,585)**	**(1,235)**	**(4,213)**	**(1,658)**	**(3,079)**	**–**	**(17,770)**
Net carrying amount	**17,928**	**1,291**	**300**	**1,121**	**979**	**151**	**21,770**

11. TRADE AND OTHER RECEIVABLES

The Group

	2013 ***RMB'000***	2012 *RMB'000*
Trade receivables	**2,140**	474
Other receivables	**381**	283
Deposits and prepayments	**10,130**	2,974
	12,651	3,731

The ageing analysis of trade receivables (net of impairment losses) as of the end of each reporting period is as follows:

	2013 RMB'000	2012 RMB'000
Within 1 month	1,923	165
Over 1 month but within 3 months	207	296
Over 3 months but within 1 year	5	9
Over 1 year	5	4
	2,140	474

The Group gives 15-60 days credit period on sales of goods to certain specific customers. In general, the Group has no credit period granted to all other customers, invoices would be due once they have been issued.

The ageing of trade receivables which are past due but not impaired are as follows:

	2013 RMB'000	2012 RMB'000
Within 1 month	458	13
Over 1 month but within 3 months	17	5
Over 3 months but within 1 year	5	9
Over 1 year	5	4
	485	31

The Group recognised impairment loss on individual assessment based on the accounting policy adopted.

The Group's receivables that were past due but not impaired relate to a number of independent customers that have a good track record. Based on past experience, the Directors consider that no impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group's receivables that were neither past due nor impaired related to a number of independent customers that have no recent history of default. The Group does not hold any collateral over these balances.

12. TRADE AND OTHER PAYABLES

The Group

	2013 RMB'000	2012 RMB'000
Trade payables	550	885
Other payables and accruals	18,955	9,152
	19,505	10,037

All trade payables and other payables and accruals are due to be settled within twelve months.

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

	2013 RMB'000	2012 RMB'000
Within 1 month	37	230
Over 1 month but within 3 months	496	443
Over 3 month but within 1 year	–	86
Over 1 year	17	126
	550	885

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Benefiting from the Group's competitive advantages and the fast-growing industry trend in China, the Group has achieved a favourable result in 2013. The Group's turnover increased from RMB150.4 million in 2012 to RMB194.7 million in 2013 and the profit for the Year increased from RMB57.2 million in 2012 to RMB70.8 million in 2013, representing an increase of 29.5% and 23.8% respectively.

During the Year, the Group capitalised on high growth opportunities in the large and fast-growing supplements industry in China. The growth of nutritional supplements industry in China is principally driven by the rising disposal income of consumers, the increasing average age and life expectancy of the population in China, growing population under sub-health condition in China and rising awareness of the benefits of nutritional supplements. By leveraging on the branding-focused specialty store business model, broad and diversified product mix, wide spectrum of customers and solid knowledge and experience in the nutritional supplements industry, the Group believes that it is well positioned to capture attractive market opportunities and deliver strong growth in terms of turnover, profit and customer base.

The Group has achieved strong brand recognition in the target markets and with diversified product mix. The Group has focused on brand building through the Group's retail stores under its Zhongsheng and Cobayer brands. The Group positions the Zhongsheng series products as safe and reliable nutritional supplements for customers in or over middle ages, while the Cobayer series product as high end, fast-moving natural nutritional supplements focusing on younger individuals and families. As of 31 December 2013, the Group offered 63 products, consisting of 19 Zhongsheng series products and 31 Cobayer series products. Furthermore, the Group has launched 9 products of Cobayer series during the Year.

To achieve fast-growing product development, the Group has adopted a market-oriented research and product development process to meet evolving customer demands and needs. The Group incurred research and development costs of RMB0.2 million in 2012 and increased to RMB0.9 million in 2013.

Strong brand recognition and reputation are essential to the Group's success. The Group strived to maintain a high level of customer satisfaction and customer loyalty. During the Year, the Group has devoted substantial resources on customer interactions by providing personalised healthcare solutions and product selection advice.

The Group continued to participate in a variety of marketing and promotional activities during the Year to increase customer awareness of the products including (i) seasonal promotions and discounts on major holidays in China; (ii) participation in trade fairs for its two products series; and (iii) media, print and internet advertising.

The Group has fast-growing retail network and diversified sales platform to serve a broad customer base. The Group has a diversified sales platform with a wide geographic coverage of 32 cities in 15 provinces and centrally administered municipalities in the PRC as of 31 December 2013. The Group's diversified sales platform in the PRC primarily consists of retail stores under the Zhongsheng brand, in the forms of 20 specialty stores, 13 regional sales offices and one department store concession counter, and 28 retails stores under the Cobayer brand. Our Zhongsheng retail stores are mainly located in central business districts, well-established residential areas or local transportation centres. Our Cobayer retail stores are mainly located in large and premium shopping malls. Furthermore, the Group has one exclusive distributor in Shanghai. The Group has developed the online Cobayer store at http://conbair.tmall.com, which commenced operation in May 2013.

In order to meet the sales expansion, the Group intends to expand the production facilities in Nanjing, Jiangsu Province, including (i) construction of a new production line; (ii) establishment of a research and development and testing centre; and (iii) establishment of an information and logistics control center, which is expected to be completed by the end of 2015. With the new production line, the Group expects that it will be able to manufacture products in the forms of soft gelatin capsules, canned powder and miniature bottled drinks with an annual capacity of 800,000 units, 650,000 units and 2,000,000 units respectively.

FINANCIAL REVIEW

Results

The turnover of the Group in 2013 was RMB194.7 million, representing an increase of approximately 29.5% from RMB150.4 million in 2012. Profit for the Year increased by approximately 23.8% to RMB70.8 million in 2013 from RMB57.2 million in 2012. The Company's basic earnings per share ("**Share**") was RMB12 cents (2012: RMB10 cents) based on the weighted average number of 588.5 million (2012: 550.0 million) Shares in issue during the Year. The increase in financial results in 2013 was mainly attributable to the rapid sales in the second half of 2013.

Turnover

The turnover of the Group increased by approximately 29.5% from RMB150.4 million in 2012 to RMB194.7 million in 2013. Sales of Zhongsheng series products increased by approximately 6.7% from RMB95.7 million in 2012 to RMB102.1 million in 2013, which was primarily due to the growth in the sale of Coenzyme Q10 Tablets/Capsules, Grapeseed Capsules and Weisi Capsules of Zhongsheng series products during the Year. Sales of Australian or New Zealand made food and nutritional supplements increased by approximately 71.0% from RMB53.1 million to RMB90.8 million in 2013, which was primarily due to rapid growth in the sale of Olive Leaf Extract and Emu Oil Capsules of Cobayer series products during the Year.

Gross profit

The Group's gross profit increased from RMB130.1 million in 2012 to RMB173.8 million in 2013. The Group's average gross profit margin increased from 86.5% in 2012 to 89.3% in 2013. Such increase in gross profit margin was mainly due to the change in product mix and increase in customer base. The increase in customer base included the increase in market channels, increase in new customers, repeated purchase by loyal customers and improvement in the marketing capability of our sales staff.

Other revenue and other gains and losses

The Group's other revenue and other gains and losses increased from RMB1.5 million in 2012 to RMB2.3 million in 2013, which was mainly due to the increase in interest income from bank deposits and financial products purchased from banks.

Selling and distribution expenses

The Group's selling and distribution expenses increased by approximately 17.1% from RMB34.0 million in 2012 to RMB39.8 million in 2013, represented approximately 22.6% in 2012 and 20.4% in 2013 of the Group's turnover. Such increase was primarily due to the increase in staff costs from RMB17.2 million in 2012 to RMB23.4 million in 2013 and the increase in outlet rental and related lease expenses from RMB1.8 million in 2012 to RMB4.1 million in 2013, as a result of rapid establishment of 23 Cobayer retail stores during the Year. The effect of the foregoing was partially offset by the decrease of the other selling and distribution expenses.

Administrative expenses

The Group's administrative expenses increased by approximately 31.1% from RMB20.6 million in 2012 to RMB27.0 million in 2013, represented approximately 13.7% in 2012 and 13.9% in 2013 of the Group's turnover. Such increase was primarily due to the increase in consultation fee from RMB0.5 million in 2012 to RMB1.8 million in 2013, the increase in staff costs from RMB9.9 million in 2012 to RMB11.7 million in 2013, the research and development cost from RMB0.2 million in 2012 to RMB0.9 million in 2013, depreciation of property, plant and equipment increased from RMB1.6 million in 2012 to RMB3.1 million in 2013.

Listing expenses

The Group's listing expenses incurred during the Year include the valuation expenses and consultancy services for legal and other professional advice in relation to the initial public offering of the Group. As the Company was listed on 15 January 2014, the listing expenses of RMB14.3 million was incurred and recognised in 2013.

Taxation

Income tax expense increased by approximately 22.8% from RMB19.7 million in 2012 to RMB24.2 million in 2013 primarily due to the increase in profit before taxation. The Group's effective tax rates in 2012 and 2013 were approximately 25%.

Profit for the Year

As a result of the foregoing, the Group's profit for the Year increased from RMB57.2 million in 2012 to RMB70.8 million in 2013. The increase was due to the increase in turnover from RMB150.4 million in 2012 to RMB194.7 million in 2013 and effective control of relevant increase in the selling and distribution expenses.

LIQUIDITY AND CAPITAL RESOURCES

Inventories

The Group's inventories decreased to RMB7.1 million (2012: RMB13.7 million) as at 31 December 2013 primarily due to the effective control of inventory level by monthly meeting between the sales and purchases department, and also the better forecast of customer demand. The Group's inventories comprise raw materials, work in progress, finished goods and goods merchandise. During the Year, inventory turnover was approximately 182 days (2012: 222 days). The shorter inventory turnover period during the Year was primarily the result of decrease in inventory at the year end.

Trade receivables

The Group's trade receivables amounted to RMB2.1 million (2012: RMB0.5 million) as at 31 December 2013. During the Year, the sole distributor was generally granted a credit term of 30 days while the shopping malls of the Cobayer retails stores were granted credit term ranged from 15 days to 60 days. Turnover days for trade receivables increased to 2.4 days (2012: 0.9 day), primarily due to the increased sales from Cobayer series product which involved in granting credit period for shopping malls.

Trade Payables

The Group's trade payables amounted to RMB0.6 million (2012: RMB0.9 million) as at 31 December 2013. Turnover days for trade payables remained unchanged at 13 days (2012: 13 days), which was primarily reflecting stable of settlement with suppliers.

Borrowings and pledge of assets

The Group had no outstanding bank borrowings and pledge of assets as of 31 December 2012 and 2013.

Capital expenditure

The Group invested approximately RMB2.9 million in 2013 (2012: RMB2.4 million) for purchase of property, plant and equipment.

Capital commitments and contingent liabilities

As at 31 December 2013, the Group's capital commitments were approximately RMB1.1 million (2012: nil), all of which were related to acquisition of property, plant and equipment. The Group has no material contingent liabilities as at 31 December 2013 (2012: nil).

Use of net proceeds from the Company's initial public offering and placing

The total net proceeds from the listing of shares of the Company (the "**Listing**") and the issue of the over-allotment shares amounted to approximately HK$428.7 million (RMB336.4 million).

The Company did not have any proceeds from the Listing as at 31 December 2013 because the Company was listed on 15 January 2014. Among the net proceeds from the Listing (i) approximate 43% will be used to expand the production facilities in Nanjing, Jiangsu Province; (ii) approximate 34% will be used to finance the marketing and promotional activities for the next two years; (iii) approximate 18% will be used to strengthen and expand the sales network and expand into new regions in the next few years; and (iv) the remaining amount of approximately 5% will be used as the working capital and other general corporate purposes, which were set out in the section "Future Plans and Use of Proceeds" of the prospectus of the Company dated 31 December 2013 (the "**Prospectus**").

Outlook

In 2013, the new leadership of the Central Government came into power and the global economy was in the progress of recovering from the financial crisis. Economic restructuring and transformation are the critical factors for the economic growth of the PRC.

The Group will continue to adopt a branding-focus specialty store business model to attract the majority of consumers and potential consumers, and provide customers with health resolutions, in order to distinguish itself from the competitors and chaotic environment in the nutritional supplements market. Furthermore, it can enhance the loyalty and trust of the consumer. As a result, the sales of nutritional supplements products were fast-growing during the Year.

Looking ahead, the Group endeavours to seize every opportunity to be the leading nutritional supplements provider in the market. In the coming year, the Group will endeavour to implement the following key measures to drive the speedy yet stable development:

1. Continue to maintain the leading position in the nutritional supplements product research and development, with an emphasis on promoting the Coenzyme Q_{10} Tablets/Capsules and Linolenic Acid Soft Capsules of Zhongsheng series products, which are the leading high-technology nutritional supplements products.

2. Enhance the effort to solidify the "Cobayer" brand in the market by a target expansion to 40 Cobayer retail stores in large and premium shopping malls of the first-tier cities, with an emphasis on "originally imported from Australia". Through the offering of variety choices of Australia featured nutritional supplements, different consumer demands on health products can be satisfied.

3. Be more active in cooperating with the e-commerce website http://tmall.taobao.com and other local and international online shop providers, to develop the fastest growing sales channel.

4. Seize the support from provincial and municipal governments and authorities, and to intensify the efforts in cooperation with multi-platform, banks, pension community and exhibitions to promote the brand and products.

5. Enhance the research and development on products extracted from ocean and plants to transform the comprehensive development of traditional Chinese medicine resources to biotechnology.

6. Further strengthen the market-oriented approach by implementation of an innovative strategy, the use of new media and effective internal control.

7. Continue to expand the branding-focused specialty stores, by paying more effort to understand the new regional markets and new distribution network. As a result, the improvement of single-store revenue can be ensured.

In 2014, the Board and the Chairman have full confidence in the future development of the Group. Having a positive and pragmatic attitude towards the business development by the expansion of sales network, the Group endeavours to strengthen national sales coverage, unswervingly implement the strategy to attract the outstanding talents, expand professional management team and marketing team, build professional business management ideas and models, in order to have a better future. The Group has the confidence and ability to face various difficulties and challenges, seize opportunities, and rapid development to maximise the business value for shareholders.

HUMAN RESOURCES MANAGEMENT

Quality and dedicated staff are indispensable assets to the Group's success in the competitive market. By providing comprehensive training and corporate culture education periodically, the employees are able to obtain on-going training and development in the nutritional supplements industry. Furthermore, the Group offers competitive remuneration packages commensurate with industry practice and provides various fringe benefits to all employees. The Group reviews its human resources and remuneration policies periodically to ensure they are in line with market practice and regulatory requirements. As at 31 December 2013, the Group employed a work force of 530. The total salaries and related costs for the year ended 31 December 2013 amounted to approximately RMB36.8 million (2012: RMB28.4 million).

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

For the year ended 31 December 2013, the Company did not repurchase, dispose of or redeem its own 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 all the Directors confirmed that they have complied with the Model Code throughout the period from 15 January 2014 (the "**Listing Date**") 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 and Corporate Governance Report as set out in Appendix 14 to the Listing Rules since the Listing Date and up to the date of this announcement.

NON-COMPETITION UNDERTAKINGS

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

AUDIT COMMITTEE

The Company established its audit committee on 3 February 2013. The audit committee currently comprises three independent non-executive Directors, namely Mr. Jiang Fuxin, Ms. Feng Qing and Mr. Vincent Cheng. The audit committee is primarily responsible for the review and supervision of the financial reporting process and internal control system. It has reviewed the accounting principles and practices adopted by the Company and the audited final results of the Group for the Year.

FINAL DIVIDEND

The Board proposed not to declare any final dividend for the Year (2012: nil).

ANNUAL GENERAL MEETING

The annual general meeting (the "**AGM**") of the Company will be convened on Friday, 6 June 2014. A notice convening the AGM will be published and despatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 7 May 2014 to Friday, 6 June 2014, both days inclusive, during which no transfer of H 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 Monday, 5 May 2014.

SCOPE OF WORK OF BDO LIMITED

The figures above in respect of this annual results announcement for the Year have been agreed with the Company's auditor, BDO Limited ("**BDO**"), to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by BDO 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 BDO on this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.zs-united.com. The annual report of the Company for the Year will be despatched to the shareholders of the Company and published on the aforesaid websites in due course.

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

Hong Kong, 27 March 2014

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.