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 2014

FINANCIAL HIGHLIGHTS

- Turnover increased by approximately 29.6% to RMB252.4 million (2013: RMB194.7 million)
- Gross profit increased by approximately 32.0% to RMB229.4 million (2013: RMB173.8 million)
- Profit for the year increased by approximately 52.4% to RMB107.9 million (2013: RMB70.8 million)
- Basic earnings per share increased by approximately 8.3% to RMB13 cents (2013: RMB12 cents)
- The Board has recommended the payment of final dividend of RMB6.05 cents per share, totaling RMB50,722,200 (2013: nil) for the year ended 31 December 2014 and a special dividend of RMB5.88 cents (2013: nil) per share, totaling RMB49,277,800 (2013: nil) subject to the approval of the shareholders of the Company at the forthcoming annual general meeting.

FINAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Nanjing Sinolife United Company Limited (the "**Company**") is pleased to announce its audited consolidated final results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2014 (the "**Year**") together with the comparative figures for the year ended 31 December 2013 which are as follows:

* *For identification purposes only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	**2014** **RMB'000**	2013 *RMB'000*
Turnover	*5*	**252,449**	194,736
Cost of sales		**(23,099)**	(20,909)
Gross profit		**229,350**	173,827
Other revenue and other gains and losses	*6*	**11,862**	2,309
Selling and distribution expenses		**(62,911)**	(39,807)
Administrative expenses		**(34,375)**	(27,018)
Listing expenses		**(4,368)**	(14,314)
Profit before income tax	*7*	**139,558**	94,997
Income tax expense	*8*	**(31,688)**	(24,211)
Profit for the year		**107,870**	70,786
Other comprehensive income that may be reclassified to profit or loss in subsequent periods, after tax			
Exchange differences on translation of foreign operations		**(288)**	(417)
Total comprehensive income for the year		**107,582**	70,369
Profit for the year attributable to:			
Owners of the Company		**107,873**	70,786
Non-controlling interests		**(3)**	–
Profit for the year		**107,870**	70,786
Total comprehensive income attributable to:			
Owners of the Company		**107,585**	70,369
Non-controlling interests		**(3)**	–
Total comprehensive income for the year		**107,582**	70,369
		RMB	*RMB*
Earnings per share:			
— Basic and diluted	*9*	**0.13**	0.12

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	**2014** *RMB'000*	2013 *RMB'000*
Non-current assets			
Property, plant and equipment	*11*	**21,737**	21,770
Prepaid land lease payments		**11,326**	4,165
Deposit for acquisition of a subsidiary		**11,292**	–
Intangible assets		**–**	32
Deferred tax assets		**2,335**	1,122
		46,690	27,089
Current assets			
Inventories		**17,575**	7,124
Prepaid land lease payments		**125**	101
Trade and other receivables	*12*	**15,469**	12,651
Short term investment		**35,000**	–
Cash and bank balances		**550,044**	164,780
		618,213	184,656
Current liabilities			
Trade and other payables	*13*	**18,245**	19,505
Amount due to a director		**–**	12
Income tax payables		**13,705**	8,346
		31,950	27,863
Net current assets		**586,263**	156,793
Net assets		**632,953**	183,882
Capital and reserves			
Share capital		**83,817**	61,111
Reserves		**544,139**	122,771
Equity attributable to owners of the Company		**627,956**	183,882
Non-controlling interests		**4,997**	–
Total equity		**632,953**	183,882

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. GENERAL INFORMATION

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

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

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

(a) Adoption of new/revised HKFRSs — effective 1 January 2014

The Group has adopted all of new and revised standards, amendments and interpretation (hereinafter collectively referred to as the "**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 2014 in the preparation of the consolidated financial statements throughout the year. The adoption of these HKFRSs has no material impact on the Group's financial statements.

(b) New/revised HKFRSs that have been issued but not yet effective

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.

HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[1]

Notes:

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018

HKFRS 9 (2014) — Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at FVTOCI if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at FVTPL.

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

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

(b) New/revised HKFRSs that have been issued but not yet effective (Continued)

HKFRS 9 (2014) — Financial Instruments (Continued)

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the 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.

HKFRS 15 — Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

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

(c) New Companies Ordinance provisions relating to the preparation of financial statements

The provisions of the new Companies Ordinance, Cap. 622, in relation to the disclosure requirement of financial statements will apply to the Company in its first financial year beginning on or after 3 March 2014 (i.e. the financial year ending 31 December 2015).

The Directors consider that there will be no impact on the Group's financial position or performance, however the new Companies Ordinance, Cap. 622, would have impacts on the presentation and disclosures in the consolidated financial statements. The Statement of Financial Position of the Company will be presented in the notes rather than a separate statement and the related notes need not be included, while generally the statutory disclosures will be simplified.

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 basis.

(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 the trading of packaged health food products in the PRC.

(b) Geographical information

Most of the group companies are domiciled in the PRC and majority of their 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:

	2014	2013
	RMB'000	*RMB'000*
Nutritional supplements developed and manufactured in China	**174,330**	102,144
Australian or New Zealand manufactured food and nutritional supplements	**76,895**	90,810
Others	**1,224**	1,782
	252,449	194,736

(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

	2014	2013
	RMB'000	*RMB'000*
Bank interest income	**12,575**	1,313
Short term investment income	**772**	775
Government grant	**2,438**	260
Gain/(loss) on disposal of property, plant and equipment	**5**	(76)
Net exchange (loss)/gain	**(3,961)**	1
Others	**33**	36
	11,862	2,309

7. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	2014	2013
	RMB'000	*RMB'000*
Cost of inventories sold	**18,676**	17,207
Staff costs	**51,647**	36,818
Amortisation of prepaid land lease payments	**125**	101
Amortisation of intangible assets	**32**	66
Auditor's remuneration	**1,205**	1,175
Depreciation of property, plant and equipment	**2,731**	3,368
Operating lease payments on properties and shops *(Note)*	**15,023**	8,994
Research and development expenses	**764**	903

Note: Included contingent rental of RMB4,820,000 for the year ended 31 December 2014 (2013: RMB2,755,000).

8. INCOME TAX EXPENSE

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

	2014	2013
	RMB'000	*RMB'000*
Current tax —		
PRC Enterprise Income Tax		
— Provision for the year	**33,263**	23,284
— (Over)/under provision in prior year	**(182)**	479
Current tax —		
Australia Income Tax		
— Over provision in prior year	**(180)**	–
	32,901	23,763
Deferred tax		
— origination and reversal of temporary difference	**(1,213)**	448
Income tax expense	**31,688**	24,211

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 a 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:

	2014	2013
	RMB'000	*RMB'000*
Profit before income tax	**139,558**	94,997
Tax on profit before income tax, calculated at PRC Enterprise Income Tax rate	**34,889**	23,749
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(20)**	114
Tax effect of expenses not deductible for tax purposes	**33**	382
(Over)/under provision in prior year	**(362)**	479
Tax effect of tax losses previously not recognised	**173**	–
Others	**(3,025)**	(513)
Income tax expense	**31,688**	24,211

9. EARNINGS PER SHARE

The basic earnings per share for the year is calculated based on the profit for the year attributable to the owners of the Company and on the assumption that the subdivision of the Company's shares had taken place since 1 January 2013:

	2014	2013
Profit for the year attributable for owners of the Company *(RMB'000)*	**107,873**	70,786
Weighted average number of ordinary shares in issue	**826,271,485**	588,508,301
Basic earnings per share *(RMB)*	**0.13**	0.12

There were no dilutive potential ordinary shares in issue during the years ended 31 December 2013 and 2014, the amount of diluted earnings per share is the same as basic earnings per share for both of the years.

10. DIVIDENDS

The dividends paid or payable during the year by the Company were as follows:

	2014 ***RMB'000***	2013 *RMB'000*
Special dividend approved and paid/payable during the year	**–**	56,000

The dividend rates and the number of shares ranking for dividends are not presented as such information is not meaningful for the purpose of the consolidated financial statements.

The Directors proposed a final dividend of RMB6.05 cents (2013: nil) per share, totaling RMB50,722,200 (2013: nil) for the year ended 31 December 2014 and a special dividend of RMB5.88 cents (2013: nil) per share, totaling RMB49,277,800 (2013: nil) after the end of the reporting period. The final dividend has not been recognised as liabilities at the end of the reporting period.

11. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Leasehold improvements *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 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
At 1 January 2014, net of accumulated depreciation	**17,928**	**1,291**	**300**	**1,121**	**979**	**151**	**21,770**
Additions	**–**	**1,358**	**140**	**846**	**409**	**67**	**2,820**
Depreciation	**(1,182)**	**(575)**	**(168)**	**(422)**	**(384)**	**–**	**(2,731)**
Disposals	**–**	**–**	**–**	**(1)**	**(2)**	**–**	**(3)**
Exchange Realignment	**–**	**–**	**–**	**(8)**	**(111)**	**–**	**(119)**
At 31 December 2014, net of accumulated depreciation	**16,746**	**2,074**	**272**	**1,536**	**891**	**218**	**21,737**
31 December 2014:							
Cost	**25,513**	**3,884**	**4,653**	**3,593**	**4,218**	**218**	**42,079**
Accumulated depreciation	**(8,767)**	**(1,810)**	**(4,381)**	**(2,057)**	**(3,327)**	**–**	**(20,342)**
Net carrying amount	**16,746**	**2,074**	**272**	**1,536**	**891**	**218**	**21,737**

12. TRADE AND OTHER RECEIVABLES

The Group

	2014 ***RMB'000***	2013 *RMB'000*
Trade receivables	**1,817**	2,140
Other receivables	**6,617**	381
Deposits and prepayments	**7,035**	10,130
	15,469	12,651

12. TRADE AND OTHER RECEIVABLES (Continued)

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

	2014	2013
	RMB'000	*RMB'000*
Within 1 month	**1,387**	1,923
Over 1 month but within 3 months	**373**	207
Over 3 months but within 1 year	**57**	5
Over 1 year	**–**	5
	1,817	2,140

The Group gives 15 to 60-day credit period on sales of goods to a few 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:

	2014	2013
	RMB'000	*RMB'000*
Within 1 month	**612**	458
Over 1 month but within 3 months	**34**	17
Over 3 months but within 1 year	**24**	5
Over 1 year	**–**	5
	670	485

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 related 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.

13. TRADE AND OTHER PAYABLES

The Group

	2014	2013
	RMB'000	*RMB'000*
Trade payables	**2,132**	550
Other payables and accruals	**16,113**	18,955
	18,245	19,505

13. TRADE AND OTHER PAYABLES (Continued)

All trade payables and other payables and accruals are due to be settled within 12 months.

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

	2014	2013
	RMB'000	*RMB'000*
Within 1 month	**1,106**	37
Over 1 month but within 3 months	**674**	496
Over 3 month but within 1 year	**322**	–
Over 1 year	**30**	17
	2,132	550

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Benefiting from the Group's competitive advantages and the fast-growing supplements industry in China, the Group has achieved favourable results in 2014. The Group's turnover increased from RMB194.7 million in 2013 to RMB252.4 million in 2014 and the profit for the Year increased from RMB70.8 million in 2013 to RMB107.9 million in 2014, representing an increase of 29.6% and 52.4% respectively.

During the Year, the continuous growth of nutritional supplements industry in China was 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 with broad and diversified product mix, 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. As of 31 December 2014, the Group offered 84 products, consisting of 28 Zhongsheng series products and 56 Cobayer series products. Furthermore, the Group has launched 19 Zhongsheng series products and 20 Cobayer series products 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 maintained the expenditure on research and development activities in 2014 which are mainly for new product developments such as Zhongsheng Branded Antler Ginseng Capsule, Acai Capsules and Maca Powder Capsules. Furthermore, the Group has continued to cooperate with sizable research institutions to launch new products extracted from the lotus plant cell cultures, such as Baozi Snow Lotus Drink and Kanghe Snow Lotus Drink which are well-received by the market since launched.

The Group continued to participate in a variety of marketing and promotional activities during the Year to increase customer awareness of the products. The activities included (i) seasonal promotions and discounts on major holidays in China; (ii) participation in trade fairs such as Nanjing elderly fair, Shanghai international model health food fair and Jinan elderly fair; and (iii) media advertising, printing advertising in shopping malls and internet advertising.

The Group has a 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 35 cities in 17 provinces and centrally administered municipalities in the PRC as of 31 December 2014. The Group's diversified sales platform in the PRC primarily consists of retail stores under the Zhongsheng brand, in the form of 20 specialty stores and 16 regional sales offices; and 52 retail 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. Other than the maintenance of the online Cobayer store at http://conbair.tmall.com, the Group has developed a Weixin platform and other joint platform with large enterprises and banks during the Year.

FINANCIAL REVIEW

Results

The turnover of the Group in 2014 was RMB252.4 million, representing an increase of approximately 29.6% from RMB194.7 million in 2013. Profit for the Year increased by approximately 52.4% to RMB107.9 million in 2014 from RMB70.8 million in 2013. The Company's basic earnings per share was RMB13 cents (2013: RMB12 cents) based on the weighted average number of 826.3 million (2013: 588.5 million) shares in issue during the Year. The increase in financial results in 2014 was mainly attributable to the rapid sales of Zhongsheng series products in the second half of 2014.

Turnover

The turnover of the Group increased by approximately 29.6% from RMB194.7 million in 2013 to RMB252.4 million in 2014. Sales of Zhongsheng series products increased by approximately 70.7% from RMB102.1 million in 2013 to RMB174.3 million in 2014, which was primarily due to the continuous growth in the sales of Coenzyme Q_{10} Tablets/Capsules of Zhongsheng series products and sales of newly launched products such as Zhongsheng Branded Antler Ginseng Capsule, Zhongsheng Branded Deer Blood Capsule and Baozi Snow Lotus Drink during the Year. Sales of Australian or New Zealand manufactured food and nutritional supplements decreased by approximately 15.3% from RMB90.8 million to RMB76.9 million in 2014, which was primarily because advertising and promotion activities were focused on Zhongsheng series products during the Year.

Gross profit

The Group's gross profit increased from RMB173.8 million in 2013 to RMB229.4 million in 2014. The Group's average gross profit margin increased from 89.3% in 2013 to 90.9% in 2014. Such slight increase in gross profit margin was mainly due to the increase of the portion of the Group's revenue generated from nutritional supplements developed and manufactured in China and from newly launched products, which have higher profit margin.

Other revenue and other gains and losses

The Group's other revenue and other gains and losses increased from RMB2.3 million in 2013 to RMB11.9 million in 2014, which was mainly due to the significant increase in interest income from bank deposits and financial products purchased from banks and increase in government grant. The effect of the foregoing was partially offset by the exchange loss.

Selling and distribution expenses

The Group's selling and distribution expenses increased by approximately 58% from RMB39.8 million in 2013 to RMB62.9 million in 2014, representing approximately 20.4% in 2013 and 24.9% in 2014 of the Group's turnover. Such increase was primarily due to the increase in staff costs from RMB23.4 million in 2013 to RMB33.9 million in 2014 and the increase in outlet rental and related lease expenses from RMB4.1 million in 2013 to RMB12.8 million in 2014, as a result of incremental commission paid to sales staff with good performance and increase in the number of retail stores during the Year.

Administrative expenses

The Group's administrative expenses increased by approximately 27.4% from RMB27.0 million in 2013 to RMB34.4 million in 2014, representing approximately 13.9% in 2013 and 13.6% in 2014 of the Group's turnover. Such increase was primarily due to the increase in consultation fee from RMB1.8 million to RMB4.9 million and the increase in staff costs from RMB11.7 million to RMB15.5 million.

Taxation

Income tax expense increased by approximately 31% from RMB24.2 million in 2013 to RMB31.7 million in 2014 primarily due to the increase in profit before taxation. The Group's effective tax rates in 2013 and 2014 were approximately 25%.

Profit for the Year

As a result of the foregoing, the Group's profit for the Year increased from RMB70.8 million in 2013 to RMB107.9 million in 2014. The increase was due to the increase in turnover from RMB194.7 million in 2013 to RMB252.4 million in 2014 and effective control of relevant increase in the cost of sales.

LIQUIDITY AND CAPITAL RESOURCES

Inventories

The Group's inventories increased to RMB17.6 million (2013: RMB7.1 million) as at 31 December 2014 primarily due to the increase in inventory level of Cobayer series products to meet customer demand. The Group's inventories comprise raw materials, work in progress, finished goods and goods merchandise. During the Year, inventory turnover was approximately 195 days (2013: 182 days). The longer inventory turnover period during the Year was primarily the result of an increase in inventory at the year end.

Trade receivables

The Group's trade receivables amounted to RMB1.8 million (2013: RMB2.1 million) as at 31 December 2014. During the Year, the shopping malls of the Cobayer retail stores were granted credit term ranged from 15 days to 60 days. Turnover days for trade receivables increased to 2.9 days (2013: 2.4 days), primarily due to the increased sales from Cobayer series product which involved in granting longer credit period for shopping malls.

Trade payables

The Group's trade payables amounted to RMB2.1 million (2013: RMB0.6 million) as at 31 December 2014. Turnover days for trade payables slightly increased to 21 days (2013: 13 days), which reflects stable settlement with suppliers.

Foreign exchange exposure

As the Group conducts business transactions principally in Renminbi, the management considered the exchange rate risk at the Group's operational level is not significant. Accordingly, the Group had not used any financial instruments for hedging purposes as at 31 December 2014.

Borrowings and pledge of assets

The Group had no outstanding bank borrowings and pledge of assets as of 31 December 2013 and 2014.

Capital expenditure

The Group invested approximately RMB2.8 million in 2014 (2013: RMB2.9 million) for purchase of property, plant and equipment.

Capital commitments and contingent liabilities

As at 31 December 2014, the Group had commitments for acquisition of property, plant and equipment of approximately RMB1 million (2013: RMB1.1 million) and commitment for acquisition of a subsidiary for approximately RMB63.5 million. The Group had no material contingent liabilities as at 31 December 2014 (2013: nil).

Use of net proceeds from Listing

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

With reference to the section headed "Future Plans and Use of Proceeds" of the prospectus of the Company dated 31 December 2013 (the "**Prospectus**"), approximately 31% of the net proceeds (the "**Net Proceeds**") from the Listing (the "**31% Net Proceeds**") was intended to construct a new production line in the Company's production base in Nanjing, Jiangsu Province, the PRC. The Company has changed the use of the 31% Net Proceeds to finance the acquisition of Good Health Products Limited (the "**Acquisition**"), a company incorporated in New Zealand with limited liability, through Shanghai Weiyi Investment & Management Limited Company* ("**Shanghai Weiyi**"), a limited liability company established in the PRC and is owned as to 60% by the Company and 40% by Shanghai Fosun Weishi Tranche One Private Equity Partnership Limited* ("**Fosun Partnership**"). The consideration is to be contributed by the Company and Fosun Partnership in proportion to the equity interests in Shanghai Weiyi, and the amount of the consideration of the Acquisition will be approximately NZD14.8 million (equivalent to approximately HKD88.8 million), which will be satisfied entirely by utilising the net proceeds. The remaining of the 31% Net Proceeds will be used for future expansion in the production capacity of the Group. Details of the Acquisition and the change in use of the 31% Net Proceeds were disclosed in the circular of the Company dated 19 December 2014.

As at 31 December 2014, (i) the Net Proceeds of approximately RMB7.5 million has been used on the Acquisition; (ii) the Net Proceeds of approximately RMB1.2 million has been used on the marketing and promotional activities so as to enhance the nationwide brand awareness of our Zhongsheng and Cobayer brands; (iii) the Net Proceeds of approximately RMB1.6 million has been used to expand the sales network and expand into new regions; (iv) the Net Proceeds of approximately RMB18.2 million has been used for working capital; and the remaining of the Net Proceeds of approximately RMB307.9 million has been deposited into banks, which are intended to be applied in the Acquisition and in accordance with the proposed application set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus.

Outlook

According to the Twelfth Five-Year Plan for Food Industry issued by the State of Council, by 2015, the production value of nutrition and health food products in the PRC will reach RMB1 trillion. In addition, according to the Several Opinions of the State of Council on Promoting the development of Health Service Industry published in 2013, this target production scale of RMB1 trillion presents broad prospects for the health food product industry. Meanwhile, the amended Food Safety Law also provides excellent opportunities for the development of the health food product industry. In addition to being an exporting powerhouse of health food raw materials, China currently reaches approximately RMB1 trillion in terms of domestic purchasing power for health food products. However, actual sales are comparatively less than RMB300 billion. China's expenses per capita on consumption of health food products are only 1/20 of and 1/15 of that in the United States of America and Japan, respectively. These figures have on the other hand revealed that the nutrition and health food market has huge room for growth and great potential for development.

* *For identification purposes only*

It is well known for quite a long period that the entry system for health food products in the PRC has always been the "Examination and Approval System" on a case-by-case basis, under which any potential "health food" product to be launched in the market has to go through the approval procedures. According to the five articles to the amended draft of the Food Safety Law relating to health food products, the "Examination and Approval System" is significantly changed to the "Registration System". It means that only the "health food products using new raw materials and those imported for the first time" are subject to both the approval and registration procedures. In general, such change has undoubtedly conveyed a good message. Policies should help restore health food products to the attribute of being "food" instead of subjecting them to the examination and approval procedures, while allowing them to be tested in the market. Eventually, such polices will benefit consumers, which is also conducive to the development of the industry. This will also definitely align the launching procedures for new nutritional and heath food products in the PRC with international standards.

Looking ahead, the Group is confident about the prospect of the industry. With the successful listing of the shares of the Company in Hong Kong, an international capital market, we have been motivated to review the development and operation of the Group from a higher, newer, and more comprehensive perspective. The Group is going to implement the following measures in 2015:

1. Continue to raise the profile and leading position of the Company in the industry; participate in large health food trade fairs during the year that have greater influence in the PRC and the world to project the corporate image of the Company with its own features and advantages.

2. Continue to conduct research and development and innovation on nutritional and dietary supplements products; in particular, intensify the research and development of new raw materials, new forms, new functions and other aspects of high-tech products, and conduct intensive cooperation with partners including COFCO Nutritional Health Research Institute (中糧營養研究院) to promote the progress.

3. Build the position of the well-established Cobayer brand in the market, enhance the operational level and results performance of existing Cobayer stores, and continue to open additional 40 Cobayer sales points in first-tier cities and premium shopping malls, including independent stores and open showcases in favourable locations.

4. Proactively integrate into the "internet thinking" and cooperate with local and international online stores and suppliers to facilitate the development of online sales channels.

5. Continue to form alliance with offline quality resources to expand product channels, broaden the target customer base, and attract high-calibre talents in the industry.

6. Continue to strengthen the support of provincial and municipal governments and deepen cooperation with banks, insurers, pension operators and other platforms to increase the penetration of our brands and products.

7. Conduct more effective cooperation with media and adopt other forms of promotion to support the establishment of Zhongsheng and Cobayer brands.

8. Invest more resources to recruit talents, and utilise more corporate culture and adopt diversified incentives to promote the team efficiency, the development of staff and the growth of performance, which in turn will bring greater satisfaction to our customers.

The Group will continue to make the best use of its competitive advantages, among others, including the clear branding-focused sales networks, wide range of distribution channels, professional management and marketing team and variety choices of nutritional supplements products to strengthen our leading position in the nutritional supplements market in PRC. We will also seek opportunities for mergers and acquisitions in order to enlarge our core scope of business. The Group has the confidence and ability to seize the opportunity in the huge nutrition and health food market to maximise the business value for its 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 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 2014, the Group employed a work force of 725. The total salaries and related costs for the year ended 31 December 2014 amounted to approximately RMB51.6 million (2013: RMB36.8 million).

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

During the period from the date of Listing up to 31 December 2014, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities, save for the capitalisation issue which took place immediately before the date of Listing and the issue and allotment of an additional 23,528,000 over-allotment Company's H shares, for the purpose of covering the over-allocation in the international placing on 29 January 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange as its own code governing the Directors in their dealings in the Company's securities.

The Company has made specific enquiry with the Directors and all the Directors confirmed that they have complied with the Model Code throughout the period from the date of Listing and up to 31 December 2014.

CODE OF CORPORATE GOVERNANCE PRACTICE

In the opinion of the Directors, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules since the date of Listing and up to 31 December 2014.

NON-COMPETITION UNDERTAKINGS

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

AUDIT COMMITTEE

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

FINAL DIVIDEND AND SPECIAL DIVIDEND

The final dividend for the year ended 31 December 2014 and special dividend as proposed by the Board, inclusive of tax, amounted to RMB6.05 cents per share (2013: nil) and RMB5.88 cents per share (2013: nil) respectively, and are subject to the approval of the Company's shareholders at the forthcoming annual general meeting (the "**AGM**"). The proposed dividends will be payable on Tuesday, 23 June 2015 to the shareholders whose names appear on the register of members of the Company on Monday, 1 June 2015.

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

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

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

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

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

ANNUAL GENERAL MEETING

The AGM of the Company will be convened on Tuesday, 19 May 2015. A notice convening the AGM will be published and despatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

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

(a) For the purpose of determining shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Saturday, 18 April 2015 to Tuesday, 19 May 2015, 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, 17 April 2015.

(b) For the purpose of determining the entitlement to the proposed final dividend and special dividend (subject to the approval of the shareholders at the AGM), the register of members of the Company will be closed from Wednesday, 27 May 2015 to Monday, 1 June 2015, both days inclusive, during which no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend and the special dividend, all transfer of H shares accompanied by the relevant share certificates must be lodged with the Company's H Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 26 May 2015.

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

Nanjing, People's Republic of China, 10 March 2015

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.