NANJING SINOLIFE UNITED COMPANY LIMITED*
南京中生聯合股份有限公司

(A joint stock limited liability company incorporated in the People's Republic of China)

(Stock code: 3332)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

FINANCIAL HIGHLIGHTS FOR THE FIRST HALF OF 2015

- Turnover increased by 55.2% to RMB149.0 million (First half of 2014: RMB96.0 million)
- Gross profit increased by 46.9% to RMB126.3 million (First half of 2014: RMB86.0 million)
- Profit for the period increased by 47.6% to RMB48.4 million (First half of 2014: RMB32.8 million)
- Basic earnings per share increased by 50.0% to RMB6 cents (First half of 2014: RMB4 cents)
- The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2015 (First half of 2014: nil).

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Nanjing Sinolife United Company Limited* (the "**Company**") is pleased to announce its unaudited condensed consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2015 together with the comparative figures for the corresponding period in 2014 which are as follows:

* *For identification purposes only*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Notes	2015 *RMB'000* (unaudited)	2014 *RMB'000* (unaudited)
Turnover	*2*	**149,033**	95,981
Cost of sales		**(22,773)**	(9,973)
Gross profit		**126,260**	86,008
Other revenue and other gains and losses	*4*	**6,592**	202
Selling and distribution expenses		**(42,474)**	(25,236)
Administrative expenses		**(22,586)**	(16,018)
Listing expenses		**(855)**	(2,133)
Profit before income tax	*5*	**66,937**	42,823
Income tax expense	*6*	**(18,545)**	(10,019)
Profit for the period		**48,392**	32,804
Attribute to:			
Equity holders of the parent		**47,728**	32,804
Non-controlling interests		**664**	–
		48,392	32,804
Other comprehensive income that may be reclassified to profit or loss in subsequent periods, after tax			
Exchange differences on translation of foreign operations		**(3,490)**	162
Total comprehensive income for the period		**44,902**	32,966
Attribute to:			
Equity holders of the parent		**45,360**	32,966
Non-controlling interests		**(458)**	–
		44,902	32,966
		RMB	*RMB*
Earnings per share:			
— Basic and diluted	*8*	**6 cents**	4 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	**30 June 2015 RMB'000 (unaudited)**	31 December 2014 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	*9*	**25,894**	21,737
Prepaid land lease payments		**11,203**	11,326
Goodwill		**55,983**	–
Investment in associate		**7,587**	–
Deposit for acquisition of a subsidiary		**–**	11,292
Intangible assets		**19,224**	–
Deferred tax assets		**5,093**	2,335
Pledged deposit		**1,139**	–
		126,123	46,690
Current assets			
Inventories		**44,834**	17,575
Prepaid land lease payments		**125**	125
Trade and other receivables	*10*	**42,991**	15,469
Short term investments		**70,000**	35,000
Cash and bank balances		**404,470**	550,044
Total current assets		**562,420**	618,213
Total assets		**688,543**	664,903
Non-current liabilities			
Deferred tax liabilities		**7,144**	–
Total non-current liabilities		**7,144**	–

	Notes	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
Current liabilities			
Trade and other payables	*11*	**44,901**	18,245
Income tax payables		**15,637**	13,705
Total current liabilities		**60,538**	31,950
Net current assets		**501,882**	586,263
Net assets		**620,861**	632,953
Capital and reserves			
Share capital		**83,817**	83,817
Reserves		**489,505**	544,139
Non-controlling interests		**47,539**	4,997
Total equity		**620,861**	632,953

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2015

1. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2015 (the "**Interim Financial Statements**") have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

The Interim Financial Statements have been prepared under the historical cost convention modified by the revaluation of certain financial instruments.

The accounting policies adopted for preparation of the Interim Financial Statements are consistent with those applied in the preparation of the annual financial statements of the Group for the year ended 31 December 2014 (the "**Annual Financial Statements**"), except for the adoption of the new and revised Hong Kong Financial Reporting Standards (the "**HKFRSs**") (which in collective term includes all applicable HKFRSs, Hong Kong Accounting Standards and Interpretations) issued by the HKICPA.

The Interim Financial Statements are unaudited, but have been reviewed by the Audit Committee of the Company.

The Interim Financial Statements should be read in conjunction with the Annual Financial Statements.

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

(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 and New Zealand. The Group's revenue from external customers are primarily derived in the PRC and New Zealand.

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

	Six months ended	
	30 June 2015	30 June 2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Mainland China	**133,511**	95,981
New Zealand	**14,174**	–
Vietnam	**572**	–
Australia	**379**	–
South Korea	**222**	–
South Africa	**157**	–
Others	**18**	–
	149,033	95,981

(c) Revenue from major products

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

	Six months ended	
	30 June 2015	30 June 2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Nutritional supplements developed and manufactured in China	**106,358**	56,863
Australian manufactured food and nutritional supplements	**26,597**	38,517
New Zealand manufactured food and nutritional supplements	**15,523**	–
Others	**555**	601
	149,033	95,981

(d) Information about major customers

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

3. BUSINESS COMBINATION

Acquisition of Good Health Products Limited

On 29 May 2015, Shanghai Weiyi Investment & Management Limited Company (上海惟翊投資管理有限公司), a limited liability company which is owned as to 60% by the Company, acquired 100% interests in Good Health Products Limited ("**GHP**"). GHP is an unlisted company based in New Zealand that specialises in the manufacture of nutritional supplements. The Group has acquired GHP because it expands both the Group's existing product portfolio and customer base. The acquisition has been accounted for using the acquisition method. The Interim Financial Statements include the results of GHP for the one month period from the acquisition date.

The fair values of the identifiable assets and liabilities of GHP as at the date of acquisition were:

	Fair value recognised on acquisition *RMB'000*
Assets	
Property, plant and equipment	3,998
Cash	5,277
Trade receivables	19,655
Inventories	24,297
Prepayments	779
Deferred tax assets	1,225
Intangible assets-Trademark	16,985
Intangible assets-Distribution network	3,344
Investment in associate	7,956
	83,516
Liabilities	
Long-term loans and borrowings	(6,116)
Deferred tax liabilities	(7,884)
Income tax payable	(1,392)
Trade and other payables	(16,422)
	(31,814)
Total identifiable net assets at fair value	51,702
Goodwill arising on acquisition	55,983
Purchase consideration transferred	**107,685**
Analysis of cash flows on acquisition:	
Net cash acquired with the subsidiary (included in cash flows from investing activities)	5,277
Cash paid in current period	(95,782)
Net cash flow on acquisition	**(90,505)**

From the date of acquisition, GHP has contributed RMB15,523,299 of revenue and RMB5,018,860 to the net profit before tax from the continuing operations of the Group. If the acquisition had taken place at the beginning of the year, revenue from continuing operations would have been RMB68,339,008 and the profit before tax from continuing operations for the period would have been RMB16,230,085.

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of GHP with those of the Group. The goodwill is not deductible for income tax purposes.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group will perform its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The acquisition was settled amounting to RMB107,074,573 by cash, and the remaining consideration amounting to RMB610,951 will be settled by cash in 2015. The Group incurred transaction costs of RMB1,426 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss and are part of operating cash flows in the statement of cash flows.

4. OTHER REVENUE AND OTHER GAINS AND LOSSES

Other revenue and other gains and losses comprise:

	Six months ended	
	30 June	30 June
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Bank interest income	**6,707**	4,127
Short term investment income	**173**	–
Net exchange (loss)/gain	**(442)**	(3,957)
Gain/(loss) on disposal of property, plant and equipment	**–**	6
Government subsidy	**183**	–
Others	**(29)**	26
	6,592	202

5. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	Six months ended	
	30 June 2015	30 June 2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Cost of inventories sold	**20,506**	8,270
Staff costs	**32,452**	18,938
Amortisation of prepaid land lease payments	**103**	50
Amortisation of intangible assets	**222**	32
Auditor's remuneration	**956**	54
Depreciation of property, plant and equipment	**2,052**	1,985
Operating lease payments on properties and shops *(note)*	**7,868**	5,683
Research and development expenses	**418**	490
Listing expenses	**855**	2,133

Note: Included was the contingent rental of RMB2,306,260 incurred during the six months ended 30 June 2015 (First half of 2014: RMB2,237,000).

6. INCOME TAX EXPENSE

The amount of income tax expense in the condensed consolidated statement of comprehensive income represents:

	Six months ended	
	30 June 2015	30 June 2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax — PRC Enterprise Income Tax		
— Provision for the period	**19,616**	9,695
Current tax — New Zealand Income Tax		
— Provision for the period	**1,220**	–
Current tax — Australian Income Tax		
— Provision for the period	**–**	–
	20,836	9,695
Deferred tax		
— origination and reversal of temporary difference	**(2,291)**	324
Income tax expense	**18,545**	10,019

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 period.

Provision for New Zealand Income Tax is calculated at 28% of the assessable profits of the subsidiary in New Zealand for the period.

Provision for Australian Income Tax is calculated at 30% of the assessable profits of the subsidiary in Australia for the period. Australia Cobayer Health Food Pty Ltd, one of the subsidiaries of the Company, has suffered operating loss and no income tax provision was made in both current and comparing period.

7. DIVIDENDS

Dividends paid by the Company for the six months ended 30 June 2015 and 2014 as disclosed in the condensed consolidated statement of changes in equity were as follows:

	Six months ended	
	30 June 2015	30 June 2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Final dividend and special dividend approved and paid/payable during the period	**99,994**	–

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.

Pursuant to the annual general meeting held on 19 May 2015, the Company's shareholders approved the distribution of a final dividend (of RMB6.05 cents (2014: nil) per share, amounting to RMB50,709,225 (2014: nil)) and a special dividend (of RMB5.88 cents (2014: nil) per share, amounting to RMB49,284,337 (2014: nil)) for the year ended 31 December 2014, which were paid in June 2015.

8. EARNINGS PER SHARE

The basic earnings per share for the six months ended 30 June 2014 and 2015 are calculated based on the profit of the Company for the period and the weighted average number of ordinary shares of 838,169,000 (2014: 818,699,900) in issue during the year, as adjusted to reflect the H shares of the Company issued during 2014 pursuant to the global offering of the Company.

	Six months ended	
	30 June 2015	30 June 2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**48,392**	32,804
Number of shares	**30 June 2015 (unaudited)**	30 June 2014 (unaudited)
Weighted average number of ordinary shares for the purposes of basic earnings per share	**838,169,000**	818,699,900
Effect of dilutive potential ordinary shares: — share options	**–**	–
Number of shares for the purpose of diluted earnings per share	**838,169,000**	818,699,900

9. PROPERTY, PLANT AND EQUIPMENT

No impairment losses were recognized in respect of property, plant and equipment for both periods. During the first half of 2015, additions to property, plant and equipment amounted to RMB4,020,945 (First half of 2014: RMB2,359,000) excluding property, plant and equipment acquired through a business combination (see Note 3), and no disposal of property, plant and equipment has occurred (First half of 2014: RMB69,000).

10. TRADE AND OTHER RECEIVABLES

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables	**27,381**	1,817
Other receivables	**935**	6,617
Deposits and prepayments	**14,675**	7,035
	42,991	15,469

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

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 1 month	**21,761**	1,387
Over 1 month but within 3 months	**4,999**	373
Over 3 months but within 1 year	**460**	57
Over 1 year	**161**	–
	27,381	1,817

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

11. TRADE AND OTHER PAYABLES

	30 June 2015 *RMB'000* **(unaudited)**	31 December 2014 *RMB'000* (audited)
Trade payables	**13,125**	2,132
Other payables and accruals	**31,776**	16,113
	44,901	18,245

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:

	30 June 2015 *RMB'000* **(unaudited)**	31 December 2014 *RMB'000* (audited)
Within 1 month	**10,222**	1,106
Over 1 month but within 3 months	**1,351**	674
Over 3 months but within 1 year	**1,535**	322
Over 1 year	**17**	30
	13,125	2,132

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the first half of 2015, the Group capitalised on high growth opportunities in the large and fast-growing supplements industry in China. The Group has achieved favourable results in its revenues and earnings. The Group's turnover increased from RMB96.0 million in the first half of 2014 to RMB149.0 million for the six months ended 30 June 2015, representing a growth of 55.2%. The overall gross profit margin decreased slightly from 89.6% in the first half of 2014 to 84.7% for the six months ended 30 June 2015. The Group's net profit increased from RMB32.8 million in the first half of 2014 to RMB48.4 million for the six months ended 30 June 2015, representing an increase of 47.6%.

During the first half of 2015, the continuous growth of nutritional supplements industry in China was principally driven by the rising disposal income of consumers 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 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 30 June 2015, the Group offered 295 retained and new products, consisting of 25 Zhongsheng series products, 53 Cobayer series products and 210 Good Health series products. Furthermore, the Group has launched 7 products of Zhongsheng series and 11 products of Cobayer series during the first half of 2015.

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 30 cities in 17 provinces and centrally administered municipalities in the PRC as of 30 June 2015. The Group's diversified sales platform in the PRC primarily consists of retail stores under the Zhongsheng brand, in the form of 17 specialty stores and 25 regional sales offices as well as 48 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 and Weixin platform, the Group has developed Jingdong platform, Suning platform and other joint platform with large enterprises during the first half of 2015.

Acquisition of Good Health Products Limited

With reference to (i) the announcement of the Company dated 20 November 2014; (ii) the announcement of the Company dated 24 November 2014; and (iii) the circular of the Company dated 19 December 2014 in relation to, among others, the acquisition (the "**Acquisition**") of Good Health Products Limited ("**GHP**"), a company incorporated in New Zealand with limited liability, through Shanghai Weiyi Investment & Management Limited Company* ("**Shanghai Weiyi**") pursuant to the share transfer agreement (the "**Share Transfer Agreement**"). Shanghai Weiyi is 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**"). All conditions precedent to the Share Transfer Agreement had been fulfilled and completion of the Acquisition took place on 29 May 2015 (the "**Date of Acquisition**"). Since the Date of Acquisition, GHP has become a non-wholly-owned subsidiary of the Company and its accounts has been consolidated to the Group.

GHP principally engages in the manufacturing and sales of dietary and wellbeing supplements. GHP has a wide range of products under the brand of "Good Health", which are sold under its various different customer channels to the local New Zealand market and the Australian market, such as pharmacies and health food stores. The product range contains colostrum, marine, bee and placenta, fish oil, joint health, super greens, immune support, digestive health, relaxation, women's health, beauty, men's health, essentials, weight management and superfoods. From the Date of Acquisition, GHP has contributed RMB15.5 million of revenue and RMB5.0 million to the net profit before tax from the continuing operations of the Group.

Proposed Issue of A Shares

On 20 April 2015, the Board resolved that the Company intends to apply to the regulatory authorities in the PRC for the issue and allotment of not more than 150,000,000 unconsolidated A shares or, subject to completion of the proposed share consolidation, 15,000,000 consolidated A shares. Resolutions of the issue of A shares were passed at the extraordinary general meeting of the Company and at the class meetings for holders of H shares and domestic shares of the Company held on 30 June 2015. Details regarding the issue of A shares are set out in the Company's announcements dated 10 April 2015, 20 April 2015 and 14 May 2015 as well as the Company's circular dated 15 May 2015.

FINANCIAL REVIEW

Results

The turnover of the Group in the first half of 2015 was RMB149.0 million, representing an increase of approximately 55.2 % from RMB96.0 million over the same period in 2014. Profit for the first half of the year increased by approximately 47.6% to RMB48.4 million in 2015 from RMB32.8 million in 2014. The Company's basic earnings per share was RMB6 cents (First half of 2014: RMB4 cents) based on the weighted average number of approximately 838.2 million (First half of 2014: 818.7 million) shares in issue during the first half of 2015. The improvement in financial results during the first half of 2015 was mainly attributable to the increased sales of the nutritional supplements which were developed and manufactured in China.

* *For identification purposes only*

Turnover

The turnover of the Group increased by approximately 55.2% from RMB96.0 million in the first half of 2014 to RMB149.0 million for the six months ended 30 June 2015. Sales of Zhongsheng series products significantly increased by approximately 87.0% from RMB56.9 million in the first half of 2014 to RMB106.4 million for the six months ended 30 June 2015, which was primarily due to the continuous growth in the sales of snow lotus series products and Antrodia cinnamomea of Zhongsheng series products during the six months ended 30 June 2015. Sales of Australian manufactured food and nutritional supplements decreased by approximately 30.9% from RMB38.5 million in the first half of 2014 to RMB26.6 million for the six months ended 30 June 2015, which was primarily due to the focus of advertising and promotion activities on Zhongsheng series products. Sales of New Zealand manufactured food and nutritional supplements was RMB15.5 million for the six months ended 30 June 2015, which was contributed by GHP since the Date of Acquisition.

Gross profit

The Group's gross profit increased from RMB86.0 million in the first half of 2014 to RMB126.3 million for the six months ended 30 June 2015. The Group's average gross profit margin decreased from 89.6% in the first half of 2014 to 84.7% for the six months ended 30 June 2015. Such decrease in gross profit margin was mainly due to GHP's lower gross profit margin for sales through different distribution channels such as pharmacies and supermarkets in various geographical locations.

Other revenue and other gains and losses

The Group's other revenue and other gains and losses increased from RMB0.2 million in the first half of 2014 to RMB6.6 million in the first half of 2015, which was mainly due to (i) increase in interest income from the bank deposits and financial products purchased from banks; (ii) decrease in net exchange loss in Hong Kong dollar conversion to Renminbi; and (iii) increase in short-term investment income, and the effect is offset by other losses.

Selling and distribution expenses

The Group's selling and distribution expenses increased by approximately 68.7% from RMB25.2 million in the first half of 2014 to RMB42.5 million for the six months ended 30 June 2015, representing approximately 26.3% and 28.5% of the Group's turnover respectively. Such increase was primarily due to (i) increase in staff costs from RMB13.6 million to RMB23.2 million; (ii) increase in advertising and promotional expenses from RMB3.8 million to RMB7.3 million; and (iii) increase in rental expenses from RMB4.7 million to RMB5.3 million, as a result of the establishment of 7 Zhongsheng regional sales offices and 3 Cobayer retail stores during the period as well as the relevant expenses incurred by GHP from the Date of Acquisition.

Administrative expenses

The Group's administrative expenses increased by approximately 41.3% from RMB16.0 million in the first half of 2014 to RMB22.6 million for the six months ended 30 June 2015, representing approximately 16.7% and 15.2% of the Group's turnover respectively. Such increase was primarily due to the increase in staff cost from RMB5.6 million to RMB9.5 million; and the increase in rental expenses from RMB1.0 million to RMB2.5 million.

Listing expenses

The Group's listing expenses incurred during the six months ended 30 June 2015 include the legal and other professional advice in relation to the proposed issue of A shares by the Company in the PRC and the relevant listing expenses of RMB0.9 million was incurred and recognised in the first half of 2015.

Taxation

Income tax expense increased by approximately 85% from RMB10.0 million in the first half of 2014 to RMB18.5 million for the six months ended 30 June 2015, which was primarily due to the increase in provision for PRC Enterprise Income Tax, as a result of increased revenue in the PRC market. The Group's effective tax rates for the six months ended 30 June 2014 and 2015 were approximately 23.0% and 28.0% respectively.

Profit for the period

As a result of the foregoing, the Group's profit for the period increased from RMB32.8 million in the first half of 2014 to RMB48.4 million in 2015. The increase was due to the increase in turnover from RMB96.0 million in the first half of 2014 to RMB149.0 million in the first half of 2015 and the effective controls of the increase in administrative expenses.

LIQUIDITY AND CAPITAL RESOURCES

Inventories

The Group's inventories increased to RMB44.8 million as at 30 June 2015 (As at 31 December 2014: RMB17.6 million), which was primarily due to the inventory from the Acquisition and the increased inventory level to meet strong customer demand. The Group's inventories comprise raw materials, work in progress, finished goods and merchandise. During the first half of 2015, inventory turnover was approximately 247 days (First half of 2014: 106 days). The longer inventory turnover period during the six months ended 30 June 2015 was primarily the result of increase in inventory level of nutritional supplements of Zhongsheng series products and from the Acquisition.

Trade receivables

The Group's trade receivables amounted to RMB27.4 million as at 30 June 2015 (As at 31 December 2014: RMB1.8 million). During the first half of 2015, the sole distributor was generally granted a credit term of 30 days while the shopping malls of the Cobayer retail stores were granted credit term ranging from 15 days to 60 days. Turnover days for trade receivables increased to 18 days (First half of 2014: 6 days), which was primarily due to longer credit period granted by GHP to its customers.

Trade payables

The Group's trade payables amounted to RMB13.1 million as at 30 June 2015 (As at 31 December 2014: RMB2.1 million). Turnover days for trade payables increased to 60 days (First half of 2014: 9 days), which was primarily due to longer credit period granted from the 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 30 June 2015. During the first half of 2015, the Group recorded an exchange loss of approximately RMB0.4 million (First half of 2014: RMB4.0 million) which was primarily due to the conversion from Hong Kong Dollar to Renminbi.

Borrowings and pledge of assets

The Group had no outstanding bank borrowings and pledge of assets as of 30 June 2014 and 2015.

Capital expenditure

The Group invested approximately RMB4.0 million in the first half of 2015 (First half of 2014: RMB2.4 million) for purchase of property, plant and equipment.

Capital commitments and contingent liabilities

As at 30 June 2015, the Group's capital commitments were approximately RMB3.3 million (As at 31 December 2014: RMB64.5 million), all of which were commitments for the upgrading of IT system. The Group has no material contingent liabilities as at 30 June 2015 (As at 31 December 2014: nil).

OUTLOOK

For the second half of 2015, the Group will continue to adopt a branding-focused specialty store business model to attract the majority of existing consumers and potential consumers, and provide customers with health solutions, in order to distinguish itself from the competitors in the nutritional supplements market.

The Group endeavours to seize every opportunity to be the leading nutritional supplements provider in the market. As at the date of this announcement, the Group has two new products which are in the production stage and two new products have been launched in the markets, such as Kanghe Maca Drink (Fruit Drink) and Kanghe Snow Lotus Drink (Fruit Drink).

The Group will continue to participate in sizeable elderly health care exhibitions as well as well-known nutritional supplements products and health food exhibitions to be held in various PRC cities such as Tianjin, Wuhan, Guangzhou, Shanghai and Chengdu in the second half of 2015 in order to enhance consumer awareness of the Group's nutritional supplements products.

The Board and the Chairman have confidence in the future development of the Group. Having a positive and pragmatic attitude towards the business development by the expansion of sales 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. Barring unforeseen circumstances, the Group is optimistic about its performance in the second half of 2015.

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 that they are in line with market practice and regulatory requirements. As at 30 June 2015, the Group employed a work force of 881, including 815 employees of existing Group and 66 employees of GHP. The total salaries and related costs for the six months ended 30 June 2015 amounted to approximately RMB32.5 million (First half of 2014: RMB18.9 million).

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

For the six months ended 30 June 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the 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 six months ended 30 June 2015 and up to the date of this announcement.

CODE OF CORPORATE GOVERNANCE PRACTICE

In the opinion of the Directors, the Company has complied with the Corporate Governance Code ("**CG Code**") as set out in Appendix 14 to the Listing Rules for the six months ended 30 June 2015 and up to the date of this announcement.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2015 (First half of 2014: nil).

REVIEW OF THE INTERIM RESULTS

The unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2015 has also been reviewed by the audit committee of the Company (the "**Audit Committee**"). The Audit Committee has been established in compliance with Rule 3.21 and Rule 3.22 of the Listing Rules and with written terms of reference in compliance with the CG Code. The Audit Committee consists of three independent non-executive Directors: Mr. Jiang Fuxin, Ms. Feng Qing and Mr. Vincent Cheng. Mr. Vincent Cheng serves as the chairman of the Audit Committee. The primary responsibilities of the Audit Committee are to review and monitor the financial reporting and internal control principles of the Company and to assist the Board to fulfill its responsibilities over audit.

PUBLICATION OF INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.zs-united.com. The interim report of the Group for the six months ended 30 June 2015 containing all the relevant information required by the Listing Rules will be despatched to the shareholders of the Company and published on the aforesaid websites in due course.

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

Nanjing, the People's Republic of China, 21 August 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.

* *For identification purposes only*