



# 南京中生聯合股份有限公司

NANJING SINOLIFE UNITED COMPANY LIMITED\*

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

Stock Code: 3332



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# CORPORATE INFORMATION

## DIRECTORS

### Executive Directors

Mr. Gui Pinghu (桂平湖) (*Chairman*)  
Ms. Zhang Yuan (張源) (*Chief Executive Officer*)  
Ms. Xu Li (徐麗)  
Ms. Zhu Feifei (朱飛飛)

### Non-executive Director

Mr. Xu Chuntao (許春濤)

### Independent non-executive Directors

Mr. Jiang Fuxin (蔣伏心)  
Ms. Feng Qing (馮晴)  
Mr. Vincent Cheng (鄭嘉福)

## AUDIT COMMITTEE

Mr. Vincent Cheng (鄭嘉福) (*Chairman*)  
Mr. Jiang Fuxin (蔣伏心)  
Ms. Feng Qing (馮晴)

## REMUNERATION COMMITTEE

Ms. Feng Qing (馮晴) (*Chairman*)  
Mr. Vincent Cheng (鄭嘉福)  
Ms. Zhu Feifei (朱飛飛)

## NOMINATION COMMITTEE

Mr. Jiang Fuxin (蔣伏心) (*Chairman*)  
Ms. Feng Qing (馮晴)  
Ms. Xu Li (徐麗)

## STRATEGY AND DEVELOPMENT COMMITTEE

Mr. Gui Pinghu (桂平湖) (*Chairman*)  
Mr. Vincent Cheng (鄭嘉福)  
Mr. Jiang Fuxin (蔣伏心)

## JOINT COMPANY SECRETARIES

Ms. Zhi Hui (支卉)  
Ms. Kam Mei Ha Wendy (甘美霞) *FCS (PE), FCIS*

## REGISTERED OFFICE AND HEADQUARTERS

30/F, Deji Building  
188 Chang Jiang Road  
Xuanwu District  
Nanjing, Jiangsu Province  
PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Jardine House  
1 Connaught Place  
Hong Kong

## AUTHORISED REPRESENTATIVES

Mr. Gui Pinghu (桂平湖)  
Ms. Kam Mei Ha Wendy (甘美霞) *FCS (PE), FCIS*

## LEGAL ADVISERS

*As to Hong Kong law*  
Chiu & Partners  
40th Floor, Jardine House  
1 Connaught Place  
Hong Kong

*As to PRC law*  
Yongheng Partners  
13th Floor, Changfa Science & Technology Building  
222 Zhujiang Road  
Nanjing, Jiangsu Province  
PRC

## COMPLIANCE ADVISER

Ping An of China Capital (Hong Kong) Company Limited  
28/F, 169 Electric Road  
North Point  
Hong Kong

# CORPORATE INFORMATION

## H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712–1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

## PRINCIPAL BANKERS

Shanghai Pudong Development Bank Cheng Dong Branch  
482 Zhongshan East Road  
Nanjing, Jiangsu Province  
PRC

Agricultural Bank of China Ma Qun Branch  
2-16 Ma Qun Road  
Qixia District  
Nanjing, Jiangsu Province  
PRC

## AUDITOR

Ernst & Young  
22/F, CITIC Tower  
1 Tim Mei Avenue  
Central, Hong Kong

## STOCK CODE

3332

## COMPANY'S WEBSITE

[www.zs-united.com](http://www.zs-united.com)

# INTERIM REPORT

## 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

# FINANCIAL HIGHLIGHTS

## 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)

# RETAIL NETWORK AND PRODUCT INFORMATION



## CONBAIR

- BEIJING (2)
- SHANGHAI (4)
- JIANGSU (21)
- GUANGDONG (4)
- SHANDONG (2)
- ZHEJIANG (2)
- YUNNAN (1)
- CHONGQING (1)
- FUJIAN (1)
- ANHUI (2)
- SHAANXI (1)
- HENAN (1)

- SICHUAN (2)
- HUBEI (1)
- HEILONGJIANG (1)
- TIANJIN (2)

## ZHONGSHENG

- BEIJING (2)
- JIANGSU (17)
- GUANGDONG (4)
- SHANDONG (2)
- ZHEJIANG (7)
- SICHUAN (1)

- HUBEI (1)
- LIAONING (2)
- ANHUI (1)
- SHANGHAI (2)
- TIANJIN (1)
- FUJIAN (1)
- SHAANXI (1)

# RETAIL NETWORK AND PRODUCT INFORMATION

Moringa



Algae  
DHA Oil



Snow Lotus  
Collagen Powder



Maca Powder  
Capsules



ACAI Capsules

# RETAIL NETWORK AND PRODUCT INFORMATION

**Milk Powder  
Products**



**Omega-3  
Soft Capsules**



**Protein Powder  
Products**



**Cobayer  
Manuka Honey**



**Kanger Capsules**

# RETAIL NETWORK AND PRODUCT INFORMATION

Coenzyme Q<sub>10</sub>  
Tablet/Capsules



Linolenic Acid  
Soft Capsules



Lvzhi Capsules



Zhongsheng  
Branded Antler  
Ginseng Capsules



Weisi Capsules

# 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 the People's Republic of China ("PRC" or "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\*. 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.

\* For identification purposes only

# MANAGEMENT DISCUSSION AND ANALYSIS

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.

### 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 the first half of 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 gearing ratio for the Group was 0% (First half of 2014: 0%) as 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).

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 report, 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).

\* For identification purposes only

## OTHER INFORMATION

### DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2015, the interests and short positions of the Directors, supervisors and chief executives of the Company in the share capital and underlying shares of the Company (within the meaning of Part XV of the Securities and Future Ordinance ("SFO")) as recorded in the register required to be kept under section 352 of SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), are set out below:

Name	Capacity	Nature of Interest	Class of share	Number of shares held as at 30 June 2015 <sup>(1)</sup>	Approximate shareholding percentage in the relevant class of shares <sup>(4)</sup> (%)	Approximate shareholding percentage in the total share capital <sup>(3)</sup> (%)
Mr. Gui Pinghu ("Mr. Gui") <sup>(2)</sup>	Director	Beneficial owner	Domestic shares	476,685,000(L)	78.00%	56.87%
		Interest of spouse	Domestic shares	52,965,000 (L)	8.67%	6.32%
Ms. Zhang Yuan	Director	Beneficial owner	Domestic shares	6,599,550 (L)	1.08%	0.79%
Ms. Xu Li	Director	Beneficial owner	Domestic shares	5,498,570 (L)	0.90%	0.66%
Ms. Zhu Feifei	Director	Beneficial owner	Domestic shares	659,340 (L)	0.11%	0.08%
Ms. Yu Min	Supervisor	Beneficial owner	Domestic shares	659,340 (L)	0.11%	0.08%
Ms. Wu Xuemei	Supervisor	Beneficial owner	Domestic shares	551,480 (L)	0.09%	0.07%

Notes:

- (1) The letter "L" denotes the person's long position in such securities.
- (2) Mr. Gui is the spouse of Ms. Wu Yanmei. Under the SFO, Mr. Gui was deemed to be interested in the same number of shares in which Ms. Wu Yanmei was interested.
- (3) The percentages are calculated based on the total issued shares of the Company of 838,169,000, being the total number of issued shares of the Company after the global offering and taking into account the further shares of 23,258,000 issued and allotted by the Company pursuant to the exercise of the over-allotment option set out in the announcement of the Company dated 29 January 2014.
- (4) As at 30 June 2015, the number of issued domestic shares of the Company was 611,111,000.

Save as disclosed above, as at 30 June 2015, none of the Directors, supervisors and chief executives of the Company, or any of their spouses, or children under eighteen year of age, has any interests or short positions in the shares and underlying shares of the Company, recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## OTHER INFORMATION

### DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section headed "Directors', Supervisors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares", at no time during the first half of 2015 was the Company or any of its subsidiaries or fellow subsidiaries a party to any arrangements which enable the Directors and supervisors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors and supervisors, or any of their spouses or children under the age of 18, was granted any right to subscribe for the equity or debt securities of the Company or any other body corporate nor had exercised any such right.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2015, the interests and short positions of the persons who hold 5% or more of the class shares in the issued share capital of the Company (other than Directors and supervisors of the Company), as recorded in the register required to be kept by the Company under section 336 of the SFO are set out below:

Shareholders	Nature of interest	Class of share of the Company	Number of shares held as at 30 June 2015 <sup>(1)</sup>	Approximate shareholding percentage in the relevant class of share capital <sup>(2)</sup> (%)	Approximate shareholding percentage in the total share capital <sup>(3)</sup> (%)
Ms. Wu Yanmei <sup>(2)</sup>	Beneficial owner	Domestic shares	52,965,000 (L)	8.67%	6.32%
	Interest of spouse	Domestic shares	476,685,000(L)	78.00%	56.87%
Shanghai Fosun Chuangfu Shareholding Investment Fund Limited Partnership	Beneficial owner	Domestic shares	61,111,000 (L) <sup>(8)</sup>	10.00%	7.29%
Shanghai Fosun Capital Investment Management Co., Ltd.	Interest of controlled corporation	Domestic shares	61,111,000 (L) <sup>(8)</sup>	10.00%	7.29%
Shanghai Fosun Industrial Investment Co., Ltd.	Interest of controlled corporation	Domestic shares	61,111,000 (L) <sup>(8)</sup>	10.00%	7.29%
Shanghai Fosun High Technology (Group) Co., Ltd	Interest of controlled corporation	Domestic shares	61,111,000 (L) <sup>(8)</sup>	10.00%	7.29%
Fosun International Limited	Interest of controlled corporation	Domestic shares	61,111,000 (L) <sup>(8)</sup>	10.00%	7.29%
Fosun Holdings Limited	Interest of controlled corporation	Domestic shares	61,111,000 (L) <sup>(8)</sup>	10.00%	7.29%
Fosun International Holdings Ltd.	Interest of controlled corporation	Domestic shares	61,111,000 (L) <sup>(8)</sup>	10.00%	7.29%
Mr. Guo Guangchang	Interest of controlled corporation	Domestic shares	61,111,000 (L) <sup>(8)</sup>	10.00%	7.29%
Town Health Corporate Advisory and Investments Limited	Beneficial owner	H shares	25,288,000 (L) <sup>(4)</sup>	11.14%	3.02%

## OTHER INFORMATION

Shareholders	Nature of interest	Class of share of the Company	Number of shares held as at 30 June 2015 <sup>(1)</sup>	Approximate shareholding percentage in the relevant class of share capital <sup>(2)</sup> (%)	Approximate shareholding percentage in the total share capital <sup>(3)</sup> (%)
Town Health International Medical Group Limited (formerly known as Town Health International Investments Limited)	Interest of controlled corporation	H shares	25,288,000 (L) <sup>(4)</sup>	11.14%	3.02%
Mr. Chen Xuelin	Beneficial owner	H shares	26,500,000 (L)	11.67%	3.16%
First Beijing Investment (Cayman) Limited	Investment manager	H shares	11,880,000 (L) <sup>(6)</sup>	5.23%	1.42%
First Manhattan Co.	Investment manager	H shares	11,880,000 (L) <sup>(6)</sup>	5.23%	1.42%
First Manhattan LLC	Interest of controlled corporation	H shares	11,880,000 (L) <sup>(6)</sup>	5.23%	1.42%
RAYS Capital Partners Limited	Investment manager	H shares	15,962,000 (L) <sup>(5)</sup>	7.03%	1.90%
Mr. Ruan David Ching-chi	Interest of controlled corporation	H shares	15,962,000 (L) <sup>(5)</sup>	7.03%	1.90%
Ms. Yip Yok Tak Amy	Interest of controlled corporation	H shares	15,962,000 (L) <sup>(5)</sup>	7.03%	1.90%
Asian Equity Special Opportunities Portfolio Master Fund Limited	Beneficial owner	H shares	12,906,000 (L) <sup>(5)</sup>	5.68%	1.54%

## Notes:

- (1) The letter "L" represents long position in such securities.
- (2) Ms. Wu Yanmei is the spouse of Mr. Gui. Under the SFO, Ms. Wu Yanmei was deemed to be interested in the same number of shares in which Mr. Gui was interested.
- (3) The percentages are calculated based on the total issued shares of the Company of 838,169,000, being the total number of issued shares of the Company after the global offering and taking into account the further H shares of 23,258,000 issued and allotted by the Company pursuant to the exercise of the over-allotment option set out in the announcement of the Company dated 29 January 2014.
- (4) These 25,288,000 H shares were held by Town Health Corporate Advisory and Investments Limited, which was an indirect wholly-owned subsidiary of Town Health International Medical Group Limited. Accordingly, Town Health International Medical Group Limited was deemed to hold interests in these 25,288,000 H shares under the SFO.
- (5) Asian Equity Special Opportunities Portfolio Master Fund Limited was a wholly owned subsidiary of RAYS Capital Partners Limited, which was held evenly by Mr. Ruan David Ching-chi and Ms. Yip Yok Tak Amy. Accordingly, Mr. Ruan David Ching-chi and Ms. Yip Yok Tak Amy were deemed to hold interests in the H shares held by Asian Equity Special Opportunities Portfolio Master Fund Limited and RAYS Capital Partners Limited under the SFO.
- (6) First Beijing Investment (Cayman) Limited, through its subsidiaries, held these 11,880,000 H shares in its capacity as investment manager. First Beijing Investment (Cayman) Limited was held as to 10% by First Manhattan Co., which was held as to 10% by First Manhattan LLC. Accordingly, First Manhattan Co. and First Manhattan LLC were deemed to hold interests in these 11,880,000 H shares under the SFO.

## OTHER INFORMATION

- (7) As at 30 June 2015, the number of issued domestic shares and H shares of the Company was 611,111,000 and 227,058,000 respectively.
- (8) These 61,111,000 domestic shares were held by Shanghai Fosun Chuangfu Shareholding Investment Fund Limited Partnership, which was held as to approximately 1.05% by Shanghai Fosun Capital Investment Management Co., Ltd. and approximately 31.74% by Shanghai Fosun Industrial Investment Co., Ltd.. Shanghai Fosun Capital Investment Management Co., Ltd. is the general partner of Shanghai Fosun Chuangfu Shareholding Investment Fund Limited Partnership. Shanghai Fosun Industrial Investment Co., Ltd. was held as to 100% by Shanghai Fosun High Technology (Group) Co., Ltd.. Further, Shanghai Fosun High Technology (Group) Co., Ltd. indirectly held approximately 60% equity interest in Nanjing Nangang Iron & Steel United Co., Ltd.\* (南京南鋼鋼鐵聯合有限公司) which in turn indirectly held approximately 13.11% equity interest in Shanghai Fosun Chuangfu Shareholding Investment Fund Limited Partnership. Accordingly, Shanghai Fosun High Technology (Group) Co., Ltd. was interested in approximately 45.90% in Shanghai Fosun Chuangfu Shareholding Investment Fund Limited Partnership in total.

Shanghai Fosun High Technology (Group) Co., Ltd. was wholly owned by Fosun International Limited which was wholly owned by Fosun Holdings Limited.

Fosun Holdings Limited was wholly owned by Fosun International Holdings Ltd. which was held as to 58% by Mr. Guo Guangchang.

Under the SFO, the general partner of a limited liability partnership is regarded as having de facto control of the limited liability partnership even though its shareholding in the limited liability partnership may be less than one third. Accordingly, Shanghai Fosun Capital Investment Management Co., Ltd., Shanghai Fosun Industrial Investment Co., Ltd., Shanghai Fosun High Technology (Group) Co., Ltd., Fosun International Limited, Fosun Holdings Limited, Fosun International Holdings Ltd. and Mr. Guo Guangchang were deemed to hold interests in the 61,111,000 domestic shares held by Shanghai Fosun Chuangfu shareholding Investment Fund Limited Partnership under the SFO.

Save as disclosed above, as at the 30 June 2015, the Company had not been notified by any persons (other than Directors, supervisors or the chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which shall be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register kept by the Company pursuant to Section 336 of the SFO.

### DISCLOSURE OF INFORMATION OF DIRECTORS AND SUPERVISORS UNDER RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in Directors' and supervisors' information since the date of publication of the Company's 2014 annual report are set out as follows:

- Appointment of Mr. Gui Pinghu, Ms. Zhang Yuan and Mr. Xu Chuntao as directors of GHP
- Appointment of Ms. Zhang Yuan as a director of Nanjing Zhaiyigou Electronic Commerce Company Limited\* (南京宅易購電子商務有限公司)
- Appointment of Ms. Zhu Feifei as a director of Fuzhou City Gulou District Zhongsheng Wonderful Biological Technology Company Limited\* (福州市鼓樓區中生美好生物科技有限公司)
- Appointment of Ms. Yu Min as a director of Nantong Zhongsheng Wonderful Health Food Products Limited\* (南通中生美好保健食品有限公司)

Save as disclosed above, there is no other change in the Directors' and supervisors' information required to be disclosed under Rule 13.51B(1) of the Listing Rules.

\* For identification purposes only

## OTHER INFORMATION

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules on 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 report.

### 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 report.

### 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).

### 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.

### 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") on the Main Board of the Stock Exchange and the issue of the over-allotment shares amounted to approximately HK\$428.7 million (RMB336.4 million).

During the period between the Listing and 30 June 2015, the total net proceeds were utilised in accordance with the purposes as set out in (i) the section headed "Future Plans and Use of Proceeds" of the prospectus of the Company dated 31 December 2013, (ii) the circulars of the Company dated 19 December 2014 and 15 May 2015, and (iii) the announcements of poll results of the extraordinary general meetings held on 3 February 2015 and 30 June 2015.

### SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by public as at the date of this report.

### AUDIT COMMITTEE

The audit committee of the Company ("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.

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.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Notes	30 June 2015 RMB'000 (unaudited)	30 June 2014 RMB'000 (unaudited)
Turnover	3, 4	149,033	95,981
Cost of sales		(22,773)	(9,973)
Gross profit		126,260	86,008
Other revenue and other gains and losses	6	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	7	66,937	42,823
Income tax expense	8	(18,545)	(10,019)
<b>Profit for the period</b>		<b>48,392</b>	32,804
Attribute to:			
Equity holders of the parent		47,728	32,804
Non-controlling interests		664	–
<b>Other comprehensive income that may be reclassified to profit or loss in subsequent periods, after tax</b>			
Exchange differences on translation of foreign operations		(3,490)	162
<b>Total comprehensive income for the period</b>		<b>44,902</b>	32,966
Attribute to:			
Equity holders of the parent		45,360	32,966
Non-controlling interests		(458)	–
<b>Earnings per share:</b>		<b>RMB</b>	RMB
— Basic and diluted	10	<b>6 cents</b>	4 cents

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	5, 11	25,894	21,737
Prepaid land lease payments		11,203	11,326
Goodwill	5	55,983	–
Investment in associate	5	7,587	–
Deposit for acquisition of a subsidiary		–	11,292
Intangible assets	5	19,224	–
Deferred tax assets	5	5,093	2,335
Pledged deposits	13	1,139	–
<b>Total non-current assets</b>		<b>126,123</b>	46,690
<b>Current assets</b>			
Inventories		44,834	17,575
Prepaid land lease payments		125	125
Trade and other receivables	12	42,991	15,469
Short term investments		70,000	35,000
Cash and cash equivalents	13	404,470	550,044
<b>Total current assets</b>		<b>562,420</b>	618,213
<b>Total assets</b>		<b>688,543</b>	664,903
<b>Non-current liabilities</b>			
Deferred tax liabilities	5	7,144	–
<b>Total non-current liabilities</b>		<b>7,144</b>	–
<b>Current liabilities</b>			
Trade and other payables	14	44,901	18,245
Income tax payables		15,637	13,705
<b>Total current liabilities</b>		<b>60,538</b>	31,950
<b>Net current assets</b>		<b>501,882</b>	586,263
<b>NET ASSETS</b>		<b>620,861</b>	632,953
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	15	83,817	83,817
Reserves		489,505	544,139
Non-controlling interests		47,539	4,997
<b>TOTAL EQUITY</b>		<b>620,861</b>	632,953

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

		Equity attributable to owners of the Company							Non-	Total
		Share capital	Capital reserve	Translation reserve	Surplus reserve	Merger reserve	Retained profits	Total	controlling interests	equity
Notes		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2015		83,817	360,075	(670)	19,531	(3,871)	169,074	627,956	4,997	632,953
Issue of shares		-	-	-	-	-	-	-	-	-
Dividend declared and paid		-	-	-	-	-	(99,994)	(99,994)	-	(99,994)
Capital injection by non-controlling interest		-	-	-	-	-	-	-	43,000	43,000
Profit for the period		-	-	-	-	-	47,728	47,728	664	48,392
Exchange difference on translation of foreign operations		-	-	(2,368)	-	-	-	(2,368)	(1,122)	(3,490)
Total comprehensive income for the period		-	-	(2,368)	-	-	47,728	45,360	(458)	44,902
At 30 June 2015 (unaudited)		83,817	360,075	(3,038)	19,531	(3,871)	116,808	573,322	47,539	620,861
At 1 January 2014		61,111	46,292	(382)	7,463	(3,871)	73,269	183,882	-	183,882
Issue of shares		22,706	334,528	-	-	-	-	357,234	-	357,234
Share issue expenses		-	(20,745)	-	-	-	-	(20,745)	-	(20,745)
Profit for the period		-	-	-	-	-	32,804	32,804	-	32,804
Exchange difference on translation of foreign operations		-	-	162	-	-	-	162	-	162
Total comprehensive income for the period		-	-	162	-	-	32,804	32,966	-	32,966
Transfer to surplus reserve		-	-	-	17	-	(17)	-	-	-
At 30 June 2014 (unaudited)		83,817	360,075	(220)	7,480	(3,871)	106,056	553,337	-	553,337

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Notes	<b>30 June 2015 RMB'000 (unaudited)</b>	30 June 2014 RMB'000 (unaudited)
<b>Net cash generated from operating activities</b>		<b>41,466</b>	20,931
<b>Net cash generated from/(used in) investing activities</b>		<b>(123,268)</b>	1,767
<b>Net cash generated from/(used in) financing activities</b>		<b>(63,110)</b>	336,489
<b>Net increase/(decrease) in cash and bank balances</b>		<b>(144,912)</b>	359,187
<b>Cash and bank balances at beginning of the period</b>		<b>550,044</b>	164,780
<b>Effect of exchange rate changes on cash and bank balances</b>		<b>(662)</b>	138
<b>Cash and bank balances at end of the period</b>	13	<b>404,470</b>	524,105

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT

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 Listing Rules on the Stock Exchange and the Hong Kong Accounting Standard (the “HKAS”) 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. ADOPTION OF NEW AND REVISED STANDARDS

### 2.1 Changes in Accounting policies and disclosures

In the current period, the Group has adopted all the new and revised standards, amendments and interpretations (“new HKFRSs”) issued by HKICPA that are relevant to its operation and effective for its accounting period beginning on 1 January 2015.

Amendments to HKFRS 10, HKFRS12, and HKAS 27 (2011)	<i>Investment Entities</i>
Amendments to HKAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments to HKAS 36	<i>Recoverable Amount Disclosures for Non-Financial Assets</i>
Amendments to HKAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>
Amendment to HKFRS 2 included in the <i>Annual Improvements 2010–2012 Cycle</i>	<i>Definition of Vesting Condition</i>
Amendment to HKFRS 3 included in the <i>Annual Improvements 2010–2012 Cycle</i>	<i>Accounting for Contingent Consideration in a Business Combination</i>
Amendment to HKFRS 13 included in the <i>Annual Improvements 2010–2012 Cycle</i>	<i>Short-term Receivables and Payables</i>
Amendment to HKFRS 1 included in the <i>Annual Improvements 2011–2013 Cycle</i>	<i>Meaning of Effective HKFRSs</i>

The adoption of the new HKFRSs had no material changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended 30 June 2015

## 2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

### 2.2 Issued but not yet effective Hong Kong Financial reporting standards

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective in these interim financial statements.

HKFRS 9	<i>Financial Instruments</i> <sup>4</sup>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>2</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i> <sup>2</sup>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> <sup>2</sup>
HKFRS 14	<i>Regulatory Deferral Accounts</i> <sup>5</sup>
HKFRS 15	<i>Revenue from Contracts with Customers</i> <sup>3</sup>
Amendments to HKAS 1	<i>Disclosure Initiative</i> <sup>2</sup>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> <sup>2</sup>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i> <sup>2</sup>
Amendments to HKAS 19	<i>Defined Benefit Plans: Employee Contributions</i> <sup>1</sup>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i> <sup>2</sup>
<i>Annual Improvements 2010–2012 Cycle</i>	<i>Amendments to a number of HKFRSS</i> <sup>1</sup>
<i>Annual Improvements 2011–2013 Cycle</i>	<i>Amendments to a number of HKFRSS</i> <sup>1</sup>
<i>Annual Improvements 2012–2014 Cycle</i>	<i>Amendments to a number of HKFRSS</i> <sup>1</sup>

Notes:

- <sup>1</sup> Effective for annual periods beginning on or after 1 July 2014
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2016
- <sup>3</sup> Effective for annual periods beginning on or after 1 January 2017
- <sup>4</sup> Effective for annual periods beginning on or after 1 January 2018
- <sup>5</sup> Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

The Group is in the process of making an assessment of the potential impact of these new and revised HKFRSs upon initial application. However, it is not yet in a position to state whether they would have a material impact on the Group's results of operations and financial position.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended 30 June 2015

## 3. TURNOVER

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

## 4. SEGMENT REPORTING

### (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 sales of packaged health food products in the PRC 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 customer are primarily derived in the PRC and New Zealand.

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

	<b>30 June 2015 RMB'000 (unaudited)</b>	30 June 2014 RMB'000 (unaudited)
Mainland China	<b>133,511</b>	95,981
New Zealand	<b>14,174</b>	–
Vietnam	<b>572</b>	–
Australia	<b>379</b>	–
South Korea	<b>222</b>	–
South Africa	<b>157</b>	–
Hong Kong	<b>18</b>	–
	<b>149,033</b>	95,981

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended 30 June 2015

## 4. SEGMENT REPORTING (CONTINUED)

### (c) Revenue from major products

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

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

### (d) Information about major customers

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

## 5. BUSINESS COMBINATION

### Acquisition of Good Health Products Limited

On 29 May 2015, Shanghai Weiyi Investment & Management Limited Company, a limited liability company which was 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.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended 30 June 2015

## 5. BUSINESS COMBINATION (CONTINUED)

### Acquisition of Good Health Products Limited (Continued)

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

	<b>Fair value recognised on acquisition</b>
	RMB'000
<hr/>	
<b>Assets</b>	
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
	<hr/>
	83,516
<hr/>	
<b>Liabilities</b>	
Long-term loans and borrowings	(6,116)
Deferred tax liabilities	(7,884)
Income tax payable	(1,392)
Trade and other payables	(16,422)
	<hr/>
	(31,814)
<hr/>	
<b>Total identifiable net assets at fair value</b>	<b>51,702</b>
<hr/>	
Goodwill arising on acquisition	55,983
<b>Purchase consideration transferred</b>	<b>107,685</b>
<hr/>	
<i>Analysis of cash flows on acquisition:</i>	
Net cash acquired with the subsidiary (included in cash flows from investing activities)	5,277
Cash paid in current period	(95,782)
	<hr/>
<b>Net cash flow on acquisition</b>	<b>(90,505)</b>
<hr/>	

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended 30 June 2015

## 5. BUSINESS COMBINATION (CONTINUED)

### Acquisition of Good Health Products Limited (Continued)

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.

## 6. OTHER REVENUE AND OTHER GAINS AND LOSSES

Other revenue and other gains and losses comprise:

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended 30 June 2015

## 7. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	Six months ended	
	30 June 2015 RMB'000 (unaudited)	30 June 2014 RMB'000 (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 retail 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).

## 8. INCOME TAX EXPENSE

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

	Six months ended	
	30 June 2015 RMB'000 (unaudited)	30 June 2014 RMB'000 (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 differences	(2,291)	324
Income tax expense	18,545	10,019

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended 30 June 2015

## 8. INCOME TAX EXPENSE (CONTINUED)

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 Co 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.

## 9. 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:

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

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.

## 10. 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.

	<b>Six months ended</b>	
	<b>30 June 2015 RMB'000 (unaudited)</b>	<b>30 June 2014 RMB'000 (unaudited)</b>
<b>Earnings</b>		
Earnings for the purpose of basic and diluted earnings per share	<b>48,392</b>	32,804

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended 30 June 2015

## 10. EARNINGS PER SHARE (CONTINUED)

	<b>30 June 2015 RMB'000 (unaudited)</b>	30 June 2014 RMB'000 (unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	<b>838,169,000</b>	818,699,900
Effect of dilutive potential ordinary shares:		
— share options	—	—
Number of shares for the purpose of diluted earnings per share	<b>838,169,000</b>	818,699,900

## 11. PROPERTY, PLANT AND EQUIPMENT

No impairment losses were recognised 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 5), and no disposal of property, plant and equipment has occurred (First half of 2014: RMB69,000).

## 12. TRADE AND OTHER RECEIVABLES

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

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

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended 30 June 2015

## 12. TRADE AND OTHER RECEIVABLES (CONTINUED)

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.

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

	<b>30 June 2015 RMB'000 (unaudited)</b>	31 December 2014 RMB'000 (audited)
Within 1 month	2,969	612
Over 1 month but within 3 months	393	34
Over 3 months but within 1 year	210	24
Over 1 year	82	–
	<b>3,654</b>	670

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 and the Company'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 and the Company does not hold any collateral over these balances.

## 13. CASH AND CASH EQUIVALENTS

For the purpose of the interim condensed statement of cash flows, cash and cash equivalents are comprised of the followings:

	<b>30 June 2015 RMB'000 (unaudited)</b>	31 December 2014 RMB'000 (audited)
Cash at bank and in hand	183,449	329,318
Short-term deposits	221,021	220,726
Long-term deposits	1,139	–
	<b>405,609</b>	550,044
Less: Pledged deposits		
Pledged deposits for Australian Office Lease Arrangement	1,139	–
Cash and cash equivalents	<b>404,470</b>	550,044

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended 30 June 2015

## 14. TRADE AND OTHER PAYABLES

	<b>30 June 2015 RMB'000 (unaudited)</b>	31 December 2014 RMB'000 (audited)
Trade payables	13,125	2,132
Other payables and accruals	31,776	16,113
	<b>44,901</b>	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:

	<b>30 June 2015 RMB'000 (unaudited)</b>	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
	<b>13,125</b>	2,132

## 15. SHARE CAPITAL

	<b>30 June 2015 RMB'000 (unaudited)</b>	31 December 2014 RMB'000 (audited)
227,058,000 (2014: 227,058,000) H shares of RMB0.1 each	22,706	22,706
611,111,000 (2014: 611,111,000) Domestic shares of RMB0.1 each	61,111	61,111
	<b>83,817</b>	83,817

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended 30 June 2015

## 16. RELATED PARTY DISCLOSURES

The related party disclosures for the Group during the period are as follows:

- (a) During the first half of 2015, the Group has the following related parties which have transactions with the Group:

Name	Relationship
Gui Pinghu (桂平湖) ("Mr. Gui")	Controlling shareholder and director of the Company ("Controlling Shareholder")
Wu Yanmei (吳艷梅)	Wife of Mr Gui ("close family member")
Gui Ke (桂客)	Son of Mr. Gui ("close family member")

- (b) During the first half of 2015, the Group entered into the following significant transactions with its related parties:

	30 June 2015 RMB'000 (unaudited)	30 June 2014 RMB'000 (unaudited)
Transactions with Controlling Shareholder:		
— Rental expenses paid (note)	47	47
Transaction with a close family member of Controlling Shareholder:		
— Rent expenses paid (note)	17	53

Note: Rental expenses were charged according to the agreement.

- (c) During the first half of 2015, the total emoluments of the Group's Directors and senior management are as follows:

	30 June 2015 RMB'000 (unaudited)	30 June 2014 RMB'000 (unaudited)
Basic salaries and bonus	1,302	1,458
Social insurance and housing fund	278	221
	<b>1,580</b>	1,679

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended 30 June 2015

## 17. OPERATING LEASE ARRANGEMENTS (AS LESSEE)

The Group leases the majority of its properties. The terms of property leases ranged from one to five years, with an option to renew the lease terms at the expiry date.

The total future minimum lease payments under non-cancellable operating leases are due as follows:

	<b>30 June 2015 RMB'000 (unaudited)</b>	31 December 2014 RMB'000 (audited)
Within one year	<b>14,880</b>	13,881
After one year but within five years	<b>8,814</b>	5,727
	<b>23,694</b>	19,608

## 18. CAPITAL COMMITMENTS

	<b>30 June 2015 RMB'000 (unaudited)</b>	31 December 2014 RMB'000 (audited)
Commitments for the upgrade of IT system: — Authorised, but not contracted for	<b>3,260</b>	—
Commitments for the acquisition of property, plant and equipment: — Contracted for but not provided	—	1,012
Commitments for the acquisition of a subsidiary: — Contracted for but not provided	—	63,537