THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your H Shares in Nanjing Sinolife United Company Limited, you should hand this circular together with the accompanying form of proxy at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular appears for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

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)

(1) MAJOR TRANSACTION IN RELATION TO ACQUISITION OF THE TARGET COMPANY; (2) AMENDMENTS TO THE ARTICLES OF ASSOCIATION; AND (3) NOTICE OF EGM AND CLASS MEETINGS

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular. A letter from the Board is set out on pages 4 to 25 of this circular.

Notices convening the EGM, a class meeting for holders of H Shares and a class meeting for holders of domestic Shares to be held at 30/F, Deji Building, 188 Chang Jiang Road, Xuanwu District, Nanjing, Jiangsu Province, the PRC on Friday, 15 April 2016 at 9:30 a.m., 10:15 a.m. and 11:00 a.m. respectively are set out in this circular and their respective reply slips and forms of proxy are also enclosed hereto. Whether or not you intend to attend the meetings, you are requested to complete the accompanying forms of proxy in accordance with the instructions printed thereon. The forms of proxy for use at the EGM and the Class Meetings should be returned to Computershare Hong Kong Investor Services Limited, the H share registrar of the Company in Hong Kong, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) or to the Company's registered office in the PRC at 30/F, Deji Building, 188 Chang Jiang Road, Xuanwu District, Nanjing, Jiangsu Province, the PRC (for holders of domestic Shares) as soon as possible and in any event not later than 24 hours before the time appointed for holding the meetings or any adjournment thereof. Completion and return of the forms of proxy will not preclude you from attending and voting in person at the meetings or any adjournment thereof if you so wish. Shareholders who intend to attend the meetings in person or by proxy should complete and return the reply slips in accordance with the instructions printed thereon on or before Friday, 25 March 2016.

* *For identification purposes only*

29 February 2016

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In this circular, the following terms shall have the following meanings unless the context otherwise requires:

"Acquisition"	the acquisition of 100% of the equity interests in the Target Company by the Company to be completed by the transactions contemplated under the Acquisition Agreement
"Acquisition Agreement"	the acquisition agreement dated 17 December 2015 and entered into among the Company, the Target Company and the Vendors in relation to the Acquisition (as supplemented by the Supplemental Acquisition Agreement), the major terms of which are set out in the section headed "The Acquisition" in the "Letter from the Board" in this circular
"Announcement"	the announcement of the Company dated 17 December 2015 in relation to, among other matters, the Acquisition
"Articles"	the articles of association of the Company, as amended from time to time
"Baojiehui Partnership"	Shanghai Baojiehui Chuangye Investment Partnership Limited* (上海寶捷會創業投資合夥企業(有限合夥)), a limited partnership established in the PRC and is mainly engaged in investment activities in start-up businesses, and an independent third party
"Board"	the board of Directors
"Class Meetings"	(i) the class meeting for holders of H Shares to be held immediately after the conclusion of the EGM, or any adjourned meeting thereof respectively; and (ii) the class meeting for holders of Domestic Shares to be held immediately after the conclusion of the said class meeting for holders of H Shares, or any adjourned meeting thereof respectively, to consider and, if thought fit, to approve, among other matters, the Acquisition Agreement and the transactions contemplated thereunder
"Company"	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 PRC, the H Shares of which are listed on the Main Board of the Stock Exchange
"Consideration"	the consideration for the Acquisition
"Director(s)"	the director(s) of the Company

"Domestic Issue Shares"	an aggregate of 62,717,770 domestic Shares to be issued by the Company to the Vendors (except Baojiehui Partnership) pursuant to the Issue of Domestic Shares, each being a "Domestic Issue Share"
"EGM"	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, to approve, among other matters, (i) the Acquisition Agreement and the transactions contemplated thereunder; and (ii) the amendments to the Articles
"Enlarged Group"	the Group immediately after completion of the Acquisition
"Group"	collectively, the Company and its subsidiaries from time to time
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	person(s) or company(ies) who/which is/are independent of and not connected with the Group, the Directors, the chief executives, controlling Shareholders and substantial Shareholders of the Company and its subsidiaries and any of their respective associates
"Issue of Domestic Shares"	the issue and allotment of 62,717,770 domestic Shares to the Vendors (except Baojiehui Partnership), details of which are set out in the paragraph headed "Issue and allotment of domestic Shares" in the "Letter from the Board" in this circular
"Jiahanyin Investment"	Shanghai Jiahanyin Investment Company Limited (上海甲翰寅投資有限公司), a limited company established in the PRC and is mainly engaged in investment activities, and an Independent Third Party
"Latest Practicable Date"	24 February 2016, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"PRC" or "China"	the People's Republic of China, which for the purposes of this circular only, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"PRC Business Day"	any day(s) (excluding Saturday(s), Sunday(s) and statutory holiday(s)) in the PRC

"PRC New Third Board"	the National Equities Exchange and Quotations System of the PRC
"PRC Trading Day"	any trading day of the PRC stock market, being Monday to Friday except PRC statutory holiday(s)
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Share(s)"	the share(s) with a nominal value of RMB0.1 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental Acquisition Agreement"	the agreement dated 22 January 2016 supplemental to the Acquisition Agreement entered into among the Company, the Target Company and the Vendors in relation to the Acquisition
"Supplemental Announcement"	the announcement of the Company dated 22 January 2016 in relation to, among other matters, the Supplemental Acquisition Agreement
"Target Company"	Shanghai Hejian Nutritional Food Products Company Limited* (上海禾健營養食品股份有限公司), a limited company established in the PRC and its shares are listed and capable of being transferred on the PRC New Third Board
"Target Group"	the Target Company and its subsidiaries from time to time
"Vendors"	Ms. Zhou Li, Mr. Zhou Dong, Jiahanyin Investment, Zhongwei Partnership and Baojiehui Partnership, and "Vendor" shall mean any of them
"Zhongwei Partnership"	Shanghai Zhongwei Chuangye Investment Centre Partnership* (上海中衛創業投資中心(有限合夥)), a limited partnership established in the PRC and is mainly engaged in investment activities in start-up businesses, investment management and advisory activities, and an Independent Third Party
"%"	per cent

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For the purpose of this circular, unless otherwise specified, conversions of RMB into HK$ are based on the approximate exchange rate of HK$1.00 to RMB0.82.

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)

Executive Directors:
Mr. Gui Pinghu *(Chairman)*
Ms. Zhang Yuan *(Chief executive officer)*
Ms. Xu Li
Ms. Zhu Feifei

Non-executive Director:
Mr. Xu Chuntao

Independent non-executive Directors:
Mr. Jiang Fuxin
Ms. Feng Qing
Mr. Vincent Cheng

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

29 February 2016

(1) MAJOR TRANSACTION IN RELATION TO ACQUISITION OF THE TARGET COMPANY; AND (2) AMENDMENTS TO THE ARTICLES

To the Shareholders

Dear Sir or Madam,

I. INTRODUCTION

Reference is made to the Announcement and the Supplemental Announcement. On 17 December 2015 (after trading hours), the Company, the Target Company and the Vendors entered into an acquisition agreement pursuant to which the parties have conditionally agreed to carry out the Acquisition in relation to, among others, the acquisition of the Target Company. After signing of the acquisition agreement, the Company further liaised with the Vendors and the National Equities Exchange and Quotations System Company Limited* (全國中小企業股份轉讓系統有限責任公司) and received further views in relation to the smooth implementation of the transactions contemplated under the Acquisition Agreement. As such, on 22 January 2016 (after trading hours), the Company, the Target Company and the Vendors entered into the Supplemental Acquisition Agreement pursuant to which the parties conditionally agreed to certain amendments to the terms of the transactions contemplated under the Acquisition Agreement.

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The Board also proposes to amend the Articles to reflect, among others, the changes in the total number of issued Shares and domestic Shares after the Issue of Domestic Shares. Details of the proposed amendments are set out in the section headed "Amendments to the Articles" below.

As the applicable percentage ratios for the Acquisition under the Listing Rules are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Rule 14.06(3) of the Listing Rules. Accordingly, the Acquisition is subject to the reporting, announcement and approval by the Shareholders under Chapter 14 of the Listing Rules.

The purpose of this circular is to provide you, among other things, (i) further details of the Acquisition and the transaction contemplated thereunder; (ii) financial and other information of the Group; (iii) financial and other information of the Target Company; (iv) pro forma financial information of the Group as enlarged by the Acquisition; and (v) notices of the EGM and the Class Meetings.

II. THE ACQUISITION

1. Principal terms of the Acquisition Agreement

On 17 December 2015 (after trading hours), the Company, the Target Company and the Vendors (i.e. Ms. Zhou Li, Jiahanyin Investment, Mr. Zhou Dong, Zhongwei Partnership and Baojiehui Partnership) entered into an acquisition agreement pursuant to which the parties have conditionally agreed to carry out the Acquisition in relation to, among others, the acquisition of the Target Company.

After signing of the acquisition agreement, the Company further liaised with the Vendors and the National Equities Exchange and Quotations System Company Limited* (全國中小企業股份轉讓系統有限責任公司) and received further views in relation to the smooth implementation of the transactions contemplated under the acquisition agreement. As such, on 22 January 2016 (after trading hours), the Company, the Target Company and the Vendors entered into the Supplemental Acquisition Agreement pursuant to which the parties conditionally agreed to certain amendments to the terms of the transactions contemplated under the acquisition agreement.

As at the Latest Practicable Date and so far as the Directors are aware, the equity interests in Zhongwei Partnership were held by 11 partners which comprised one limited partnership established in the PRC, three individuals and seven limited companies established in the PRC; and the equity interests in Baojiehui Partnership was held by 33 partners which comprised one limited company established in the PRC, three limited partnerships established in the PRC and 29 individuals.

The Vendors were introduced to the Company in late 2015 through Shanghai Fosun Chuangfu Shareholding Investment Fund Limited Partnership* (上海復星創富股權投資基金合夥企業(有限合夥), a limited partnership established in the PRC and is currently interested in 61,111,100 domestic Shares, representing approximately 7.29% of the Shares, as at the Latest Practicable Date. As the shares of the Target Company were listed and capable of being transferred on the PRC New Third Board since July 2015 (stock code: 833045), the Target Company was subject to certain internal control and financial reporting standards imposed by the relevant PRC regulatory authorities. Together with the reasons for and benefits of the Acquisition which are set out in detail in the section headed "Reasons for and benefits of the Acquisition" below, the Company commenced discussions with the Vendors in relation to the Acquisition in late 2015.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Target Company, the Vendors and their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected persons, and do not have any prior or current business relationships and/or other connections or relationships with the Company or any of the Directors, controlling shareholder or connected persons of the Company.

2. Subject matter

Pursuant to the Acquisition Agreement, the Acquisition is to be completed by the following transactions:

(i) the Target Company will apply for delisting of its shares from the PRC New Third Board;

(ii) the Target Company will convert from a joint stock limited company to a limited liability company;

(iii) the Company will acquire 100% equity interests in the Target Company after it is converted into a limited liability company at a consideration of RMB180 million which will be satisfied by (a) the payment of RMB5.4 million in cash to Baojiehui Partnership; and (b) issue and allotment of 60,836,237 domestic Shares in aggregate to the remaining Vendors; and

(iv) Mr. Zhou Dong, one of the Vendors, will subscribe for 1,881,533 domestic Shares at a total subscription price of RMB5.4 million.

Details of the transactions are set out below:

(i) Delisting of the shares of the Target Company from the PRC New Third Board

On the day following the approval of the Shareholders in relation to the Acquisition at the EGM and the Class Meetings, the Target Company shall convene shareholders' meeting to approve, among others, the Acquisition and the Target Company's application regarding the delisting of its shares from the PRC New Third Board ("**Delisting**"). Within three PRC Business Days after the approval of the shareholders of the Target Company at its abovementioned shareholders' meeting, the Target Company shall submit the relevant application in relation to the Delisting.

As advised by the PRC legal advisers to the Company, according to the applicable PRC laws and regulations, (a) the shares of a company which are listed and capable of being transferred on the PRC New Third Board are subject to certain restrictions on transfer; and (b) the controlling shareholder of such company should not engage in competing business with such company. Taken into account the above restrictions under the PRC laws and regulations, the Company and the Vendors believe that the Delisting would enhance the smooth implementation of the Acquisition. The reasons for and benefits of the Acquisition are set out in detail in the section headed "Reasons for and benefits of the Acquisition" below, which did not take into account the listing status of the Target Company. The Directors are of the view that the Delisting would not impact on the Company's intention to acquire the Target Company and the Consideration.

(ii) Conversion of the Target Company from a joint stock limited liability company to a limited liability company

Within three days after obtaining the approval from the National Equities Exchange and Quotations System Company Limited* (全國中小企業股份轉讓系統有限責任公司) in relation to the Delisting, the Target Company shall apply to the relevant government authorities to convert itself from a joint stock limited liability company to a limited liability company ("**Company Conversion**").

(iii) Acquisition of 100% equity interests in the Target Company and issue and allotment of domestic Shares

Acquisition of 100% equity interests in the Target Company

On the date of the Supplemental Acquisition Agreement, the Vendors and the Company have entered into equity transfer agreements in relation to the transfer of equity interests in the Target Company from the Vendors to the Company, and such equity transfer agreements shall become effective on the date when the Acquisition Agreement becomes effective. The consideration for the transfer of equity interests from the Vendors to the Company shall be RMB180 million to be satisfied by RMB5.4 million in cash to Baojiehui Partnership ("**Cash Consideration**") and issue and allotment of 60,836,237 domestic Shares in aggregate to the remaining Vendors. Details of the issue and allotment of the domestic Shares are set out below. The Consideration as well as the method of settlement of the Consideration was arrived at after arm's length negotiations between the Company and the Vendors. The Directors believe that, as Baojiehui Partnership is mainly engaged in investment activities in start-up businesses, it might be of the view that the Cash Consideration of RMB5.4 million already represented a satisfactory return of its investment in the Target Company which was made in June 2014, therefore, Baojiehui Partnership made its choice that the consideration for the transfer of its equity interests in the Target Company to be settled in cash.

50% of the Cash Consideration shall be payable to Baojiehui Partnership within five days after the Acquisition Agreement becomes effective, and the remaining 50% of the Cash Consideration shall be payable within five days after completion of the relevant Equity Transfer Registration Procedures (as defined below) in relation to the transfer of equity interests of the Target Company held by Baojiehui Partnership.

Within five PRC Business Days after obtaining the approval from the relevant government authorities in relation to the Company Conversion, the Target Company shall submit the registration application to the relevant government authorities in relation to the change of shareholders of the Target Company (“**Equity Transfer Registration Procedures**”).

Issue and allotment of domestic Shares

On the date of the Supplemental Acquisition Agreement, the Vendors (except Baojiehui Partnership) and the Company have entered into agreements in relation to the Issue of Domestic Shares (“**Domestic Shares Issue Agreements**”) pursuant to which the Company shall issue and allot an aggregate of 62,717,770 Domestic Issue Shares in consideration for (i) the Company’s acquisition of the shares of the Target Company held by the Vendors (except Baojiehui Partnership); and (ii) payment of RMB5.4 million by Mr. Zhou Dong. The issue price per Domestic Issue Share shall be RMB2.87 (equivalent to approximately HK$3.5) (“**Domestic Shares Issue Price**”). The Domestic Shares Issue Agreements shall become effective when the Acquisition Agreement becomes effective.

The Domestic Issue Shares represent (i) approximately 10.26% of the total issued domestic Shares as at the Latest Practicable Date; (ii) approximately 7.48% of the total issued share capital of the Company as at the Latest Practicable Date; (iii) approximately 9.31% of the total issued domestic Shares as enlarged by the Issue of Domestic Shares; and (iv) approximately 6.96% of the total issued share capital of the Company as enlarged by the Issue of Domestic Shares.

The Domestic Shares Issue price represents:

(a) a premium of approximately 41.70% to the closing price per Share of HK$2.47 as quoted on the Stock Exchange on the trading day immediately preceding the date of the Supplemental Acquisition Agreement;

(b) a premium of approximately 34.62% to the average closing price per Share of HK$2.6 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Supplemental Acquisition Agreement; and

(c) a premium of approximately 33.18% to the average closing price per Share of HK$2.628 as quoted on the Stock Exchange for the last 10 consecutive trading days immediately preceding the date of the Supplemental Acquisition Agreement.

In determining the Domestic Shares Issue Price, the Company has taken into account the fact that the domestic Shares are not freely transferable; and also the price of H Shares traded on the Stock Exchange and the Hang Seng Chinese AH Premium Index which tracks the average price difference of A shares over H shares for certain Chinese companies with both A-share and H-share listings ("**Dual-listed Companies**"). The Hang Seng Chinese AH Premium Index in mid-December 2015 was around 140, as such the A shares of the Dual-listed Companies were trading at a premium of 40% on average compared to their H shares. The Directors also believe that the Vendors (except Baojiehui Partnership whose Consideration is to be settled in cash) are optimistic about the future development of the health food products industry in general and also the development potential of the Group, and hence they would be willing to accept a certain premium of the Domestic Shares Issue Price over the then trading price per H Share. The Directors consider that the Domestic Shares Issue Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole under the current market conditions. The aggregate nominal value of the Domestic Issue Shares is RMB6,271,777.

The Domestic Issue Shares will rank pari passu in all respects with the domestic Shares in issue as at the date of the issue and allotment of the Domestic Issue Shares. The Company has not conducted any fund-raising activities on any issue of equity securities in the past 12 months prior to the date of the Announcement.

The Directors have not considered other financing/settlement methods for the part of the Consideration other than the Issue of Domestic Shares, the Directors believe that the Vendors (except Baojiehui Partnership whose Consideration is to be settled in cash) are optimistic towards the growth of the Group and it is their intention to invest in the Company by becoming the Shareholders and to participate in the growth in the Company; and hence, after negotiation between the Company and the relevant Vendors, it was agreed that their respective share of the Consideration to be settled by the allotment and issue of domestic Shares.

The shareholding of the Company immediately before and after completion of the Issue of Domestic Shares is set out below:

	Immediately before completion of the Issue of Domestic Shares		Immediately after completion of the Issue of Domestic Shares	
	Number of issued Shares held	**Approximate percentage of the issued share capital of the Company** *(%)*	**Number of issued Shares held**	**Approximate percentage of the issued share capital of the Company** *(%)* *(Note 1)*
Holders of domestic Shares				
Mr. Gui Pinghu *(Note 2)*	477,126,590	56.92	477,126,590	52.96
Ms. Wu Yanmei *(Note 3)*	52,965,000	6.32	52,965,000	5.88
Ms. Zhou Li *(Note 4)*	—	—	44,084,321	4.89
Jiahanyin Investment *(Note 4)*	—	—	3,355,400	0.37
Mr. Zhou Dong *(Note 4)*	—	—	3,518,467	0.39
Zhongwei Partnership *(Note 4)*	—	—	11,759,582	1.31
Other holders of domestic Shares	81,019,410	9.67	81,019,410	8.99
Holders of H Shares *(Note 5)*	227,058,000	27.09	227,058,000	25.2
Total	**838,169,000**	**100%**	**900,886,770**	**100%**

Notes:

1. The above percentage figures have been subject to rounding adjustments. Accordingly, figure shown as total may not be an arithmetic aggregation of the figures preceding it.

2. Mr. Gui Pinghu is an executive Director.

3. Ms. Wu Yanmei is the spouse of Mr. Gui Pinghu who is an executive Director.

4. Each of Ms. Zhou Li, Jiahanyin Investment, Mr. Zhou Dong and Zhongwei Partnership is a Vendor.

5. As at the Latest Practicable Date, the holders of H Shares are all public shareholders of the Company.

6. As at the Latest Practicable Date, the Company does not have any outstanding convertible securities.

The Issue of Domestic Shares will not result in a change of control of the Company.

The Domestic Issue Shares shall be issued and allotted under a specific mandate to be sought from the Shareholders at the EGM and the Class Meetings. As advised by the PRC legal advisers of the Company, the issue of the Domestic Issue Shares does not require approval from the China Securities Regulatory Commission (中國證券監督管理委員會, "**CSRC**"). Further, the Company and the Vendors agreed that the Company shall not conduct any issue and allotment of its Shares between the date of the Acquisition Agreement and completion of the Issue of Domestic Shares, other than (a) the issue and allotment of the Domestic Issue Shares; and (b) the issue and allotment of H Shares as approved by the CSRC and with a subscription price of such H Shares not being lower than HK$3.5 per H Share.

As the domestic Shares are not listed on the Main Board of the Stock Exchange, no application will be made to the Stock Exchange for the listing of and permission to deal in the Domestic Issue Shares. Prior to completion of the Issue of Domestic Shares, the Company shall not distribute its undistributed profits, and unless with written consent from the Target Company and the Vendors, the Company shall not submit any application to the CSRC in relation to the issue of A Shares.

The Domestic Issue Shares shall be subject to (a) a restriction for disposal until 12 months after completion of the issue of A Shares; and (b) any other lock-up requirements in accordance with the PRC laws and regulations.

Within five PRC Business Days after completion of the Equity Transfer Registration Procedures, the Company shall complete the necessary capital verification procedures (驗資工作) in relation to the Issue of Domestic Shares. Within five PRC Business Days after completion of the abovementioned capital verification procedures, the Company shall apply to China Securities Depository and Clearing Corporation Ltd* (中國證券登記結算有限責任公司) to obtain the necessary approvals in relation to the Issue of Domestic Shares. The parties agreed that the Issue of Domestic Shares shall be completed within 20 PRC Business Days after the Equity Transfer Registration Procedures are completed ("**Transfer Completion Registration Day**"). The Company shall use its best endeavours to complete the Issue of Domestic Shares by 31 May 2016.

3. Consideration

Pursuant to the Acquisition Agreement, the Consideration to be satisfied by the Company was RMB180 million which will be satisfied by the payment of the Cash Consideration (i.e. RMB5.4 million) to Baojiehui Partnership and issue and allotment of 60,836,237 domestic Shares to the remaining Vendors. The Company intends to finance the Cash Consideration by internal resources.

The Consideration was arrived after arm's length negotiation between the Company and the Vendors. The Directors noted that according to the audited accounts of the Target Company, the net profit of the Target Company after taxation and extraordinary items for the year ended 31 December 2014 was approximately RMB3,584,000 (equivalent to approximately HK$4,371,000) ("**Target's 2014 Net Profit**"). As such, the Consideration, when compared to the Target's 2014 Net Profit, would represent a ratio of around 50 times. However, in determining the Consideration, the Directors had not only taken into account the historical financial position and performance of the Target Company, but also the projected business synergy between the Company and the Target Company and the status of the Target Company as a member of the Enlarged Group after completion of the Acquisition which the Directors believe, in turn, could improve the business of the Target Company after it is being acquired by the Company. The Directors believe that the business of the Target Company could improve after the Acquisition and becoming a member of the Enlarged Group due to (1) an improvement in the brand and market position of the products of the Target Company through enhanced marketing and promotion campaigns; (2) enhanced bargaining power of the Target Company against its suppliers thereby improving its profit margin; and (3) implementation of enhanced cost control measures of the Target Company. The Directors also believe that the projected business synergy between the Target Company and the Company could broaden the distribution channels, products offerings as well as potential clientele of the Company which would be beneficial to the Company as a whole. The reasons for and the potential benefit which the Acquisition may bring to the Company is more particularly set out in the section headed "Reasons for and benefits of the Acquisition" below.

Based on the above, the Directors believe that the terms of the Acquisition Agreement and the transactions contemplated thereunder, including the Consideration, are fair and reasonable and in the interests of the Shareholders as a whole.

4. Conditions precedent

The Acquisition Agreement shall become effective upon:

(i) passing of the relevant resolutions at the EGM and the Class Meetings and the shareholders' meeting of the Target Company in relation to the transactions contemplated under the Acquisition Agreement;

(ii) the grant of approval from the National Equities Exchange and Quotations System Company Limited* (全國中小企業股份轉讓系統有限責任公司) in relation to the Delisting; and

(iii) satisfaction of other requirements under the applicable laws and regulations in relation the effectiveness of the Acquisition Agreement.

If the Acquisition Agreement does not become effective within 90 days after its signing due to reasons other than default by any of the parties, the parties may by agreement extend the effective date of the Acquisition Agreement by 30 days, after which any of the parties may terminate the Acquisition Agreement.

5. Completion

Completion of the Acquisition Agreement shall take place after the Equity Transfer Registration Procedures and the Issue of Domestic Shares are completed (this day being "**Completion Date**").

6. Events of default

Pursuant to the Acquisition Agreement, if any party due to whatever reason of its own failure to proceed with the transactions contemplated under the Acquisition Agreement, such defaulting party should pay the non-defaulting party(ies) damages of not exceeding RMB80 million. Other than the payment of damages as set out above, the defaulting party should use its best endeavours to, among others, fulfill its obligations under the Acquisition Agreement.

7. Other arrangements

Pursuant to the Acquisition Agreement, in the event that the decrease in the net asset value of the Target Company ("**Decrease**") between 1 October 2015 and the Transfer Completion Registration Day exceeds RMB2.6 million, each of the Vendors shall compensate the Company of the portion of the Decrease which exceeded RMB2.6 million by cash in accordance with the proportion of their shares held in the Target Company at the time of signing of the Acquisition Agreement.

Ms. Zhou Li and Mr. Zhou Dong have confirmed that none of them is engaged in, or interested in any business (other than the Target Group) which, directly, or indirectly, competes or may compete with the business of the Target Group (other than interest in not more than 5% shareholding in companies with competing business for investment purposes or acquiring shares of companies listed on secondary markets or on the PRC New Third Board).

Within five PRC Business Days after the Completion Date, Ms. Zhou Li shall resign from her position as the general manager of the Target Company ("**Resignation**").Within two years after the Resignation and the transfer of her equity interests in the Target Company to the Company, Ms. Zhou Li shall not be engaged in, or interested in any business (other than the Target Group) which, directly, or indirectly, competes or may compete with the business of the Target Group (other than interest in not more than 5% share holding in companies with competing business for investment purposes or acquiring shares of companies listed on secondary markets or on the PRC New Third Board).

Ms. Zhou Li shall procure that (a) the core management of the Target Company enter into employment agreements with the Target Company of not less than two years since the date of the Acquisition Agreement; and (b) such core management of the Target Company not be engaged in, or interested in any business (other than the Target Group) which, directly, or indirectly, competes or may compete with the business of the Target Group during their employment with the Target Group and within two years after their resignation. Between 30 September 2015 and the Transfer Completion Registration Day, other than that disclosed to the Company prior to the date of the Acquisition Agreement, the salary of the core management of the Target Company shall not be increased.

On the day following the Completion Date, the Company and the Vendors shall transfer, among others, the company chop(s) and the bank accounts of the Target Company to the Company.

After the Transfer Completion Registration Day, the Target Company will become a wholly-owned subsidiary of the Company. The financial results of the Target Company will be consolidated into the financial results of the Company.

III. INFORMATION ON THE COMPANY AND THE TARGET GROUP

1. General information on the Company and the Target Group

The Company is an investment holding company. The Group is a leading manufacturer of nutritional supplements and health food products in the PRC and it engages in the sale of nutritional supplements and health food products.

The Target Company was established in Shanghai and its shares were listed and capable of being transferred on the PRC New Third Board since July 2015 (stock code: 833045). The Target Company is mainly engaged in the sale of dietary supplements through online platforms, and its products are sold to the customers through its website and third party e-commerce online platforms. The customers may place orders through online platforms such as the online store on its website, WeChat service account, flagship store established at a third party e-commerce platform and telephone hotlines. The Target Company may directly interact with its customers online as well as offer its dietary supplements through online customer services, telephone customer services and WeChat push notifications. The Target Company has also developed value-added services tailored for its high-value spending customers whereby online one-on-one products and health consultation services and after-sales services would be provided to them. Upon receipt of orders from its customers, the Target Company will process the orders in its centralised enterprise resource planning system and the products will be delivered to the customers by its own delivery team or by delivery services provided by third parties. The Target Company's head office is located in Shanghai, however, as the products of the Target Company are sold through its website and third party e-commerce online platforms, its products are sold throughout China and hence, the Target Company does not operate its business in any specific locations.

Its dietary supplements products are mainly divided into six categories, namely basic nutrition, functional health, men's health, women's health, sub-health and nourishing nutritional supplements. It offers over 50 products, including protein powder, glucosamine chondroitin with calcium tablets, coenzyme Q10 soft capsules, vitamin B tablets, vitamin C chewable tablets, natural vitamin E soft capsules, grapeseed vitamin E soft capsules, fish oil soft capsules, lycopene soft capsules, astaxanthin capsules, natto sterol tablets and olive beverages. The products are mainly sold under the brand names of Hejian* (禾健), Bestotal (蓓多立), Jibaikang* (吉百康) and Yimei* (伊美). Throughout the years, the

Target Company and its products have obtained certain awards and accreditation, including the award for being a preferred brand among the customers of health food products in the PRC (中國營養保健品B2C服務消費者信賴首選品牌) and its protein powder product and blueberry product have also been given awards for premium quality of products (優質產品獎).

Due to the wide range of products offered, the target customers of the Target Company range from children to the elderly. However, due to the increasing awareness of nutritional products and the increasing trend of online shopping among the younger generation in the PRC, it is expected that the majority of the customers of the Target Company will be youngsters.

2. Financial effects of the Acquisition

Upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Group and all the profit and loss and assets and liabilities of the Target Company will be consolidated to the financial statements of the Group. The unaudited pro forma financial information of the Enlarged Group is set out in Appendix III to this circular.

Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular, the unaudited pro forma consolidated assets of the Group would increase from approximately RMB688,543,000 as at 30 June 2015 to approximately RMB873,849,000 and the unaudited pro forma consolidated total liabilities of the Group would increase from approximately RMB67,682,000 as at 30 June 2015 to approximately RMB121,908,000, as a result of the Acquisition.

In light of (i) the historical financial performance of the Target Company; (ii) that the business strategies of the Group are in line with those of the Target Company as set out in the paragraph headed "Development strategies" below; and (iii) the future prospects of the Target Company, the Directors are of the view that the Acquisition would likely to have a positive impact on the future turnover and earnings of the Enlarged Group.

Shareholders should note that since the fair value of the assets and liabilities of the Target Company may be different at completion of the Acquisition as compared to their respective values used in the preparation of the unaudited pro forma financial information of the Enlarged Group, the actual amounts of assets and liabilities and the goodwill to be recorded in the financial statements of the Group may be different from the estimated amounts shown in Appendix III to this circular. As the above information is for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the results and financial position of the Enlarged Group for any future financial periods or dates.

3. Financial information of the Target Company

According to the audited accounts of the Target Company, the net liability of the Target Company was approximately RMB(2,037,000) (equivalent to approximately HK$(2,484,000)) and approximately RMB(4,061,000) (equivalent to approximately HK$(4,952,000)) as of 31 December 2014 and 30 September 2015 respectively.

The net profit of the Target Company before and after taxation and extraordinary items for the year ended 31 December 2014 were approximately RMB4,571,000 (equivalent to approximately HK$5,574,000) and approximately RMB3,584,000 (equivalent to approximately HK$4,371,000) respectively. The net profit of the Target Company before and after taxation and extraordinary items for the year ended 31 December 2013 were approximately RMB6,079,000 (equivalent to approximately HK$7,413,000) and approximately RMB4,594,000 (equivalent to approximately HK$5,602,000) respectively.

4. Management discussion and analysis of the Target Company

The management discussion and analysis on the net results of operations, business review and other financial information of the Target Company for the three years ended 31 December 2014 and the nine months ended 30 September 2015 are set out below:

Results of operations

The Target Company was established in 2007 and is mainly engaged in the research and development and sale of dietary supplements under an online purchase model. Its products are promoted by online and offline marketing, social media and cross promotions, and sold online directly through third party e-commerce platforms and its own flagship store.

The turnover of the Target Company for the year ended 31 December 2012, 2013 and 2014 and the nine months ended 30 September 2015 was approximately RMB110,952,000, RMB89,745,000, RMB107,894,000 and RMB72,727,000 respectively. The turnover of the Target Company was subject to certain fluctuation, recording an increase of approximately 20.22% from 2013 to 2014, and a decrease of approximately 19.11% in 2013 when compared to 2012. The gross profit margin of the Target Company remained relatively stable at approximately 64% to 67% for the three years ended 31 December 2014 and the nine months ended 30 September 2015.

Turnover and gross profit

Items	For the year ended 31 December			For the nine months ended 30 September
	2012	2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Turnover	110,952	89,745	107,894	72,727
Gross profit	73,002	59,836	72,762	46,841
Gross profit margin	65.80%	66.67%	67.44%	64.41%

The turnover of the Target Company was subject to certain fluctuation during the three years ended 31 December 2014 and the nine months ended 30 September 2015. The turnover of the Target Company recorded an increase of approximately 20.22% from 2013 to 2014 which was primarily due to more resources being devoted on brand promotion, product diversification and expansion and development of new business channels such as e-commerce platforms. The turnover of the Target Company recorded a decrease of approximately 19.11% in 2013 as compared with 2012 primarily due to a change in its business strategy. In 2013, the Target Company launched nutritional supplements and health food products under its own brands, which were sold through its website and third party e-commerce platforms. As the unit price of these products were higher than those products previously sold through its online direct sales platform, the sales of such products did not reach its expected target. Further, in 2013, in order to enhance its quality control, the Target Company adopted a stricter selection system for its suppliers, resulting in a decrease in the number of its products (products not manufactured under its own brands) from around 900 in 2012 to around 550 in 2013. As a result, the sales of the Target Company for the year ended 31 December 2013 decreased when compared to the previous year.

The gross profit margin of the Target Company remained relatively stable at approximately 64% to 67% for the three years ended 31 December 2014 and the nine months ended 30 September 2015.

Cost of sales

Items	For the year ended 31 December			For the nine months ended 30 September
	2012	2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Costs of sales	37,950	29,909	35,132	25,886

The costs of sales of the Target Company mainly comprise the costs of inventory sold.

The changes in the cost of sales of the Target Company were in line with the changes in its turnover.

Other operating expenses and income tax expense

Items	For the year ended 31 December			For the nine months ended 30 September
	2012	**2013**	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Selling expenses	45,120	36,888	51,837	35,715
Administrative expenses	21,431	19,489	18,859	15,948
Income tax expense	2,225	1,485	987	(598)

Selling expenses

The selling expenses of the Target Company mainly include brand promotion expenses, logistics and transportation expenses, communication expenses and rentals. The selling expenses for the year ended 31 December 2014 recorded a significant increase of approximately 40.53% as compared to that for the year ended 31 December 2013, which was primarily due to a significant increase in the advertising expenses and marketing expenses for the year ended 31 December 2014 when compared to the previous year. The selling expenses for 2013 recorded a decrease of approximately 18.24% when compared to that of 2012, which was primarily due to the decrease in turnover which in turn led to a decrease in selling expenses.

Administrative expenses

The administrative expenses of the Target Company mainly include staff remuneration, rentals, depreciation and amortisation expenses and office expenses. The administrative expenses of the Target Company generally showed a downward trend from 2012 to 2015, which was primarily due to the continuous improvement in its management standard and enhanced control over management expenses. Following the consultation on strengthening branding strategies in 2013, the Target Company further controlled its management expenses in an effective manner. For the nine months ended 30 September 2015, the Target Company incurred additional administrative expenses which mainly comprised listing expenses of approximately RMB1.15 million in relation to the listing of its shares on the PRC New Third Board in July 2015.

Income tax expense

The income tax expense of the Target Company for the year ended 31 December 2012, 2013, 2014 and the nine months ended 30 September 2015 was approximately RMB2,225,000, RMB1,485,000, RMB987,000 and RMB598,000 respectively.

Profit and total comprehensive income attributable to owners

Items	For the year ended 31 December			For the nine months ended 30 September
	2012	2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Profit and total comprehensive income attributable to owners	5,800	4,594	3,584	(2,577)

The net profit of the Target Company has shown a decreasing trend from the year ended 31 December 2012 to the nine months ended 30 September 2015. The decrease of approximately 20.79% in the net profit of the Company from 2012 to 2013 was in line with the decrease in the turnover of the Target Company during the same period.

The net profit of the Target Company for the year ended 31 December 2014 has decreased by approximately 21.99% when compared to that for the year ended 31 December 2013 since there was a significant increase in selling expenses in 2014 due to the strategic cooperation between the Target Company and Guahao.com in 2014, which was a leading medical services platform and mobile medical pioneer in the PRC, for the purposes of strengthening the branding strategies of the Target Company and expanding and developing new business channels.

The net loss of the Target Company for the nine months ended 30 September 2015 was primarily due to (i) listing expenses of approximately RMB1.15 million in relation to the listing of its shares on the PRC New Third Board in July 2015; (ii) equity-settled share-based payment expenses of approximately RMB0.55 million during the period; (iii) a change in the business strategies of the Target Company; and (iv) the Target Company was in the course of developing its new client base which resulted in an increase in selling expenses during the period. The proportion of selling expenses to turnover of the Target Company for the period was approximately 49.11%.

The Directors considered that the Acquisition would bring a positive impact on the future turnover and earnings of the Enlarged Group as the Acquisition can diversify the Group's business portfolio and distribution channels to capture a wider range of customers which will result in the broadening of the Group's income stream. Further, through merger of operations between the Group and the Target Company and enhanced costs control measures in the Enlarged Group, the Directors consider that they will bring positive impact on the future earnings of the Enlarged Group.

Financial position of the Target Company

As at 31 December 2012, 2013 and 2014 and 30 September 2015, cash and bank balances of the Target Company were approximately RMB12,599,000, RMB2,604,000, RMB6,630,000 and RMB7,795,000 respectively.

The net cash flows used in the operating activities of the Target Company were approximately RMB2,703,000, RMB8,977,000, RMB15,746,000 and RMB3,102,000 for the year ended 31 December 2012, 2013 and 2014 and the nine months ended 30 September 2015 respectively.

The net cash flows used in the investing activities of the Target Company were approximately RMB11,654,000 and RMB31,018,000 for the year ended 31 December 2012 and 2013 respectively. The net cash flows generated from the investing activities of the Target Company were approximately RMB19,772,000 and RMB4,267,000 for the year ended 31 December 2014 and the nine months ended 30 September 2015 respectively.

The net cash flows generated from the financing activities of the Target Company were nil, approximately RMB30,000,000, nil and nil for the year ended 31 December 2012, 2013 and 2014 and the nine months ended 30 September 2015 respectively.

The decrease in the net cash flows of the Target Company for the year ended 31 December 2013 when compared to that for the year ended 31 December 2012 was mainly due to the purchase of financial products by the Target Company. The increase in the net cash flows of the Target Company for the year ended 31 December 2014 when compared to that for the year ended 31 December 2013 was mainly due to the redemption of financial products by the Target Company.

For each of the three years ended 31 December 2012, 2013 and 2014 and the nine months ended 30 September 2015, the gearing ratio of the Target Company was approximately 184.29%, 99.39%, 103.59% and 108.10%.

Acquisition and disposal of subsidiaries

In July 2012, the Target Company acquired 100% equity interest in Shanghai Jiteng Information Technology Co., Ltd., a company principally engaged in information technology maintenance services, from Ms. Zhou Li, one of the Vendors. In March 2013, the Target Company acquired 100% equity interest in Shanghai Hejian Times Mail-order Co., Ltd., a company principally engaged in wholesale and retail of food products, from Ms. Zhou Li, one of the Vendors.

Further details of the above acquisitions by the Target Company are set out in note 25 headed "Business combination under common control" to the accountant's report of the Target Company in Appendix II to this circular.

There was no acquisition or disposal of subsidiary or associated company by the Target Company during the year ended 31 December 2014 and the nine months ended 30 September 2015.

Foreign exchange exposure

As the operations of the Target Company are mainly located in the PRC and its assets, liabilities and transactions were all denominated in RMB, as such, the Target Company's exposure to foreign exchange risks is considered to be minimal.

Significant investments

The Target Company did not have any significant investment held during each of the three years ended 31 December 2014 and the nine months ended 30 September 2015 and it does not have future plans for material investments or capital assets.

Charge on assets

As at 31 December 2014 and 30 September 2015, no properties of the Target Company were charged.

Human resources

For each of the three years ended 31 December 2012, 2013 and 2014 and the nine months ended 30 September 2015, there were 385, 309, 303, and 347 staff employed by the Target Company respectively. For each of the three years ended 31 December 2012, 2013 and 2014 and the nine months ended 30 September 2015, the total staff costs of the Target Company were approximately RMB24,840,000, RMB32,344,000, RMB31,788,000 and RMB27,333,000 respectively. Over 60% of the staff of the Target Company obtained the National Public Health Nutritionist Certificate* (國家公共營養師執業證書資格).

The remuneration package of the Target Company comprised basic salary, wages and bonus.

In future, the training plans of the Target Company will be designed to enhance the skills of professionals and technicians as well as the management and directorship skills of senior management. The training plans are expected to support the long-term development of the Target Company.

Development strategies

The Target Company focuses on the sale of dietary supplements under an online purchase model. Its products are promoted by online and offline marketing, social media and cross promotions, and sold online directly through its website and third party e-commerce platforms. Customers may place their orders through online platforms such as the online store on its website, WeChat service account, flagship store established at a third party e-commerce platform and telephone hotlines. The Target Company may directly interact with its customers online as well as offer its dietary supplements through online customer services, telephone customer services and WeChat push notifications. The Target Company has also developed value-added services tailored for its high-value spending customers whereby online one-on-one products and health consultation services and after-sales services would be provided to them.

In view of the optimistic development prospect of the healthcare industry and the rapid development in e-commerce in the PRC, the Target Company is dedicated to develop its online sales business. The sales models of the Target Company are in line with and complementary to the Group's business expansion strategy. Following the Acquisition, the products of the Group and the Target Company will be diversified. The Group and the Target Company can make use of each other's online and offline sales channels and capture a wider range of customers. Currently, the Target Company does not have any concrete expansion plan, and the Company is not required and has not made any commitment to make further capital investment to the Target Company.

IV. REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is a leading manufacturer of nutritional supplements and health food products in the PRC and it mainly sells its products through retail stores. The Target Company is mainly engaged in the sale of dietary supplements through online platforms to its customers.

As the products offered by the Group and the Target Group cover a wide range of customers ranging from children to the elderly, it is expected that the Acquisition can diversify the Group's business portfolio by offering more products to the customers of the Enlarged Group after the Acquisition, and the online sales model of the Target Company and the offline sales model of the Group can complement each other thereby diversifying the distribution channels of the Enlarged Group and broadening the income stream of the Enlarged Group. Further, the Target Company has built a rich client base since its establishment in 2007, which provides a valuable opportunity for the Group to expand its clientele and is beneficial to the Group's business expansion strategy.

The Directors are optimistic about the synergy to be created between the Company and the Target Company after the Acquisition. Taking into account of the above factors, the Directors believe that the Acquisition will be in the interest of the Group and the Shareholders as a whole.

V. AMENDMENTS TO THE ARTICLES

The Board proposes to amend the Articles to reflect, among others, the changes in the total number of issued Shares and domestic Shares after the Issue of Domestic Shares. The Board also proposes to adopt a new set of amended and restated Articles containing the aforesaid proposed amendments to the Articles in substitution for and to the exclusion of the existing Articles.

The proposed amendments to the Articles are as follows:

(i) Existing **Article 16** of the Articles:

"In May 2013, the Company upon its establishment issued 6,111,100 ordinary shares (at a par value of RMB1 each), representing 10% of the Company's then total ordinary shares, to Shanghai Fosun Chuangfu Shareholding Fund Limited Partnership.

As approved by the securities authorities of the State Council, the Company may issue not more than 234,370,000 overseas listed foreign invested shares at a par value of RMB0.1 each, all being ordinary shares. In 2014, the Company issued to the public 227,058,000 overseas foreign shares (including the over-allotted shares) which are listed on the Hong Kong Stock Exchange.

As at 23 August 2015, the share capital structure of the Company: there are a total of 838,169,000 ordinary shares, of which 477,126,590 shares are held by Gui Pinghu, one of the promoters, 52,965,000 shares are held by Wu Yanmei, one of the promoters, 81,019,410 shares are held by other holders of the domestic shares and 227,058,000 shares are held by the holders of overseas foreign listed share."

It is proposed that the existing **Article 16** be deleted in its entirety and replaced with the following:

"In May 2013, the Company upon its establishment issued 6,111,100 ordinary shares (at a par value of RMB1 each), representing 10% of the Company's then total ordinary shares, to Shanghai Fosun Chuangfu Shareholding Fund Limited Partnership.

As approved by the securities authorities of the State Council, the Company may issue not more than 234,370,000 overseas listed foreign invested shares at a par value of RMB0.1 each, all being ordinary shares. In 2014, the Company issued to the public 227,058,000 overseas foreign shares (including the over-allotted shares) which are listed on the Hong Kong Stock Exchange.

After completion of the first allotment of domestic shares of the Company in 2016, the share capital structure of the Company: there are a total of 900,886,770 ordinary shares, of which 477,126,590 shares are held by Gui Pinghu, one of the promoters, 52,965,000 shares are held by Wu Yanmei, one of the promoters, 143,737,180 shares are held by other holders of the domestic shares and 227,058,000 shares are held by the holders of overseas foreign listed share."

(ii) Existing **Article 19** of the Articles:

"The registered capital of the Company is RMB83,816,900."

It is proposed that the existing **Article 19** be deleted in its entirety and replaced with the following:

"The registered capital of the Company is RMB90,088,677."

Save for the proposed amendments to the Articles set out above, other provisions in the Articles remain unchanged.

The Company confirms that the amendments to the Articles will not affect the existing businesses and operations of the Group and the Directors confirm that the proposed amendments to the Articles are in compliance with the Listing Rules. Based on the confirmation made by the Company's PRC legal adviser, the proposed amendments of the Articles comply with the PRC laws.

The proposed amendments to the Articles and the proposed adoption of the new Articles are subject to the approval of Shareholders by way of special resolutions at the EGM.

Shareholders are advised that the Articles are available in English and Chinese. The English translation of the Articles is for reference only. In case of any inconsistency, the Chinese version shall prevail.

VI. IMPLICATION UNDER THE LISTING RULES

As the applicable percentage ratios for the Acquisition under the Listing Rules are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Rule 14.06(3) of the Listing Rules. Accordingly, the Acquisition is subject to the reporting, announcement and approval by the Shareholders under Chapter 14 of the Listing Rules.

VII. EGM AND THE CLASS MEETINGS

The EGM and the Class Meetings will be convened for the Shareholders to consider and, if thought fit, to approve, among other matters, (i) the Acquisition Agreement and the transactions contemplated thereunder; and (ii) the amendments to the Articles.

Notices convening the EGM, a class meeting for holders of H Shares and a class meeting for holders of domestic Shares to be held at 30/F, Deji Building, 188 Chang Jiang Road, Xuanwu District, Nanjing, Jiangsu Province, the PRC on Friday, 15 April 2016 at 9:30 a.m., 10:15 a.m. and 11:00 a.m. respectively are set out in this circular and their respective reply slips and forms of proxy are also enclosed hereto.

Whether or not you intend to attend the meetings, you are requested to complete the accompanying forms of proxy in accordance with the instructions printed thereon and return them to Computershare Hong Kong Investor Services Limited, the H share registrar of the Company in Hong Kong, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) or to the Company's registered office in the PRC at 30/F, Deji Building, 188 Chang Jiang Road, Xuanwu District, Nanjing, Jiangsu Province, the PRC (for holders of domestic Shares) as soon as possible and in any event not later than 24 hours before the time appointed for holding the meetings or any adjournment thereof. Completion and return of the forms of proxy will not preclude you from attending and voting in person at the meetings or any adjournment thereof if you so wish. Shareholders who intend to attend the meetings in person or by proxy should complete and return the reply slips in accordance with the instructions printed thereon on or before Friday, 25 March 2016.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the EGM and the Class Meetings shall be taken by poll. In order to determine the Shareholders who are eligible to attend the EGM and the Class Meetings, the register of members of the Company will be closed from Wednesday, 16 March 2016 to Friday, 15 April 2016 (both dates inclusive) during which period no transfer of Shares will be registered.

To the best of the knowledge, information and belief of the Directors, no Shareholders have a material interest in (i) the Acquisition Agreement and the transactions contemplated thereunder; and (ii) the amendments to the Articles, and will be required to abstain from voting on any resolution at the EGM and/or the Class Meetings.

VIII. RECOMMENDATION

The Directors consider that the Acquisition Agreement and the transactions contemplated there under are fair and reasonable and on normal commercial terms, and, together with the amendments to the Articles, are in the interests of the Group and the Shareholders as a whole and accordingly recommend the Shareholders to vote in favour of all the resolutions to be proposed at the EGM.

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

1. FINANCIAL INFORMATION OF THE GROUP

The H Shares of the Company were listed on the Stock Exchange on 15 January 2014. Financial information of the Group for the year ended 31 December 2012 was disclosed in the section headed "Financial information" and Appendix I to the prospectus of the Company dated 31 December 2013 (pages I-1 to I-57) which is available on the following hyperlink:

http://www.hkexnews.hk/listedco/listconews/SEHK/2013/1231/LTN20131231021.pdf

The financial information of the Group for the year ended 31 December 2013 is disclosed in the 2013 annual report of the Company (pages 49 to 102) which is available on the following hyperlink:

http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0416/LTN20140416802.pdf

The financial information of the Group for the year ended 31 December 2014 is disclosed in the 2014 annual report of the Company (pages 44 to 98) which is available on the following hyperlink:

http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0401/LTN201504011343.pdf

The financial information of the Group for the six months ended 30 June 2015 is disclosed in the 2015 interim report of the Company (pages 20 to 36) which is available on the following hyperlink:

http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0921/LTN20150921263.pdf

2. INDEBTEDNESS

As at the close of business on 31 January 2016, being the latest practicable date for the purpose of the statement of indebtedness, the Enlarged Group did not have any debt securities issued and outstanding or agreed to be issued, bank borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

The Directors confirmed that there has been no material adverse change in the indebtedness and contingent liabilities of the Enlarged Group since 31 January 2016, being the date for determining the Enlarged Group's indebtedness up to the date of this circular.

3. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, in the absence of unforeseeable circumstances and after taking into account the Acquisition and the internal financial resources available to the Enlarged Group, the Enlarged Group will have sufficient working capital for its present requirements for a period of 12 months from the date of this circular. There were no banking facilities assumed for cash inflows during the forecast period in the Enlarged Group's forecast.

4. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The Group will continue to focus on the fast-growing nutritional supplements industry in the PRC and strive to maintain a leader in its current business segments. After completion of the Acquisition, it is expected that the Group's performance will be enhanced. For example, the Group's income stream will be broadened due to a diversification of the Group's business portfolio and distribution channels via the Target Company's online platforms for the sale of dietary supplements. The Directors are optimistic about the synergy to be created between the Company and the Target Company after the Acquisition.

In view of the potential future prospects offered by the Acquisition as set out in the section headed "Reasons for and benefits of the Acquisition" in the "Letter from the Board" in this circular, the Directors are optimistic regarding the potential benefits that the Acquisition will bring to the Enlarged Group. However, the actual effects on earnings/losses of the Enlarged Group will depend on its future financial performance.

The following is the text of a report received from the Company's reporting accountant, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

Dear Sirs,

We set out below our report on the financial information of Shanghai Hejian Nutritional Food Products Company Limited (the "Target Company") and its subsidiaries (hereinafter collectively referred to as the "Target Group") comprising the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Target Group for each of the years ended 31 December 2012, 2013 and 2014 and the nine months ended 30 September 2015 (the "Relevant Periods"), and the consolidated statements of financial position of the Target Group and the statements of financial position of the Target Company as at 31 December 2012, 2013 and 2014 and 30 September 2015, together with the notes thereto (the "Financial Information"), and the comparative consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Target Group for the nine months ended 30 September 2014 (the "Interim Comparative Information"), prepared on the basis of presentation set out in note 2.1 of Section II below, for inclusion in the circular of Nanjing Sinolife United Company Limited (the "Company") dated 29 February 2016 (the "Circular") in connection with proposed acquisition of the Target Group (the "Acquisition") by the Company.

As at the date of this report, the Target Company has direct and indirect interests in the subsidiaries as set out in note 1 of Section II below. All companies now comprising the Target Group have adopted 31 December as their financial year end date. The statutory financial statements of the companies now comprising the Target Group were prepared in accordance with Chinese Accounting Standard. The statutory financial statements for the year ended 31 December 2012 were audited by Shanghai Hu Gang Jin Mao C.P.A Co., Ltd (上海滬港金茂會計師事務所有限公司) and the statutory financial statements for the years ended 31 December 2013 and 2014 were audited by BDO China Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所(特殊普通合夥)).

For the purpose of this report, the directors of the Target Company (the "Directors") have prepared the consolidated financial statements of the Target Group (the "Underlying Financial Statements") in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The Underlying Financial Statements for each of the Relevant Periods were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

THE RESPONSIBILITY OF DIRECTORS' OF THE TARGET COMPANY

The Directors are responsible for the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that give a true and fair view in accordance with HKFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that are free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

It is our responsibility to form an independent opinion and a review conclusion on the Financial Information and the Interim Comparative Information, respectively, and to report our opinion and a review conclusion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

We have also performed a review of the Interim Comparative Information in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets and liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an opinion on the Interim Comparative Information.

OPINION IN RESPECT OF THE FINANCIAL INFORMATION

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the financial position of the Target Group and the Target Company as at 31 December 2012, 2013 and 2014 and 30 September 2015 and of the consolidated financial performance and cash flows of the Target Group for each of the Relevant Periods.

REVIEW CONCLUSION IN RESPECT OF THE INTERIM COMPARATIVE INFORMATION

Based on our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the Interim Comparative Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

ERNST & YOUNG
Certified Public Accountants
Hong Kong

29 February 2016

I. FINANCIAL INFORMATION

The following is the Financial Information and the Interim Comparative Information of the Target Group for the Relevant Periods prepared on the basis set out in note 2.1 of Section II:

Consolidated statements of comprehensive income

		Year ended 31 December			Nine months ended 30 September	
		2012	**2013**	**2014**	**2014**	**2015**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
REVENUE	*5*	110,952	89,745	107,894	80,207	72,727
Cost of sales		(37,950)	(29,909)	(35,132)	(25,500)	(25,886)
Gross profit		73,002	59,836	72,762	54,707	46,841
Other income and gains	*5*	1,653	2,616	2,542	1,929	1,690
Selling and distribution expenses		(45,120)	(36,888)	(51,837)	(40,030)	(35,715)
Administrative expenses		(21,431)	(19,489)	(18,859)	(11,035)	(15,948)
Other expenses		(79)	4	(37)	(24)	(43)
PROFIT/(LOSS) BEFORE TAX	*6*	8,025	6,079	4,571	5,547	(3,175)
Income tax expense	*9*	(2,225)	(1,485)	(987)	(1,178)	598
PROFIT/(LOSS) FOR THE YEAR/PERIOD		5,800	4,594	3,584	4,369	(2,577)
OTHER COMPREHENSIVE INCOME						
Other comprehensive income for the year/period, net of tax		—	—	—	—	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		5,800	4,594	3,584	4,369	(2,577)

Consolidated statements of financial position

		As at 31 December			As at 30 September
		2012	**2013**	**2014**	**2015**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*11*	2,783	1,312	859	788
Intangible assets	*12*	—	2,222	3,865	4,978
Deferred tax assets	*19*	2,067	2,616	4,780	5,382
Available-for-sale investments	*13*	23	—	—	2,000
Other long-term assets		821	2,578	4,494	4,184
Total non-current assets		5,694	8,728	13,998	17,332
CURRENT ASSETS					
Inventories	*15*	9,472	10,286	15,830	12,634
Trade receivables	*16*	300	222	248	459
Prepayments, deposits and other receivables	*17*	2,619	2,218	3,511	2,944
Due from related parties	*28*	48	14	130	—
Available-for-sale investments	*13*	10,000	38,000	15,000	8,000
Pledged short-term deposits	*18*	—	2,936	1,443	1,001
Cash and cash equivalents	*18*	12,599	2,604	6,630	7,795
Total current assets		35,038	56,280	42,792	32,833
CURRENT LIABILITIES					
Trade payables	*20*	7,381	6,595	10,096	7,711
Other payables and accruals	*21*	63,540	52,974	39,505	37,150
Due to related parties	*28*	1,023	959	—	—
Income tax payable		240	1,745	8,225	7,332
Deferred revenue		2,880	2,337	321	1,353
Total current liabilities		75,064	64,610	58,147	53,546

	Notes	As at 31 December 2012 RMB'000	As at 31 December 2013 RMB'000	As at 31 December 2014 RMB'000	As at 30 September 2015 RMB'000
NET CURRENT LIABILITIES		(40,026)	(8,330)	(15,355)	(20,713)
TOTAL ASSETS LESS CURRENT LIABILITIES		(34,332)	398	(1,357)	(3,381)
NON-CURRENT LIABILITIES					
Other non-current liabilities		—	—	680	680
Total non-current liabilities		—	—	680	680
NET (LIABILITIES)/ASSETS		(34,332)	398	(2,037)	(4,061)
EQUITY					
Equity attributable to owners of the parent					
Share capital	22	1,000	30,000	6,000	6,000
Reserves	24	(35,332)	(29,602)	(8,037)	(10,061)
(Net deficits)/Total equity		(34,332)	398	(2,037)	(4,061)

Consolidated statements of changes in equity

	Share capital	Merger reserve*	Capital reserve*	Share-based payment reserves*	Statutory reserves*	Accumulated losses*	(Net deficits)/ Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2012	1,000	1,100	—	—	—	(41,232)	(39,132)
Profit for the year	—	—	—	—	—	5,800	5,800
Total comprehensive income for the year	—	—	—	—	—	5,800	5,800
Acquisition of subsidiaries under common control	—	(1,000)	—	—	—	—	(1,000)
At 31 December 2012	1,000	100	—	—	—	(35,432)	(34,332)
At 1 January 2013	1,000	100	—	—	—	(35,432)	(34,332)
Profit for the year	—	—	—	—	—	4,594	4,594
Total comprehensive income for the year	—	—	—	—	—	4,594	4,594
Acquisition of subsidiaries under common control	—	(100)	—	—	—	—	(100)
Capital injection	231	—	29,769	—	—	—	30,000
Transfer to share capital	28,769	—	(28,769)	—	—	—	—
Equity-settled share-based payment	—	—	—	236	—	—	236
At 31 December 2013	30,000	—	1,000	236	—	(30,838)	398
At 1 January 2014	30,000	—	1,000	236	—	(30,838)	398
Profit for the year	—	—	—	—	—	3,584	3,584
Total comprehensive income for the year	—	—	—	—	—	3,584	3,584
Capital reduction	(24,000)	—	—	—	—	18,000	(6,000)
Equity-settled share-based payment	—	—	—	(19)	—	—	(19)
Transfer from retained earnings	—	—	—	—	113	(113)	—
At 31 December 2014	6,000	—	1,000	217	113	(9,367)	(2,037)

	Share capital	Merger reserve*	Capital reserve*	Share-based payment reserves*	Statutory reserves*	Accumulated losses*	(Net deficits)/ Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2014	30,000	—	1,000	236	—	(30,838)	398
Profit for the period	—	—	—	—	—	4,369	4,369
Total comprehensive income for the period	—	—	—	—	—	4,369	4,369
Equity-settled share-based payment	—	—	—	(14)	—	—	(14)
At 30 September 2014	30,000	—	1,000	222	—	(26,469)	4,753
At 1 January 2015	6,000	—	1,000	217	113	(9,367)	(2,037)
Loss for the period	—	—	—	—	—	(2,577)	(2,577)
Total comprehensive loss for the period	—	—	—	—	—	(2,577)	(2,577)
Equity-settled share-based payment	—	—	—	553	—	—	553
At 30 September 2015	6,000	—	1,000	770	113	(11,944)	(4,061)

* These reserve accounts comprise the consolidated reserves in the consolidated statement of financial position.

Consolidated statements of cash flows

		Year ended 31 December			Nine months ended 30 September	
		2012	2013	2014	2014	2015
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit/(loss) before tax		8,025	6,079	4,571	5,547	(3,175)
Adjustments for:						
Depreciation of property, plant and equipment	*11*	1,613	1,594	924	804	290
Amortisation of intangible assets	*12*	—	109	266	176	383
Investment income	*5*	(736)	(810)	(1,087)	(823)	(260)
Interest income of bank deposits	*5*	(48)	(36)	(34)	(27)	(23)
Loss/(Gain) on disposal of items of property, plant and equipment		—	16	(54)	(52)	9
Provision provided for/(reversed of) other receivables	*6*	28	(20)	14	—	10
Equity-settled share-based payment expense		—	236	(19)	(14)	553
		8,882	7,168	4,581	5,611	(2,213)
(Increase)/decrease in inventories		(594)	(814)	(5,543)	(4,726)	3,196
Decrease/(increase) in trade receivables		(74)	78	(26)	60	(211)
Decrease/(increase) in prepayments, deposits and other receivables		48	(55)	(1,235)	(2,711)	135
Decrease/(increase) in due from related parties		(48)	34	(116)	98	130
Placement/(redemption) of pledged deposits		—	(2,936)	1,493	1,727	442
(Decrease)/increase in trade payables		(812)	(786)	3,501	1,023	(2,386)
Increase/(decrease) in other payables and accruals		(11,608)	(10,565)	(12,789)	(14,434)	(2,354)
Increase/(decrease) in due to related parties		1,023	(64)	(959)	—	—
(Decrease)/increase in deferred income		2,880	(543)	(2,016)	(1,206)	1,032
Cash used in operations		(303)	(8,483)	(13,109)	(14,558)	(2,229)
Interest received		48	36	34	27	23
Income taxes paid		(2,448)	(530)	(2,671)	(2,682)	(896)
Net cash flows used in operating activities		(2,703)	(8,977)	(15,746)	(17,213)	(3,102)

	Notes	Year ended 31 December 2012 RMB'000	2013 RMB'000	2014 RMB'000	Nine months ended 30 September 2014 RMB'000 (Unaudited)	2015 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES						
Prepayments for intangible assets		—	(1,780)	(1,966)	(3,113)	—
Purchase of property, plant and equipment	11	(704)	(171)	(476)	(250)	(234)
Proceeds from disposal of items of property, plant and equipment		—	32	58	56	6
(Decrease)/increase in available-for-sale investments		(10,000)	(28,000)	23,000	23,000	5,000
Purchase of intangible assets	12	—	(2,331)	(1,909)	(15)	(977)
Interest received from financing products		50	1,332	1,065	1,003	472
Acquisition of a subsidiary	25	(1,000)	(100)	—	—	—
Net cash flows (used in)/generated from investing activities		(11,654)	(31,018)	19,772	20,681	4,267
CASH FLOWS FROM FINANCING ACTIVITIES						
Capital injection by a shareholder		—	30,000	—	—	—
Net cash flows from financing activities		—	30,000	—	—	—
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(14,357)	(9,995)	4,026	3,468	1,165
Cash and cash equivalents at beginning of year/period	18	26,956	12,599	2,604	2,604	6,630
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	18	12,599	2,604	6,630	6,072	7,795

Statements of financial position

		As at 31 December			As at 30 September
		2012	**2013**	**2014**	**2015**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment		2,783	1,312	855	785
Other intangible assets		—	2,222	3,865	4,978
Deferred tax assets		2,017	2,616	4,650	5,287
Investments in subsidiaries	*14*	1,000	1,500	1,500	1,500
Available-for-sale investments	*13*	23	—	—	2,000
Other long-term assets		820	2,577	4,495	4,185
Total non-current assets		6,643	10,227	15,365	18,735
CURRENT ASSETS					
Inventories		9,472	10,286	15,830	12,634
Trade receivables		300	222	248	459
Prepayments, deposits and other receivables		2,585	2,217	3,631	2,944
Due from related parties		82	15	10	—
Available-for-sale investments	*13*	10,000	38,000	15,000	8,000
Pledged short-term deposits		—	2,936	1,443	1,001
Cash and cash equivalents		12,567	2,555	6,342	7,622
Total current assets		35,006	56,231	42,504	32,660
CURRENT LIABILITIES					
Trade payables		7,381	6,595	10,096	7,577
Other payables and accruals		64,194	53,929	38,644	36,946
Income tax payable		190	1,734	8,104	7,237
Deferred revenue		2,880	2,337	321	1,353
Due to related parties		834	1,502	2,680	2,214
Total current liabilities		75,479	66,097	59,845	55,327

	Notes	As at 31 December 2012 RMB'000	As at 31 December 2013 RMB'000	As at 31 December 2014 RMB'000	As at 30 September 2015 RMB'000
NET CURRENT LIABILITIES		(40,473)	(9,866)	(17,341)	(22,667)
TOTAL ASSETS LESS CURRENT LIABILITIES		(33,830)	361	(1,976)	(3,932)
NON-CURRENT LIABILITIES					
Other long-term liabilities		—	—	680	680
Total non-current liabilities		—	—	680	680
NET (LIABILITIES)/ASSETS		(33,830)	361	(2,656)	(4,612)
EQUITY					
Equity attributable to owners of the parent					
Share capital		1,000	30,000	6,000	6,000
Reserves		(34,830)	(29,639)	(8,656)	(10,612)
(Net deficits)/Total equity		(33,830)	361	(2,656)	(4,612)

II. NOTES TO FINANCIAL INFORMATION

1. Corporate information

The Target Company is a limited Target Company incorporated in Shanghai, China and the registered office is located at Room 501 No. 2 Wan Rong Road, Zhabei District, Shanghai, China.

The Target Group is principally engaged in online sales and wholesale of nutritional foods and supplements. On 29 July 2015, the Target Company was registered on "NEEQ" (全國中小企業股份轉讓系統).

As at the date of this report, the Target Company had direct interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Company name	Place and date of incorporation/ registration and business	Paid-up capital	Percentage of equity interest attributable to the Target Company Direct	Indirect	Principal activities
			%	%	
Shanghai Jiteng Information Technology Co., Ltd ("Jiteng")	Shanghai, China 30 September 2011	RMB1,000,000	100	—	Information technology maintenance services
Shanghai Hejian Times Mail-order Co., Ltd ("Hejian Times")	Shanghai, China 1 March 2011	RMB500,000	100	—	Wholesale and retail of food products

2.1 Basis of preparation

The consolidated financial information of the Target Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from 1 January 2015 have been early adopted by the Target Group in the preparation of the Financial Information throughout the Relevant Periods.

The financial statements have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

As at 30 September 2015, the Target Group had net current liabilities and net deficits of approximately RMB20,713,000 and RMB4,061,000, respectively. When preparing Financial Information, the management of the Target Company analysed the projected cash flows for the next twelve months ending 30 September 2016 which indicates that the Target Group will have sufficient liquidity to satisfy its financial obligations when they fall due and its operating cash flow requirements. In addition, as at 30 September 2015, the balance of advance from customers and deferred revenue amounting to RMB22,428,000 in aggregate, consisted of liabilities arising from prepaid cards and loyalty points that will not be satisfied with cash outflow in the future. The Target Group also recorded net profit and positive operating cash inflow for the subsequent quarter ended of 31 December 2015. Accordingly, management of the Target Group concluded that it is appropriate to prepare the Financial Information on a going concern basis.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Target Group for the Relevant Periods. Control is achieved when the Target Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Target Group controls an investee if and only if the Target Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The Target Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Target Group obtains control over the subsidiary and ceases when the Target Group loses control of the subsidiary.

Business combination under common control

The Target Group applies merger accounting to account for the business combinations (including acquisition of subsidiaries) under common control, where all assets and liabilities are recorded at predecessor carrying amounts, as if the existing Target Group structure had been in existence throughout the relevant periods, and the businesses have been consolidated from the date when they first came under the control of common controller. Differences between consideration payable and the net assets value are taken to the merger reserve.

2.3 Impact of issued but not effective HKFRSs

The Target Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Financial Information.

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

1 Effective for annual periods beginning on or after 1 January 2016

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

3 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 Target Group

The Target Group is in the process of assessing the impact of these standards and amendments on the Financial Information of the Target Group.

2.4 Summary of significant accounting policies

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Target Company. Control is achieved when the Target Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Target Group the current ability to direct the relevant activities of the investee).

When the Target Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Target Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Target Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Target Company's statement of profit or loss to the extent of dividends received and receivable. The Target Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are stated at cost less any impairment losses.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Target Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Target Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Target Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Target Groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Target Group if:

(a) the party is a person or a close member of that person's family and that person

 (i) has control or joint control over the Target Group;

 (ii) has significant influence over the Target Group; or

 (iii) is a member of the key management personnel of the Target Group or of a parent of the Target Group;

or

(b) the party is an entity where any of the following conditions applies:

 (i) the entity and the Target Group are members of the same Target Group;

 (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

 (iii) the entity and the Target Group are joint ventures of the same third party;

 (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

 (v) the entity is controlled or jointly controlled by a person identified in (a); and

 (vi) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal Target Group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Target Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Electronic equipment	32.33%
Furniture and office equipment	19.40%
Motor vehicles	24.25%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets which are software are amortised on the straight-line basis according to its estimated useful economic lives. The patents and license are amortised according to the authorized periods.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Target Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Target Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables and available-for-sale financial investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Target Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate method. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in Administrative expense for receivables.

Available-for-sale investments

Available-for-sale financial investments are non-derivative financial assets in unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition".

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for the investment, or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Target Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Target Group is unable to trade these financial assets due to inactive markets, the Target Group may elect to reclassify these financial assets, if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Target Group of similar financial assets) is primarily derecognised (i.e., removed from the Target Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or

- The Target Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Target Group has transferred substantially all the risks and rewards of the asset, or (b) the Target Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Target Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a Target Group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the Target Group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a Target Group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Target Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Target Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a Target Group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Target Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to administrative expenses in the statement of profit or loss.

Available-for-sale investments

For available-for-sale financial investments, the Target Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss — is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity investments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Target Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through the statement of profit or loss if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Target Group's financial liabilities include trade and other payables and amounts due to related parties.

Subsequent measurement

The subsequent measurement of loans and borrowings is as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated and Target Company statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods comprises purchase costs. Net realisable value is based on estimated selling price less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Target Group's cash management.

For the purpose of the statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Target Group operates.

Deferred income tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associate, deferred income tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting date.

Deferred tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Target Group and when the revenue can be measured reliably, on the following bases:

(a) from the rendering of services, when the services have been rendered and it is probable that the economic benefits will flow to the Target Group and the relevant fees can be measured reliably;

(b) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Target Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(c) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(d) dividend income, when the shareholders' right to receive payment has been established.

Share-based payments

Employees (including directors) of the Target Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (''equity-settled transactions'').

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Target Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Target Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Other employee benefits

Pension scheme

The Target Group participates in the national pension schemes as defined by the laws of People Republic of China ("PRC").

The employees of the Target Group's are required to participate in a central pension scheme operated by the local government. This subsidiary is required to contribute certain fixed rate of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

The Target Group has no further payment obligations once the above contributions have been paid. The Target Group's contributions to these plans are charged to the consolidated statement of comprehensive income as incurred.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of non-financial assets (other than goodwill)

The Target Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The outcome of their actual utilisation may be different. The carrying values of deferred tax assets relating to recognised deductible temporary differences were RMB2,067,000, RMB2,616,000, RMB4,780,000 and RMB5,382,000 as at 31 December 2012, 2013 and 2014 and 30 September 2015, respectively. Further details are contained in note 19 to the Financial Information.

3. Significant accounting judgements, estimates and assumptions

Estimation uncertainty

Revenue recognition — fair value of awarded points

The Target Group estimates the fair value of points awarded to customers by applying statistical techniques. Inputs to the models include making assumptions about expected redemption rates, the mix of products that will be available for redemption in the future and customer preferences. As at 31 December 2012, 2013, 2014 and 30 September 2015, the estimated liability for unredeemed points which is recorded in deferred income was approximately RMB2,880,000, RMB2,337,000, RMB321,000 and RMB1,353,000 respectively.

Share-based compensation

The fair value of the shares of the Target Group is estimated using the discounted cash flow method (income approach), which requires the use of internal business plans that are based on judgements and estimates. The use of judgments and estimates involves inherent uncertainties. The Target Group's measurement of its fair value depends on the accuracy of the assumptions used and how the Target Group's estimates compare to future operating performance. The key assumptions used are, but not limited to, the following:

— Future cash flow assumptions: The projections for the Target Group are based on organic growth and are derived from historical experience and assumptions regarding future growth and profitability trends. These projections also take into account the then economic climate in the PRC where the Target Group operated, and the extent to which the regulatory environment was expected to impact future growth opportunities.

— Discount rate: The discount rate is based on the Target Group's estimated weighted average cost of capital ("WACC"). The components of WACC are the cost of equity and the cost of debt, each of which requires judgment by management to estimate. The Target Group develops its cost of equity estimate based on perceived risks and predictability of future cash flows.

Changes in these assumptions would affect the amount of expense associated with share-based compensation. The equity-settled share-based expenses amounted to nil, RMB236,000 and RMB553,000 for the years ended at 31 December 2012, 2013 and for the nine months ended 30 September 2015, respectively. There have been reversal of such expenses of RMB 19,000 and RMB14,000 (unaudited) for the years ended 31 December 2014 and for the nine months ended 30 September 2014.

4. Operating segment information

The Target Group is principally engaged in sales of dietary supplements in mainland China. All of the Target Group's business is of a similar nature and subject to similar risks and returns. For management purposes, the Target Group operates in one business unit based on its services and products, and has one reportable segment.

Since all of the Target Group's revenue was generated in Mainland China, no geographical information is presented in accordance with IFRS 8 — Operating Segments.

Information about a major customer

No revenue from the Target Group's sales to a single customer amounted to 10% or more of the Target Group's revenue during the Relevant Periods.

5. Revenue, other income and gains

Revenue, which is also the Target Group's turnover, represents the net invoiced value of goods sold during the Relevant Periods.

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

	Year ended 31 December			Nine months ended 30 September	
	2012	2013	2014	2014	2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue					
Sales of goods	110,952	89,745	107,894	80,207	72,727
Other income and gains					
Bank interest income	48	36	34	27	23
Government grants	826	1,379	1,332	1,002	1,312
Investment income	736	810	1,087	823	260
Others	43	391	89	77	95
	1,653	2,616	2,542	1,929	1,690

6. Profit/(Loss) before tax

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

		Year ended 31 December			Nine months ended 30 September	
		2012	2013	2014	2014	2015
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Cost of inventories sold		37,950	29,909	35,132	25,550	25,886
Depreciation of items, of property plant and equipment	*11*	1,613	1,594	924	804	290
Amortisation of intangible assets*	*12*	—	109	266	176	383
Provision for impairment of other receivables	*17*	28	(20)	14	—	10
Minimum lease payments under operating leases:						
— buildings		3,970	4,318	3,989	2,976	2,858
Auditors' remuneration for statutory audits		59	60	204	—	38
Listing expenses		330	28	434	—	1,126
Employee benefit expense (excluding directors' remuneration):						
Wages and salaries		19,691	24,541	25,304	19,286	21,492
Pension scheme contributions (defined contribution scheme)		3,888	5,925	4,584	3,622	3,958
Equity-settled share-based payment expense		—	236	(19)	(14)	553

* The amortisation of intangible assets for the Relevant Periods is included in "Administrative expenses" on the face of the consolidated statements of profit or loss.

7. Directors' remuneration

Directors' remuneration for the year/period, disclosed pursuant to the Listing Rules and section 78 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2012	**2013**	**2014**	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Basic salaries and bonus	1,066	1,390	1,652	997	1,021
Social insurance and housing fund	195	213	228	171	186
Share-based payment expense	—	39	39	29	123
	1,261	1,642	1,919	1,197	1,330

During the Relevant Periods, certain employees were granted share options, in respect of their services to the Target Group, under the share option scheme. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amounts included in the Financial Information are included in the above directors' and remuneration disclosures.

(a) Independent non-executive directors

The Target Group did not have any non-executive directors and independent non-executive directors at any time during the Relevant Periods.

(b) Executive directors

The remuneration of each director during the Relevant Periods are set out below:

	Basic salaries and bonus	**Social Insurance and house fund**	**Share-based payment expense**	**Total remuneration**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2012				
Executive directors:				
Ms. Zhou Li	596	65	—	661
Ms. Zhou Miao	227	65	—	292
Mr. Liang Wei	243	65	—	308
	1,066	195	—	1,261

The remuneration of each director during the Relevant Periods are set out below:

	Basic salaries and bonus *RMB'000*	Social Insurance and house fund *RMB'000*	Share-based payment expense *RMB'000*	Total remuneration *RMB'000*
Year ended 31 December 2013				
Executive directors:				
Ms. Zhou Li	671	71	—	742
Ms. Zhou Miao	466	71	39	576
Mr. Liang Wei	253	71	—	324
	1,390	213	39	1,642
Year ended 31 December 2014				
Executive directors:				
Ms. Zhou Li	715	76	—	791
Ms. Zhou Miao	489	76	39	604
Mr. Liang Wei	448	76	—	524
	1,652	228	39	1,919
Nine months ended 30 September 2015				
Executive directors:				
Ms. Zhou Li	450	62	—	512
Ms. Zhou Miao	297	62	52	411
Mr. Liang Wei	274	62	71	407
	1,021	186	123	1,330
Nine months ended 30 September 2014 (Unaudited)				
Executive directors:				
Ms. Zhou Li	430	57	—	487
Ms. Zhou Miao	297	57	29	383
Mr. Liang Wei	270	57	—	327
	997	171	29	1,197

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

8. Five highest paid employees

The five highest paid employees of the Target Group included 1, 2, 3, 3 and 3 directors, for the years ended December 31, 2012, 2013 and 2014 and nine months' periods ended September 2014 and 2015, respectively. Details of whose remuneration are set out in note 7 above. Details of the remuneration of the remaining 4, 3, 2, 2 and 2 highest paid employees who are the key management personnel of the Target Group, during for the years ended December 31, 2012, 2013 and 2014 and nine months' periods ended September 2014 and 2015 are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2012	**2013**	**2014**	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Basic salaries and bonus	1,490	929	844	633	522
Social insurance and housing fund	262	213	152	114	124
Share-based payment expense	—	158	30	—	112
	1,752	1,300	1,026	747	758

The number of the non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees				
	Year ended 31 December			Nine months ended 30 September	
	2012	**2013**	**2014**	**2014**	**2015**
Nil to HK$1,000,000	4	3	2	2	2

During the Relevant Periods and years before, share options were granted to a non-director highest paid employee in respect of his services to the Target Group, further details of which are included in the disclosures in note 23 to the Financial Information. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the Relevant Periods is included in the above non-director, highest paid employees' remuneration disclosures.

9. Income tax

The Target Group is subject to income tax on an entity basis on profit arising in or derived from the China mainland. The provision for China current income tax is based on the statutory rate of 25% of the assessable profits of certain PRC subsidiaries of the Target Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, except for Jiteng which is qualified as Small Business Enterprises, and subject to preferential income tax rate of 15% during the Relevant Periods.

The income tax expense of the Target Group for the Relevant Periods is analysed as follows:

	Year ended 31 December			Nine months ended 30 September	
	2012	**2013**	**2014**	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Current	3,351	2,034	3,151	1,378	4
Deferred *(note 19)*	(1,126)	(549)	(2,164)	(200)	(602)
Total tax charge for the year/period	2,225	1,485	987	1,178	(598)

A reconciliation of the tax expense applicable to profit before tax using the statutory rate in China to the tax expense at the effective tax rates is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2012	**2013**	**2014**	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Profit/(Loss) before tax	8,025	6,079	4,571	5,547	(3,175)
At the PRC's statutory income tax rate of 25%	2,007	1,520	1,143	1,387	(794)
Preferential income tax rates applicable to one subsidiary	134	(151)	(151)	(205)	51
Expenses not deductible for tax	84	129	16	12	145
Additional deductible allowance for placement of disabled employees	—	(13)	(21)	(16)	—
Tax charge at the Group's effective rate	2,225	1,485	987	1,178	(598)

10. Dividend

No dividend has been paid or declared by the Target Group since the date of its incorporation.

11. Property, plant and equipment

	Electronic Equipment *RMB'000*	Motor vehicles *RMB'000*	Furniture and office equipment *RMB'000*	Total *RMB'000*
31 December 2012				
At 1 January 2012:				
Cost	2,974	2,172	268	5,414
Accumulated depreciation and impairment	(962)	(702)	(58)	(1,722)
Net carrying amount	2,012	1,470	210	3,692
At 1 January 2012, net of accumulated depreciation and impairment	2,012	1,470	210	3,692
Additions	428	223	53	704
Disposals	—	—	—	—
Depreciation provided during the year	(1,011)	(548)	(54)	(1,613)
At 31 December 2012, net of accumulated depreciation and impairment	1,429	1,145	209	2,783
At 31 December 2012:				
Cost	3,402	2,395	321	6,118
Accumulated depreciation and impairment	(1,973)	(1,250)	(112)	(3,335)
Net carrying amount	1,429	1,145	209	2,783
31 December 2013				
At 31 December 2012 and At 1 January 2013:				
Cost	3,402	2,395	321	6,118
Accumulated depreciation and impairment	(1,973)	(1,250)	(112)	(3,335)
Net carrying amount	1,429	1,145	209	2,783
At 1 January 2013, net of accumulated depreciation and impairment	1,429	1,145	209	2,783
Additions	160	—	11	171
Disposals	(5)	(43)	—	(48)
Depreciation provided during the year	(951)	(580)	(63)	(1,594)
At 31 December 2013, net of accumulated depreciation and impairment	633	522	157	1,312
At 31 December 2013:				
Cost	3,557	2,352	332	6,241
Accumulated depreciation and impairment	(2,924)	(1,830)	(175)	(4,929)
Net carrying amount	633	522	157	1,312

	Electronic Equipment *RMB'000*	Motor vehicles *RMB'000*	Furniture and office equipment *RMB'000*	Total *RMB'000*
31 December 2014				
At 31 December 2013 and At 1 January 2014:				
Cost	3,557	2,352	332	6,241
Accumulated depreciation and impairment	(2,924)	(1,830)	(175)	(4,929)
Net carrying amount	633	522	157	1,312
At 1 January 2014, net of accumulated depreciation and impairment	633	522	157	1,312
Additions	476	—	—	476
Disposals	(5)	—	—	(5)
Depreciation provided during the year	(471)	(389)	(64)	(924)
At 31 December 2014, net of accumulated depreciation and impairment	633	133	93	859
At 31 December 2014:				
Cost	4,028	2,352	332	6,712
Accumulated depreciation and impairment	(3,395)	(2,219)	(239)	(5,853)
Net carrying amount	633	133	93	859
30 September 2015				
At 31 December 2014 and At 1 January 2015:				
Cost	4,028	2,352	332	6,712
Accumulated depreciation and impairment	(3,395)	(2,219)	(239)	(5,853)
Net carrying amount	633	133	93	859
At 1 January 2015, net of accumulated depreciation and impairment	633	133	93	859
Additions	215	—	19	234
Disposals	(15)	—	—	(15)
Depreciation provided during the year	(213)	(28)	(49)	(290)
At 30 September 2015, net of accumulated depreciation and impairment	620	105	63	788
At 30 September 2015:				
Cost	4,228	2,352	351	6,931
Accumulated depreciation and impairment	(3,608)	(2,247)	(288)	(6,143)
Net carrying amount	620	105	63	788

12. Intangible assets

	Software *RMB'000*	Patents and license *RMB'000*	Total *RMB'000*
31 December 2012			
At 1 January 2012:			
Cost	—	28	28
Accumulated amortisation	—	(11)	(11)
Net carrying amount	—	17	17
Cost at 1 January 2012, net of accumulated amortisation	—	17	17
Disposal	—	(17)	(17)
Amortisation provided during the year *(note 6)*	—	—	—
At 31 December 2012	—	—	—
At 31 December 2012 and 1 January 2013:			
Cost	—	11	11
Accumulated amortisation	—	(11)	(11)
Net carrying amount	—	—	—
31 December 2013			
Cost at 1 January 2013, net of accumulated amortisation	—	—	—
Additions	2,331	—	2,331
Amortisation provided during the year *(note 6)*	(109)	—	(109)
At 31 December 2013	2,222	—	2,222
At 31 December 2013 and 1 January 2014:			
Cost	2,331	—	2,331
Accumulated amortisation	(109)	—	(109)
Net carrying amount	2,222	—	2,222
31 December 2014			
Cost at 1 January 2014, net of accumulated amortisation	2,222	—	2,222
Additions	1,909	—	1,909
Amortisation provided during the year *(note 6)*	(266)	—	(266)
At 31 December 2014	3,865	—	3,865
At 31 December 2014 and 1 January 2015:			
Cost	4,240	—	4,240
Accumulated amortisation	(375)	—	(375)
Net carrying amount	3,865	—	3,865

	Software	Patents and license	Total
	RMB'000	*RMB'000*	*RMB'000*
30 September 2015			
Cost at 1 January 2015, net of accumulated amortisation	3,865	—	3,865
Additions	1,496	—	1,496
Amortisation provided during the period *(note 6)*	(383)	—	(383)
At 30 September 2015	4,978	—	4,978
At 30 September 2015:			
Cost	5,736	—	5,736
Accumulated amortisation	(758)	—	(758)
Net carrying amount	4,978	—	4,978

13. Available-for-sale investments

		As at 31 December			As at 30 September
		2012	2013	2014	2015
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial products	*(a)*	10,000	38,000	15,000	8,000
Unlisted equity investments, at cost	*(b)*	23	—	—	2,000
		10,023	38,000	15,000	10,000

(a) These represented the investments in certain financial products issued by banks in the PRC because the fair value of the financial products cannot be reliably measured, these investments are stated at cost less any impairment losses.

(b)

	As at 31 December			As at 30 September
	2012	2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted equity investments, at cost				
Shanghai Beiduoli Nutritional Foods Company Limited ("Beiduoli") (上海蓓多立保健食品有限公司)	20	—	—	—
Shanghai Xingdingtang Shenrong Company Limited ("Xingdingtang") (上海杏鼎堂参茸有限公司)	3	—	—	—
Chengdu Xiangchen Technology Company Limited ("Xiangchen") (成都香晨科技有限公司)	—	—	—	2,000
Less: Impairment of available-for sale investments	—	—	—	—
	23	—	—	2,000

As at 31 December 2012, the Target Group's unlisted equity interests comprise of investments of RMB20,000 in a 1.94% equity interest in Beiduoli, and RMB3,000 in a 7.5% equity interest in Xingdingtang. The Target Group has disposed the above mentioned investments in 2013. As at 30 September 2015, the Target Group's unlisted equity interest represents an investment of RMB2,000,000 in a 20% equity interest in Xiangchen.

The above investments consist of investments in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date. As at 31 December 2012 and 30 September 2015, these unlisted equity investments, were stated at cost less impairment because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair values cannot be measured reliably.

14. Investments in subsidiaries

	As at 31 December			As at 30 September
	2012	**2013**	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investment, at cost	1,000	1,500	1,500	1,500

Particulars of the principal subsidiaries please refer to Note 1 under Section II.

15. Inventories

	As at 31 December			As at 30 September
	2012	**2013**	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trading goods	9,472	10,286	15,830	12,634

16. Trade receivables

	As at 31 December			As at 30 September
	2012	**2013**	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	300	222	248	459

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net provision, is as follows:

	As at 31 December			As at 30 September
	2012	**2013**	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 months	292	100	123	318
1 months to 1 year	8	74	125	141
1 year to 2 years	—	48	—	—
	300	222	248	459

Based on past experience, the Directors are of the opinion that no provision for 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 Target Group does not hold any collateral or other credit enhancements over these balances.

17. Prepayments, deposits and other receivables

	As at 31 December			As at 30 September
	2012	2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables	159	35	102	60
Advance to employees	146	72	196	519
Prepayments	1,585	1,429	483	1,660
Interest receivable	689	189	212	—
Prepaid expense	68	501	2,540	737
	2,647	2,226	3,533	2,976
Less: Impairment of other receivables	(28)	(8)	(22)	(32)
	2,619	2,218	3,511	2,944

The movements in the provision for impairment of other receivables are as follows:

	Individually impaired
	RMB'000
At 1 January 2012	—
Impairment losses recognized *(note 6)*	28
At 31 December 2012 and 1 January 2013	28
Impairment losses reversed *(note 6)*	(20)
At 31 December 2013 and 1 January 2014	8
Impairment losses recognized *(note 6)*	14
At 31 December 2014 and 1 January 2015	22
Impairment losses recognized *(note 6)*	10
At 30 September 2015	32

18. Cash and cash equivalents and pledged short-term deposits

	As at 31 December			As at 30 September
	2012	2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	12,599	2,604	6,630	7,795
Pledged short-term deposits	—	2,936	1,443	1,001
	12,599	5,540	8,073	8,796
Less: Pledged short-term deposits for prepaid cards	—	(2,936)	(1,443)	(1,001)
Cash and cash equivalents	12,599	2,604	6,630	7,795

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short- term deposits represented the guarantee deposit required for issuing prepaid card. The bank balances and pledged deposits were deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values as at the end of each of the relevant periods.

19. Deferred tax assets

The movements in deferred tax assets during the Relevant Periods are as follows:

	Accrued expenses *RMB'000*	**Bad debts provision** *RMB'000*	**Advertising expenses** *RMB'000*	**Tax loss** *RMB'000*	**Total** *RMB'000*
At 1 January 2012	941	—	—	—	941
Credited to the statement of profit or loss during the year *(note 9)*	1,119	7	—	—	1,126
At 31 December 2012 and 1 January 2013	2,060	7	—	—	2,067
Credited to the statement of profit or loss during the year *(note 9)*	554	(5)	—	—	549
At 31 December 2013 and 1 January 2014	2,614	2	—	—	2,616
Credited to the statement of profit or loss during the year *(note 9)*	416	4	1,744	—	2,164
At 31 December 2014 and 1 January 2015	3,030	6	1,744	—	4,780
Credited to the statement of profit or loss during the year *(note 9)*	116	2	148	336	602
At 30 September 2015	3,146	8	1,892	336	5,382

20. Trade payables

An ageing analysis of the trade and notes payables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 31 December			As at 30 September
	2012	2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 3 months	7,085	6,526	9,983	7,688
3 months to 12 months	16	1	—	22
Over 1 year	280	68	113	1
	7,381	6,595	10,096	7,711

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

21. Other payables and accruals

	As at 31 December			As at 30 September
	2012	2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other payables	196	106	402	684
Accrued payroll	8,374	10,458	12,461	12,666
Other tax payables	1,768	1,835	795	2,725
Advances from customers	53,202	40,575	25,847	21,075
	63,540	52,974	39,505	37,150

22. Share capital

	As at 31 December			As at 30 September
	2012	2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Registered/issued and fully paid	1,000	30,000	6,000	6,000

(a) On 25 July 2013, Shanghai Zhongwei Venture Capital ("Zhongwei") (上海中衛創業投資有限公司) ("中衛") injected capital into the Target Company of RMB30,000,000. Pursuant to the shareholder meeting on 9 September 2013, the paid-in capital of the Target Company was increased to RMB30,000,000.

(b) The Target Company reduced its registered capital from RMB30,000,000 to RMB6,000,000 on 10 November 2014 and made up the accumulated losses accordingly.

(c) The Target Company reformed into a limited company by share and issued 6,000,000 shares with RMB1 per share on 15 February 2015.

23. Shared-based payment

In December 2012, February and April 2015, the then 4.5793%, 1.1565% and 1.907% of total shares of the Target Group were transferred to a number of employees through 上海甲翰寅投資有限公司 ("甲翰寅") at relatively low prices, respectively. The employees are required to provide services to the Target Group since the transfer date until 12 months, 24 months and 36 months after the Initial Public Offering ("IPO") date, respectively.

The management has used discounted cash flow valuation model to estimate that the price value of each share on the issuance date of these shares.

The Target Group measured the services received as the difference between the fair value of the shares transferred and the purchase price of shares at the grant date. The share based compensation for each employee is amortized on a straight-line basis over the respective estimated required service period of such employee.

The total compensation expenses recognised/reversed for Relevant Periods were:

	Fair value of shares transferred	**Purchase costs**	**Total share-based compensation**
	RMB'000	*RMB'000*	*RMB'000*
December 2012 tranche	2,675	687	1,988
February 2015 tranche	1,230	370	860
April 2015 tranche	2,028	610	1,418

Certain employees who purchased shares in the 2012 resigned from the Target Group in 2013 and 2014. The share based compensation expenses previously recognized relating to these employees have been reversed on the date of the resignation accordingly.

The Target Group recognized the share-based expenses of nil, RMB236,000, and RMB553,000 for the years ended at 31 December 2012, 2013 and for the nine months ended 30 September 2015, respectively. There have been reversal of such expenses of RMB19,000 and RMB14,000 (unaudited) for the years ended 31 December 2014 and for the nine months ended 30 September 2014.

24. Reserves

The amount of the Target Group's reserves and movements for the Relevant Periods are presented in the consolidated statement of changes in equity.

(i) Merger reserve

The merger reserve of the Target Group represents the capital contributions from the then equity holders of the Target Group's subsidiaries. The deductions during the Relevant Periods represent the purchase consideration paid for the equity interests of subsidiaries under common control acquired from equity holder of the Target Company.

(ii) Statutory reserves

In accordance with the Company Law of the PRC, entities of the Target Group are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory reserve may be converted to increase share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

25. Business combination under common control

On 13 July 2012, the Target Company acquired 100% equity interests of Jiteng from the ultimate shareholder Ms. Zhou Li. The purchase consideration for the acquisition was in the form of cash with RMB1,000,000 paid at the acquisition date.

The carrying amounts of financial position as at 13 July 2012 and 31 December 2011, and the statements of profit or loss for the period then ended were as follows:

Statements of financial position

	13 July 2012 *RMB'000*	**31 December 2011** *RMB'000*
Assets		
Cash and cash equivalents	2	1,001
Other receivables	1,000	3
Total Assets	1,002	1,004
Liabilities		
Other payables and accruals	14	4
Total Liabilities	14	4
Equity		
Paid-in capital	1,000	1,000
Reserves	(12)	—
Total Equity	998	1,000

Statements of profit or loss

	From 1 January to 13 July 2012 *RMB'000*	**From 1 January to 31 December 2011** *RMB'000*
Selling and distribution expenses	(10)	—
Administrative expenses	(3)	—
Other income and gains	1	—
Net Loss	(12)	—

An analysis of the cash flows in respect of the acquisition of the business under common control is as follows:

	RMB'000
Cash consideration	(1,000)
Included in cash flows from financing activities	(1,000)

On 10 March 2013, the Target Company acquired a 100% interest in Hejian Times from the ultimate shareholder Ms. Zhou Li. The purchase consideration for the acquisition was in the form of cash with RMB100,000 paid at the acquisition date. The paid-in-capital of Hejian Times was increased to RMB500,000 after the acquisition.

The carrying amounts of financial position as at 10 March 2013 and 31 December 2012, and the statements of profit or loss for the period then ended were as follows:

Statements of financial position

	10 March 2013	**31 December 2012**
	RMB'000	*RMB'000*
Assets		
Cash and cash equivalents	18	—
Other receivables	73	94
Total Assets	91	94
Equity		
Paid-in capital	100	100
Reserves	(9)	(6)
Total Equity	91	94

Statements of profit or loss

	From 1 January to 31 March 2013	**From 1 January to 31 December 2012**
	RMB'000	*RMB'000*
Administrative expenses	(3)	—
Net Loss	(3)	—

An analysis of the cash flows in respect of the acquisition of the business under common control is as follows:

	RMB'000
Cash consideration	(100)
Included in cash flows from financing activities	(100)

26. Operating lease commitments

The Target Group leases certain of its production and office properties under operating lease arrangements. Leases for properties are negotiated for terms of one to seven years. As the end of each of the Relevant Periods, the Target Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 December			As at 30 September
	2012	2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	3,320	3,405	2,055	2,670
In the second to fifth years, inclusive	5,460	2,055	—	9,356
	8,780	5,460	2,055	12,026

27. Commitments

In addition to the operating lease commitments detailed in note 26 above, the Target Group had the following capital commitments at the end of each of the Relevant Periods:

	As at 31 December			As at 30 September
	2012	2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted, but not provided for:				
Purchase of intangible assets	—	4,421	1,470	—

28. Related parties disclosures

Details of the Target Group's principal related parties are as follows:

Individual/Target Company	Relationship
Zhou Li (周麗)	Controlling Shareholder
Zhou Jinyou (周金友)	Close family member of the Controlling Shareholder
Wang Xinying (王信英)	Close family member of the Controlling Shareholder
Zhou Dong (周東)	Shareholder
Wang Mingfang (王明方)	Director
Yang Lina (楊孋娜)	Supervisor
Shanghai Jiahanyin Investment Limited Partnership ("Jiahanyin") 上海甲翰寅投資有限公司 ("甲翰寅")	Shareholder
Shanghai Hejian Times Health and Nutritional Foods Company Ltd. ("Health and Nutritional Foods") 上海禾健時代保健食品有限公司 ("保健食品")	An entity controlled by an immediate family of the Controlling Shareholder
Shanghai Hejian Times Marketing Management Company Ltd. ("Marketing Management") 上海禾健時代營銷管理有限公司 ("營銷管理")	An entity controlled by an immediate family of the Controlling Shareholder
Shanghai Hejian Times Biological Technology Company Ltd. ("Biological Technology") 上海禾健時代生物科技有限公司 ("生物科技")	An entity controlled by an immediate family of the Controlling Shareholder
Shanghai Yichi Warehouse Company Ltd. ("Yichi") 上海逸馳倉儲有限公司("逸馳")	An entity controlled by an immediate family of the Controlling Shareholder

(a) In addition to the transactions detailed elsewhere in the Financial Information, the Target Group had the following transactions with related parties during the Relevant Periods:

(i) *Sales of products*

	Year ended 31 December			Nine months ended 30 September	
	2012	2013	2014	2014	2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Health and Nutritional Foods (保健食品)	564	—	—	—	—
Marketing Management (營銷管理)	22	—	—	—	—
	586	—	—	—	—

The prices are mutually agreed after taking into account the prevailing market prices.

(ii) Rental expenses paid

	Year ended 31 December			Nine months ended 30 September	
	2012	**2013**	**2014**	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Zhou Dong (周東)	—	—	257	193	—

Rental expenses were charged according to the agreement by reference to market price.

(iii) Expenses paid on behalf of the Target Group

	Year ended 31 December			Nine months ended 30 September	
	2012	**2013**	**2014**	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Biological Technology (生物科技)	688	—	—	—	—
Yichi (逸馳)	301	—	—	—	—
Zhou Jinyou (周金友)	—	671	—	—	—
Wang Xinying (王信英)	—	288	—	—	—
	989	959	—	—	—

(iv) Expenses paid on behalf of the related parties

	Year ended 31 December			Nine months ended 30 September	
	2012	**2013**	**2014**	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Jiahanyin (甲翰寅)	14	12	10	—	—
Yang Lina (楊孋娜)	—	—	132	57	—
Zhou Li (周麗)	—	184	41	10	—
Wang Mingfang (王明方)	—	10	19	—	—
	14	206	202	67	—

(b) Compensation of key management personnel of the Target Group:

	Year ended 31 December			Nine months ended 30 September	
	2012	2013	2014	2014	2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Basic salaries and bonus	1,399	1,967	2,066	1,462	1,529
Social insurance and housing fund	262	355	381	286	309
Share-based compensation	—	118	69	46	235
Total compensation paid to key management personnel	1,661	2,440	2,516	1,794	2,073

Further details of directors' emoluments are included in note 8 to the Financial Information.

(c) Outstanding balances with related parties:

The Target Group had the following significant balances with its related parties during the Relevant Periods:

(i) Due from related parties

	As at 31 December			As at 30 September
	2012	2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Jiahanyin (甲翰寅)	14	12	10	—
Biological Technology (生物科技)	34	—	—	—
Yang Lina (楊孋娜)	—	—	71	—
Zhou Li (周麗)	—	—	30	—
Wang Mingfang (王明方)	—	2	19	—
	48	14	130	—

The balances with the related parties are unsecured, interest-free and repayable on demand.

(ii) Due to related parties

	As at 31 December			As at 30 September
	2012	2013	2014	2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Biological Technology (生物科技)	722	—	—	—
Yichi (逸馳)	301	—	—	—
Zhou Jinyou (周金友)	—	671	—	—
Wang Xinying (王信英)	—	288	—	—
	1,023	959	—	—

The balances with the related parties are unsecured, interest-free and repayable on demand.

29. Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

As at 31 December 2012

Financial assets

	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	*RMB'000*	*RMB'000*
Available-for-sale investments	—	10,023	10,023
Trade receivables	300	—	300
Financial assets included in prepayments, deposits and other receivables	994	—	994
Due from related parties	48	—	48
Cash and cash equivalents	12,599	—	12,599
Pledged short-term deposits	—	—	—
	13,941	10,023	23,964

Financial liabilities

	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*
Trade payables	7,381	7,381
Financial liabilities included in accrued liabilities and other payables	196	196
Due to related parties	1,023	1,023
	8,600	8,600

As at 31 December 2013

Financial assets

	Loans and receivables	**Available-for-sale financial assets**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Available-for-sale investments	—	38,000	38,000
Trade receivables	222	—	222
Financial assets included in prepayments, deposits and other receivables	296	—	296
Due from related parties	14	—	14
Cash and cash equivalents	2,604	—	2,604
Pledged short-term deposits	2,936	—	2,936
	6,072	38,000	44,072

Financial liabilities

	Financial liabilities at amortised cost	**Total**
	RMB'000	*RMB'000*
Trade payables	6,595	6,595
Financial liabilities included in accrued liabilities and other payables	106	106
Due to related parties	959	959
	7,660	7,660

As at 31 December 2014

Financial assets

	Loans and receivables	**Available-for-sale financial assets**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Available-for-sale investments	—	15,000	15,000
Trade receivables	248	—	248
Financial assets included in prepayments, deposits and other receivables	510	—	510
Due from related parties	130	—	130
Cash and cash equivalents	6,630	—	6,630
Pledged short-term deposits	1,443	—	1,443
	8,961	15,000	23,961

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*	**Total** *RMB'000*
Trade payables	10,096	10,096
Financial liabilities included in accrued liabilities and other payables	402	402
Due to related parties	—	—
	10,498	10,498

As at 30 September 2015

Financial assets

	Loans and receivables *RMB'000*	**Available-for-sale financial assets** *RMB'000*	**Total** *RMB'000*
Available-for-sale investments	—	10,000	10,000
Trade receivables	459	—	459
Financial assets included in prepayments, deposits and other receivables	579	—	579
Due from related parties	—	—	—
Cash and cash equivalents	7,795	—	7,795
Pledged short-term deposits	1,001	—	1,001
	9,834	10,000	19,834

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*	**Total** *RMB'000*
Trade payables	7,711	7,711
Financial liabilities included in accrued liabilities and other payables	684	684
Due to related parties	—	—
	8,395	8,395

30. Financial risk management objectives and policies

The Target Group's principal financial instruments mainly comprise cash and pledged deposits, available-for-sale investments, trade and other receivables, trade and other payables and due from/(to) related parties. The main purpose of these financial instruments is to raise finance for the Target Group's operations. The Target Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Target Group's financial instruments are credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Target Group trades mainly with recognised and creditworthy third parties. In addition, receivable balances are monitored on an on-going basis.

The credit risk of the Target Group's other financial assets, which comprise cash and cash equivalents, pledged short-term deposits, available-for-sale investments, other receivables and amounts due from related parties arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Further quantitative data in respect of the Target Group's exposure to credit risk arising from trade and other receivables are disclosed in notes 16 and 17 to the Financial Information.

Liquidity risk

The Target Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g., trade receivables, other financial assets) and projected cash flows from operations.

The maturity profile of the Target Group's financial liabilities as at 31 December 2012, 2013 and 2014 and 30 September 2015, based on contractual undiscounted payments, is as follows:

Year ended 31 December 2012

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	7,381	—	—	—	—	7,381
Other payables and accruals	10,338	—	—	—	—	10,338
Due to related parties	1,023	—	—	—	—	1,023
	18,742	—	—	—	—	18,742

Year ended 31 December 2013

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	6,595	—	—	—	—	6,595
Other payables and accruals	12,399	—	—	—	—	12,399
Due to related parties	959	—	—	—	—	959
	19,953	—	—	—	—	19,953

Year ended 31 December 2014

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	10,096	—	—	—	—	10,096
Other payables and accruals	13,658	—	—	—	—	13,658
Due to related parties	—	—	—	—	—	—
	23,754	—	—	—	—	23,754

Nine months ended 30 September 2015

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	7,711	—	—	—	—	7,711
Other payables and accruals	16,075	—	—	—	—	16,075
Due to related parties	—	—	—	—	—	—
	23,786	—	—	—	—	23,786

Capital management

The primary objectives of the Target Group's capital management are to safeguard the Target Group's ability to continue as a going concern and to maintain a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Target Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Target Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Target Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

31. Events after the reporting period

There is no material subsequent event undertaken by the Target Company or the Target Group after 30 September 2015.

32. Subsequent financial statements

No audited financial statements have been prepared by the Target Company or any of the companies comprising the Target Group in respect of any period subsequent to 30 September 2015.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

(i) Basis of preparation of the unaudited pro forma financial information of the Enlarged Group

The information set out below is for illustrative purpose only and does not form part of the accountants' report prepared by the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, as set out in Appendix II to this circular.

To provide additional financial information, the unaudited pro forma consolidated statement of financial position (the ''Unaudited Pro Forma Financial Information'') of the Enlarged Group (being the Company and its subsidiaries (the ''Group'') together with the Target Group) as at 30 June 2015 has been prepared based on:

(a) the historical unaudited condensed consolidated statement of financial position of the Group as at 30 June 2015 which was set out in the Company's published 2015 interim report;

(b) the audited consolidated statement of financial position of the Target Group as at 30 September 2015; and

(c) after taking into account of the unaudited pro forma adjustments as described in the notes thereto to demonstrate how the proposed acquisition might have affected the historical financial information in respect of the Group as if the proposed acquisition had been completed on 30 June 2015.

The Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with the financial information contained in this circular and the Accountants' Report on the Target Group as set out in Appendix II to this circular.

The Unaudited Pro Forma Financial Information of the Enlarged Group is for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group as at 30 June 2015 or at any future date.

(ii) Unaudited Pro Forma Financial Information of the Enlarged Group

	Unaudited condensed consolidated statement of assets and liabilities of the Group as at 30/06/2015	Audited consolidated of assets and liabilities of the Target Group as at 30/09/2015	Pro Forma Adjustment 1	Pro Forma Adjustment 2	Unaudited Pro Forma statement of assets and liabilities of the Enlarged Group as at 30/06/2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	25,894	788	—	—	26,682
Prepaid land lease payments	11,203	—	—	—	11,203
Investment in subsidiary	—	—	131,080	(131,080)	—
Goodwill	55,983	—	—	135,141	191,124
Investment in associate	7,587	—	—	—	7,587
Intangible assets	19,224	4,978	—	—	24,202
Deferred tax assets	5,093	5,382	—	—	10,475
Pledged deposits	1,139	—	—	—	1,139
Available-for-sale investments	—	2,000	—	—	2,000
Other long-term assets	—	4,184	—	—	4,184
Total non-current assets	126,123	17,332	131,080	4,061	278,596
CURRENT ASSETS					
Inventories	44,834	12,634	—	—	57,468
Prepaid land lease payments	125	—	—	—	125
Trade and other receivables	42,991	459	—	—	43,450
Short term investments	70,000	—	—	—	70,000
Prepayments, deposits and other receivables	—	2,944	—	—	2,944
Available-for-sale investments	—	8,000	—	—	8,000
Pledged short-term deposits	—	1,001	—	—	1,001
Cash and cash equivalents	404,470	7,795	—	—	412,265
Total current assets	562,420	32,833	—	—	595,253

	Unaudited condensed consolidated statement of assets and liabilities of the Group as at 30/06/2015	Audited consolidated of assets and liabilities of the Target Group as at 30/09/2015	Pro Forma Adjustment 1	Pro Forma Adjustment 2	Unaudited Pro Forma statement of assets and liabilities of the Enlarged Group as at 30/06/2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
CURRENT LIABILITIES					
Trade and other payables	44,901	7,711	—	—	52,612
Other payables and accruals	—	37,150	—	—	37,150
Due to related parties	—	—	—	—	—
Income tax payable	15,637	7,332	—	—	22,969
Deferred revenue	—	1,353	—	—	1,353
Total current liabilities	60,538	53,546	—	—	114,084
NET CURRENT ASSETS/ (LIABILITIES)	501,882	(20,713)	—	—	481,169
TOTAL ASSETS LESS CURRENT LIABILITIES	628,005	(3,381)	131,080	4,061	759,765
NON-CURRENT LIABILITIES					
Deferred tax liabilities	7,144	—	—	—	7,144
Other non-current liabilities	—	680	—	—	680
Total non-current liabilities	7,144	680	—	—	7,824
NET ASSETS	620,861	(4,061)	131,080	4,061	751,941
EQUITY					
Equity attributable to owners of the parent					
Share capital	83,817	6,000	6,272	(6,000)	9,089
Reserves	489,505	(10,061)	124,808	10,061	614,313
	573,322	(4,061)	131,080	4,061	704,402
Non-controlling interests	47,539	—	—	—	47,539
Total equity	620,861	(4,061)	131,080	4,061	751,941

(iii) Notes to the Unaudited Pro Forma Financial Information of the Enlarged Group

The pro forma adjustment reflects the effects of issuance of shares to the vendors of the Target Company and the allocation of the cost of the Acquisition to the identifiable assets and liabilities of the Target Group, which represents:

1. Issuance and allocation of shares

The Company has conditionally agreed to acquire 100% of the issued share capital in the Target Company through issuance of shares of the Company to the vendors of the Target Company. The Company shall issue and allot an aggregate of 62,717,770 domestic shares to the vendors of the Target Company. The market price of shares on 22 January 2016, the date of Acquisition Agreement, was HK$2.49 (equivalent to approximately RMB2.09) and the aggregate consideration for such shares subscription was estimated to be RMB131 million, among which RMB6.272 million and RMB125 million was accounted in share capital and capital reserve, respectively.

Pursuant to the Acquisition Agreement, the actual consideration of the Acquisition would be the fair value of the domestic shares of 62,717,770, subject to the market share price on settlement day. Therefore, the actual consideration may be different from that is stated above.

2. Recognition of goodwill in relation to the Acquisition

Goodwill of the Enlarged Group represents the excess of the cost of the Acquisition over the estimated fair value of the identifiable net assets of the Target Group. For the purpose of the preparation of the Unaudited Pro Forma Financial Information and for illustrative purpose, the recognition of goodwill arising from the Acquisition is analyzed as follows:

	RMB'000
Consideration of the Acquisition	131,080
Less: Carrying amounts of the identifiable assets and liabilities*	(4,061)
Goodwill arising from the Acquisition	135,141

* Upon completion of the Acquisition, the identifiable assets and liabilities of the Target Group in the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group will be accounted for at fair value under the purchase method in accordance with International Financial Reporting Standard No. 3 Business Combinations.

For the purpose of this Unaudited Pro Forma Financial Information, the directors of the Company had assumed that the carrying values of the identifiable assets and liabilities of the Target Group approximated to their fair values, which will be reassessed on the completion date of the Acquisition together with the fair value assessment of any potential intangible assets and deferred tax impact in relation to such fair value adjustments.

3. Consideration on goodwill impairment

For the purpose of this Unaudited Pro Porma Financial Information of the Enlarged Group, the Company has ensured that the steps taken on the assessment of impairment of goodwill properly performed in accordance with International Accounting Standard 36 "Impairment of Assets" which is consistent with the accounting policies of the Company. Based on the management's assessment on the business plan to be executed and the recoverable amount of the business to be acquired, the management considers that there is no impairment on the goodwill arising from the Acquisition as at 30 June 2015 as if the Acquisition had been completed on the same date. On that basis, the directors of the Company concluded that no impairment in the value of goodwill is considered necessary.

In the opinion of the Directors, the goodwill and the fair values of the assets and liabilities of the Target Group being acquired are subject to changes upon completion of the acquisition because the fair value of the assets and liabilities being acquired and purchase consideration shall be assessed on the date of completion.

The Group will adopt consistent accounting policies and principles, valuation methods and principal assumptions for impairment tests in the future. The Group's auditor will review the Group's assessment on impairment of goodwill in accordance with Hong Kong Standards on Auditing at the end of each reporting period for the purposes of its audit in the future.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

To the Directors of Nanjing Sinolife United Company Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of Nanjing Sinolife United Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated statement of assets and liabilities as at 30 June 2015, and related notes as set out on pages III-2 to III-5 of the circular dated 29 February 2016 (the "Circular") issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described on pages III-1 of the Circular.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the acquisition of the equity interests of Shanghai Hejian Nutritional Food Products Company Limited (the "Target Company") and its subsidiaries (hereinafter collectively referred to as the "Target Group") on the Group's financial position as at 30 June 2015 as if the acquisition had taken place at 30 June 2015. As part of this process, information about the Group's unaudited condensed consolidated financial position has been extracted by the Directors from the Group's financial statements as at 30 June 2015, on which neither a review report nor an audit report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "*Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*," and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information, in accordance with paragraph 4.29 of the Listing Rules and with reference to AG7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in a Prospectus is solely to illustrate the impact of the transaction on unadjusted financial information of the Group as if the acquisition had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the acquisition would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

Reporting accountants' responsibilities (Continued)

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

ERNST & YOUNG
Certified Public Accountants
Hong Kong

29 February 2016

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL OF THE COMPANY

Set out below are the authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon completion of the Issue of Domestic Shares.

(i) Share capital of the Company as at the Latest Practicable Date

Authorised		*RMB*
611,111,000	Domestic Shares	61,111,100
234,370,000	H Shares	23,437,000
Issued and fully paid		*RMB*
611,111,000	Domestic Shares	61,111,100
227,058,000	H Shares	22,705,800
838,169,000		83,816,900

(ii) Share capital of the Company immediately upon completion of the Issue of Domestic Shares

Authorised		*RMB*
673,828,770	Domestic Shares	67,382,877
234,370,000	H Shares	23,437,000
Issued and fully paid		*RMB*
673,828,770	Domestic Shares	67,382,877
227,058,000	H Shares	22,705,800
900,886,770		90,088,677

3. DISCLOSURE OF INTERESTS

Interests of Directors, supervisors and senior management of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors, supervisors or senior management of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were deemed or taken to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO to be entered in the register referred to therein or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") set out in Appendix 10 to the Listing Rules as adopted by the Company, to be notified to the Company and the Stock Exchange were as follows:

Name of Director/ supervisor	The Company/ name of associated corporation	Class of Shares held	Capacity/nature of interest	Interest in Shares	Approximate percentage of issued share capital of the company/ associated corporation *(note 1)*
Mr. Gui Pinghu	The Company	Domestic Shares	Beneficial owner	477,126,590 Shares	56.92%
	The Company	Domestic Shares	Interest of spouse *(note 2)*	52,965,000 Shares	6.32%
Ms. Zhang Yuan	The Company	Domestic Shares	Beneficial owner	6,599,550 Shares	0.79%
Ms. Xu Li	The Company	Domestic Shares	Beneficial owner	5,498,570 Shares	0.66%
Ms. Zhu Feifei	The Company	Domestic Shares	Beneficial owner	659,340 Shares	0.08%
Ms. Yu Min	The Company	Domestic Shares	Beneficial owner	659,340 Shares	0.08%
Ms. Wu Xuemei	The Company	Domestic Shares	Beneficial owner	551,480 Shares	0.07%

Notes:

1. The calculation is based on the total number of 838,169,000 Shares in issue, including both H Shares and domestic Shares.

2. Mr. Gui Pinghu is the spouse of Ms. Wu Yanmei. Under the SFO, Mr. Gui Pinghu will be deemed to be interested in the same number of Shares in which Ms. Wu Yanmei is interested.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or supervisors or senior management of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

4. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors nor their respective associates had any interests in other business, which competes or may compete, either directly or indirectly, with the business of the Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contract with the Company, or any of its subsidiaries or associated companies which was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

The aggregate of the remuneration payable to and benefits in kind receivable by the Directors will not be varied in consequence of the Acquisition.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014, being the date to which the latest published audited financial statements of the Group were made up.

7. INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date:

(a) none of the Directors was materially interested, directly or indirectly, in any contract or arrangement, which was significant in relation to the business of the Enlarged Group; and

(b) none of the Directors nor their respective associates had any direct or indirect interests in any assets which had been acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Enlarged Group since 31 December 2014, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. QUALIFICATION AND CONSENTS OF EXPERT

(a) The following sets out the qualifications of the expert who has given its opinions or advice or statements as contained in this circular:

Name	**Qualification**
Ernst & Young	Certified Public Accountants

(b) As at the Latest Practicable Date, the above expert had no shareholding in the Company or any other member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any other member of the Group.

(c) As at the Latest Practicable Date, the above expert had no direct or indirect interests in any assets which has been acquired or disposed of by or leased to any member of the Enlarged Group since 31 December 2014 (the date to which the latest published audited consolidated financial statements of the Group were made up) or proposed to be so acquired, disposed of or leased.

(d) As at the Latest Practicable Date, the above expert had given and has not withdrawn its written consent to the issue of this circular with the inclusion of its advice, letters, reports and/or summary of its opinions (as the case may be) and references to its name and logo in the form and context in which they respectively appear.

9. LITIGATION

As at the Latest Practicable Date, the Enlarged Group was not involved in any material litigation or arbitration. Besides, to the best knowledge of the management of the Company, the Enlarged Group had no material litigation or claim which was pending or threatened by or against the Enlarged Group.

10. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Company or any of its subsidiaries or the Target Group within the two years immediately preceding the date of this circular and are or may be material:

(i) the Acquisition Agreement dated 17 December 2015;

(ii) the Supplemental Acquisition Agreement dated 22 January 2016;

(iii) the memorandum of understanding in relation to the Acquisition dated 20 November 2015, details of which were set out in the announcement of the Company dated 26 November 2015;

(iv) the agreement dated 12 November 2015 entered into between Nanjing Zhongsheng Bio-Tech Co. Limited* (南京中生生物科技有限公司) (a subsidiary of the Company) and Jiangsu Construction Works Company Limited* (江蘇大陸建設工程有限公司) in relation to the construction of a complex of three buildings for the Group, details of which were set out in the announcement of the Company dated 12 November 2015; and

(v) the share transfer agreement dated 20 November 2014 entered into among (i) Mark Joseph Mathews, (ii) Daren Murray Blanchard, (iii) DBI Trustee Limited and (iv) Brian Blanchard Trustee Limited as vendors; Shanghai Weiyi Investment & Management Limited Company* (上海惟翊投資管理有限公司) as purchaser; (i)

Daren Murray Blanchard, (ii) David John Blanchard and (iii) Brian Mark Blanchard as the vendors' guarantors; and (i) Shanghai Fosun Weishi Tranche One Private Equity Partnership Limited* (上海復星惟實一期股權投資基金合夥企業) and (ii) the Company as the purchaser's guarantors in relation to the acquisition of Good Health Products Limited, details of which were set out in the circular of the Company dated 19 December 2014.

11. GENERAL

(a) The registered office and the headquarters of the Company is located at 30/F, Deji Building, 188 Chang Jiang Road, Xuanwu District, Nanjing, Jiangsu Province, PRC.

(b) The principal place of business of the Company in Hong Kong is located at 40/F, Jardine House, 1 Connaught Place, Hong Kong.

(c) The joint company secretaries of the Company are Ms. Zhi Hui and Ms. Kam Mei Ha Wendy. Ms. Kam Mei Ha Wendy is a Chartered Secretary and a fellow member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom. She holds a Practitioner's Endorsement Certificate issued by The Hong Kong Institute of Chartered Secretaries.

(d) The H share registrar of the Company is Computershare Hong Kong Investor Services Limited, which is located at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:30 a.m. to 5:30 p.m. on any business days from the date of this circular up to and including 14 days (except public holidays) at the Company's principal place of business in Hong Kong situated at 40/F, Jardine House, 1 Connaught Place, Hong Kong:

(a) the Articles;

(b) the accountants' report of the Company for each of the two financial years ended 31 December 2014;

(c) the interim report of the Company for the six months ended 30 June 2015;

(d) the accountants' report of the Target Company, the text of which is set out in Appendix II to this circular;

(e) the report on unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix III to this circular;

(f) the consent letter from Ernst & Young referred to in the paragraph headed "Qualification and consents of expert" in this appendix;

(g) the material contracts referred to in the paragraph headed "Material contracts" in this appendix; and

(h) this circular.

13. MISCELLANEOUS

The English text of this circular shall prevail over its Chinese text.

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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting ("**EGM**") of NANJING SINOLIFE UNITED COMPANY LIMITED* ("**Company**") will be held at 30/F, Deji Building, 188 Chang Jiang Road, Xuanwu District, Nanjing, Jiangsu Province, the People's Republic of China at 9:30 a.m. on Friday, 15 April 2016 for the purposes of considering and, if thought fit, passing with or without modifications, the following resolutions which will be proposed as ordinary or special resolutions of the Company, where appropriate:

ORDINARY RESOLUTION

1. "**THAT**

   (a) the form and substance of the conditional acquisition agreement ("**Acquisition Agreement**") dated 17 December 2015 entered into between (i) the Company; (ii) 上海禾健營養食品股份有限公司 (its unofficial English name being Shanghai Hejian Nutritional Food Products Company Limited) ("**Target Company**"); (iii) Ms. Zhou Li; (iv) Mr. Zhou Dong; (v) 上海甲翰寅投資有限公司 (its unofficial English name being Shanghai Jiahanyin Investment Company Limited); (vi) 上海中衛創業投資中心(有限合夥) (its unofficial English name being Shanghai Zhongwei Chuangye Investment Centre Partnership); and (vii) 上海寶捷會創業投資合夥企業(有限合夥) (its unofficial English name being Shanghai Baojiehui Chuangye Investment Partnership Limited) (as supplemented by a supplemental acquisition agreement dated 22 January 2016 ("**Supplemental Acquisition Agreement**")) (a copy of which has been produced to the meeting and marked "**A**" and initialed by the chairman of the meeting for the purpose of identification), in relation to the acquisition of the Target Company, and all the transactions contemplated thereby, be and are hereby approved, ratified and confirmed; and

   (b) any one of the directors ("**Directors**") of the Company be and is hereby authorised to do all such acts and things, to sign and execute all such further documents and to take such steps as the Director in his/her discretion may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Acquisition Agreement (as supplemented by the Supplemental Acquisition Agreement), or any of the transactions contemplated under the Acquisition Agreement (as supplemented by the Supplemental Acquisition Agreement) and to agree to such variation, amendments or waiver or matters relating thereto (including any variation, amendments or waiver of such documents, which are not fundamentally different from those as provided under the Acquisition Agreement (as supplemented by the Supplemental Acquisition Agreement)) as are, in the opinion of the Director, in the interests of the Company and its shareholders as a whole."

* *For identification purposes only*

SPECIAL RESOLUTIONS

2. "**THAT** subject to and conditional upon the passing of the resolution numbered 1 as set out in this notice of EGM, the unconditional specific mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal in the 62,717,770 domestic shares of the Company pursuant to the Acquisition Agreement (as supplemented by the Supplemental Acquisition Agreement) be and is hereby confirmed and approved."

3. "**THAT** the articles of association of the Company be amended as follows:

   (i) **Article 16** of the articles of association of the Company is proposed to be deleted in its entirety and replaced with the following:

   "In May 2013, the Company upon its establishment issued 6,111,100 ordinary shares (at a par value of RMB1 each), representing 10% of the Company's then total ordinary shares, to Shanghai Fosun Chuangfu Shareholding Fund Limited Partnership.

   As approved by the securities authorities of the State Council, the Company may issue not more than 234,370,000 overseas listed foreign invested shares at a par value of RMB0.1 each, all being ordinary shares. In 2014, the Company issued to the public 227,058,000 overseas foreign shares (including the over-allotted shares) which are listed on the Hong Kong Stock Exchange.

   After completion of the first allotment of domestic shares of the Company in 2016, the share capital structure of the Company: there is a total of 900,886,770 ordinary shares, of which 477,126,590 shares are held by Gui Pinghu, one of the promoters, 52,965,000 shares are held by Wu Yanmei, one of the promoters, 143,737,180 shares are held by other holders of the domestic shares and 227,058,000 shares are held by the holders of overseas foreign listed share."

   (ii) **Article 19** of the articles of association of the Company is proposed to be deleted in its entirety and replaced with the following:

   "The registered capital of the Company is RMB90,088,677.""

4. "**THAT** subject to the passing of resolution numbered 3 above, the adoption of an amended and restated articles of associations of the Company (incorporating the amendments stated in resolution numbered 3 above and all previous amendments to the existing articles of associations of the Company, a copy of which has been produced to this meeting and marked "**B**" and initialed by the chairman of this meeting for the purpose of identification) in substitution for and to the exclusion of the existing articles of associations of the Company be and is hereby approved."

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

Nanjing, People's Republic of China, 29 February 2016

Notes:

1. Shareholders who intend to attend the EGM in person or by proxy should deposit the reply slip at the Company's registered office at 30/F, Deji Building, 188 Chang Jiang Road, Xuanwu District, Nanjing, Jiangsu Province, PRC at least 20 days before the above meeting, i.e. no later than Friday, 25 March 2016.

2. Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint one or more persons (whether such person is a shareholder or not) as his proxy or proxies to attend and vote on his behalf.

3. In order to be valid, the proxy form together with the notarised power of attorney and other authorisation documents, if any, must be lodged at the Company's registered office at 30/F, Deji Building, 188 Chang Jiang Road, Xuanwu District, Nanjing, Jiangsu Province, PRC (for holders of domestic shares) or the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares) at least 24 hours prior to the EGM for which the proxy is appointed to vote or 24 hours prior to the scheduled voting time.

   If the proxy is a legal person, his legal representative or any representative authorised by the board of directors or by other decision-making body shall attend the EGM on its behalf. If the shareholder is a recognised clearing house (or its agent), the shareholder may authorise one or more suitable persons to act as its representative at the above meeting; however, if more than one person are authorised, the proxy form shall clearly indicate the number and types of shares each person is authorised to represent. The persons after such authorisation may represent the recognised clearing house (or its agent) to exercise the rights, as if they were the individual shareholders of the Company.

   A vote made in accordance with the terms of a proxy shall be valid notwithstanding the death or loss of capacity of the appointor or revocation of the proxy or the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that the Company does not receive any written notice in respect of such matters before the commencement of the above meeting.

4. For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 16 March 2016 to Friday, 15 April 2016, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, holders of H shares whose transfers have not been registered shall deposit all transfer documents accompanied by the relevant share certificates at the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 15 March 2016.

5. Completion and return of an instrument appointing a proxy will not preclude a member of the Company from attending and voting in person at the EGM and/or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.

6. As required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the above resolutions will be decided by way of poll, except where the chairman, in good faith, decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands.

7. The form of proxy for use at the EGM is enclosed herewith.

As at the date of this notice, 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.

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)

NOTICE IS HEREBY GIVEN that a class meeting for holders of H shares ("**H Shares Class Meeting**") of NANJING SINOLIFE UNITED COMPANY LIMITED* ("**Company**") will be held at 30/F, Deji Building, 188 Chang Jiang Road, Xuanwu District, Nanjing, Jiangsu Province, the People's Republic of China at 10:15 a.m. (or immediately after the extraordinary general meeting of the Company to be convened and held on the same date and at the same place) on Friday, 15 April 2016 for the purposes of considering and, if thought fit, passing with or without modifications, the following ordinary or special resolution of the Company, where appropriate:

ORDINARY RESOLUTION

1. "**THAT**

(a) the form and substance of the conditional acquisition agreement ("**Acquisition Agreement**") dated 17 December 2015 entered into between (i) the Company; (ii) 上海禾健營養食品股份有限公司 (its unofficial English name being Shanghai Hejian Nutritional Food Products Company Limited) ("**Target Company**"); (iii) Ms. Zhou Li; (iv) Mr. Zhou Dong; (v) 上海甲翰寅投資有限公司 (its unofficial English name being Shanghai Jiahanyin Investment Company Limited); (vi) 上海中衛創業投資中心(有限合夥) (its unofficial English name being Shanghai Zhongwei Chuangye Investment Centre Partnership); and (vii) 上海寶捷會創業投資合夥企業(有限合夥) (its unofficial English name being Shanghai Baojiehui Chuangye Investment Partnership Limited) (as supplemented by a supplemental acquisition agreement dated 22 January 2016 ("**Supplemental Acquisition Agreement**")) (a copy of which has been produced to the meeting and marked "**A**" and initialed by the chairman of the meeting for the purpose of identification), in relation to the acquisition of the Target Company, and all the transactions contemplated thereby, be and are hereby approved, ratified and confirmed; and

(b) any one of the directors ("**Directors**") of the Company be and is hereby authorised to do all such acts and things, to sign and execute all such further documents and to take such steps as the Director in his/her discretion may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Acquisition Agreement (as supplemented by the Supplemental Acquisition Agreement), or any of the transactions contemplated under the Acquisition Agreement (as supplemented by the Supplemental Acquisition Agreement) and to agree to such variation, amendments or waiver or matters relating thereto (including any variation, amendments or waiver of such documents, which are not fundamentally different from those as provided

* *For identification purposes only*

under the Acquisition Agreement (as supplemented by the Supplemental Acquisition Agreement)) as are, in the opinion of the Director, in the interests of the Company and its shareholders as a whole."

SPECIAL RESOLUTION

2. "**THAT** subject to and conditional upon the passing of the resolution numbered 1 as set out in this notice of H Shares Class Meeting, the unconditional specific mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal in the 62,717,770 domestic shares of the Company pursuant to the Acquisition Agreement (as supplemented by the Supplemental Acquisition Agreement) be and is hereby confirmed and approved."

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

Nanjing, the People's Republic of China, 29 February 2016

Notes:

1. Holders of H shares who intend to attend the H Shares Class Meeting in person or by proxy should deposit the reply slip at the Company's registered office at 30/F, Deji Building, 188 Chang Jiang Road, Xuanwu District, Nanjing, Jiangsu Province, the PRC at least 20 days before the H Shares Class Meeting, i.e. no later than Friday, 25 March 2016.

2. Holders of H shares of the Company entitled to attend and vote at the H Shares Class Meeting is entitled to appoint one or more persons (whether such person is a shareholder of the Company or not) as his proxy or proxies to attend and vote on his behalf.

3. In order to be valid, the proxy form together with the notarised power of attorney and other authorisation documents, if any, must be lodged at the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong at least 24 hours prior to the H Shares Class Meeting for which the proxy is appointed to vote or 24 hours prior to the scheduled voting time.

   If the proxy is a legal person, his legal representative or any representative authorised by the board of directors or by other decision-making body shall attend the H Shares Class Meeting on its behalf. If the shareholder is a recognised clearing house (or its agent), the shareholder may authorise one or more suitable persons to act as its representative at the above meeting; however, if more than one person are authorised, the proxy form shall clearly indicate the number and types of shares each person is authorised to represent. The persons after such authorisation may represent the recognised clearing house (or its agent) to exercise the rights, as if they were the individual shareholders of the Company.

   A vote made in accordance with the terms of a proxy shall be valid notwithstanding the death or loss of capacity of the appointor or revocation of the proxy or the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that the Company does not receive any written notice in respect of such matters before the commencement of the above meeting.

4. For determining the entitlement to attend and vote at the H Shares Class Meeting, the register of members of the Company will be closed from Wednesday, 16 March 2016 to Friday, 15 April 2016, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the H Shares Class Meeting, holders of H shares whose transfers have not been registered shall deposit all transfer documents accompanied by the relevant share certificates at the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 15 March 2016.

5. Completion and return of an instrument appointing a proxy will not preclude a member of the Company from attending and voting in person at the H Shares Class Meeting and/or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.

6. As required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the above resolutions will be decided by way of poll, except where the chairman, in good faith, decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands.

7. The form of proxy for use at the H Shares Class Meeting is enclosed herewith.

As at the date of this notice, 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.

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)

NOTICE IS HEREBY GIVEN that a class meeting for holders of domestic shares ("**Domestic Shares Class Meeting**") of NANJING SINOLIFE UNITED COMPANY LIMITED* ("**Company**") will be held at 30/F, Deji Building, 188 Chang Jiang Road, Xuanwu District, Nanjing, Jiangsu Province, the People's Republic of China at 11:00 a.m. (or immediately after the class meeting for holders of H shares of the Company to be convened and held on the same date and at the same place) on Friday, 15 April 2016 for the purposes of considering and, if thought fit, passing with or without modifications, the following ordinary or special resolution of the Company, where appropriate:

ORDINARY RESOLUTION

1. "**THAT**

(a) the form and substance of the conditional acquisition agreement ("**Acquisition Agreement**") dated 17 December 2015 entered into between (i) the Company; (ii) 上海禾健營養食品股份有限公司 (its unofficial English name being Shanghai Hejian Nutritional Food Products Company Limited) ("**Target Company**"); (iii) Ms. Zhou Li; (iv) Mr. Zhou Dong; (v) 上海甲翰寅投資有限公司 (its unofficial English name being Shanghai Jiahanyin Investment Company Limited); (vi) 上海中衛創業投資中心(有限合夥) (its unofficial English name being Shanghai Zhongwei Chuangye Investment Centre Partnership); and (vii) 上海寶捷會創業投資合夥企業(有限合夥) (its unofficial English name being Shanghai Baojiehui Chuangye Investment Partnership Limited) (as supplemented by a supplemental acquisition agreement dated 22 January 2016 ("**Supplemental Acquisition Agreement**")) (a copy of which has been produced to the meeting and marked "**A**" and initialed by the chairman of the meeting for the purpose of identification), in relation to the acquisition of the Target Company, and all the transactions contemplated thereby, be and are hereby approved, ratified and confirmed; and

(b) any one of the directors ("**Directors**") of the Company be and is hereby authorised to do all such acts and things, to sign and execute all such further documents and to take such steps as the Director in his/her discretion may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Acquisition Agreement (as supplemented by the Supplemental Acquisition Agreement), or any of the transactions contemplated under the Acquisition Agreement (as supplemented by the Supplemental Acquisition Agreement) and to agree to such variation, amendments or waiver or matters relating thereto (including any variation, amendments or waiver of such documents, which are not fundamentally different from those as provided

* *For identification purposes only*

under the Acquisition Agreement (as supplemented by the Supplemental Acquisition Agreement)) as are, in the opinion of the Director, in the interests of the Company and its shareholders as a whole."

SPECIAL RESOLUTION

2. "**THAT** subject to and conditional upon the passing of the resolution numbered 1 as set out in this notice of Domestic Shares Class Meeting, the unconditional specific mandate granted to the Directors to exercise the powers of the Company to allot and issue and deal in the 62,717,770 domestic shares of the Company pursuant to the Acquisition Agreement (as supplemented by the Supplemental Acquisition Agreement) be and is hereby confirmed and approved."

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

Nanjing, the People's Republic of China, 29 February 2016

Notes:

1. Holders of domestic shares who intend to attend the Domestic Shares Class Meeting in person or by proxy should deposit the reply slip at the Company's registered office at 30/F, Deji Building, 188 Chang Jiang Road, Xuanwu District, Nanjing, Jiangsu Province, the PRC at least 20 days before the Domestic Shares Class Meeting, i.e. no later than Friday, 25 March 2016.

2. Holders of domestic shares of the Company entitled to attend and vote at the Domestic Shares Class Meeting is entitled to appoint one or more persons (whether such person is a shareholder of the Company or not) as his proxy or proxies to attend and vote on his behalf.

3. In order to be valid, the proxy form together with the notarised power of attorney and other authorisation documents, if any, must be lodged at the Company's registered office at 30/F, Deji Building, 188 Chang Jiang Road, Xuanwu District, Nanjing, Jiangsu Province, the PRC at least 24 hours prior to the Domestic Shares Class Meeting for which the proxy is appointed to vote or 24 hours prior to the scheduled voting time.

   If the proxy is a legal person, his legal representative or any representative authorised by the board of directors or by other decision-making body shall attend the Domestic Shares Class Meeting on its behalf. If the shareholder is a recognised clearing house (or its agent), the shareholder may authorise one or more suitable persons to act as its representative at the above meeting; however, if more than one person are authorised, the proxy form shall clearly indicate the number and types of shares each person is authorised to represent. The persons after such authorisation may represent the recognised clearing house (or its agent) to exercise the rights, as if they were the individual shareholders of the Company.

   A vote made in accordance with the terms of a proxy shall be valid notwithstanding the death or loss of capacity of the appointor or revocation of the proxy or the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that the Company does not receive any written notice in respect of such matters before the commencement of the above meeting.

4. For determining the entitlement to attend and vote at the Domestic Shares Class Meeting, the register of members of the Company will be closed from Wednesday, 16 March 2016 to Friday, 15 April 2016, both dates inclusive, during which period no transfer of shares will be registered. Holders of domestic shares whose names appear on the register of members of the Company on Tuesday, 15 March 2016 are entitled to attend the Domestic Shares Class Meeting.

5. Completion and return of an instrument appointing a proxy will not preclude a member of the Company from attending and voting in person at the Domestic Shares Class Meeting and/or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.

6. As required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the above resolutions will be decided by way of poll, except where the chairman, in good faith, decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands.

7. The form of proxy for use at the Domestic Shares Class Meeting is enclosed herewith.

As at the date of this notice, 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.