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

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

(Stock code: 3332)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 57.3% to RMB397.1 million (2014: RMB252.4 million).
- Gross profit increased by approximately 39.5% to RMB319.9 million (2014: RMB229.4 million).
- Profit for the year increased by approximately 28.8% to RMB139.0 million (2014: RMB107.9 million).
- Basic earnings per share increased by approximately 23.1% to RMB16 cents (2014: RMB13 cents).
- The Board has recommended the payment of final dividend of RMB6.75 cents (2014: RMB6.05 cents) per share, totalling RMB56,547,600 (2014: RMB50,722,200) for the year ended 31 December 2015 and a special dividend of RMB7.57 cents (2014: RMB5.88 cents) per share, totalling RMB63,452,400 (2014: RMB49,271,800), subject to the approval of the shareholders of the Company at the forthcoming annual general meeting.

FINAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Nanjing Sinolife United Company Limited (the "**Company**") is pleased to announce its audited consolidated final results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2015 (the "**Year**") together with the comparative figures for the year ended 31 December 2014 which are as follows:

* *For identification purposes only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

	Notes	2015 RMB'000	2014 RMB'000
Revenue	4	**397,064**	252,449
Cost of sales		**(77,138)**	(23,099)
Gross profit		**319,926**	229,350
Other income and gains	4	**15,008**	15,785
Selling and distribution expenses		**(90,054)**	(62,911)
Administrative expenses		**(59,488)**	(38,743)
Other expenses		**(1,212)**	(3,923)
Share of profit of a joint venture		**327**	–
Profit before tax		**184,507**	139,558
Income tax expense	6	**(45,557)**	(31,688)
Profit for the year		**138,950**	107,870
Other comprehensive income			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods, after tax			
Exchange differences on translation of foreign operations		**804**	(288)
Total comprehensive income for the year		**139,754**	107,582
Profit for the year attributable to:			
Owners of the parent		**136,233**	107,873
Non-controlling interests		**2,717**	(3)
Profit for the year		**138,950**	107,870
Total comprehensive income attributable to:			
Owners of the parent		**136,558**	109,585
Non-controlling interests		**3,196**	(3)
		139,754	107,582
		RMB	*RMB*
Earnings per share:			
— Basic and diluted	8	**16 cents**	13 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December

	Notes	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment	9	**37,149**	21,737
Prepaid land lease payments		**10,957**	11,326
Goodwill	10	**54,096**	–
Other intangible assets		**19,350**	–
Investment in a joint venture		**8,069**	–
Deferred tax assets		**5,839**	2,335
Pledged deposit		**1,146**	–
Deposit for acquisition of a subsidiary		**–**	11,292
Other non-current assets		**2,671**	–
		139,277	46,690
Current assets			
Inventories		**69,990**	17,575
Trade receivables	11	**26,430**	1,817
Prepaid land lease payments		**247**	125
Prepayments, deposits and other receivables		**11,413**	13,652
Short term investments		**–**	35,000
Other current assets		**76**	–
Cash and cash equivalents		**532,326**	550,044
		640,482	618,213
Total assets		**779,759**	664,903
Current liabilities			
Trade payables	12	**12,574**	2,132
Other payables and accruals		**25,874**	16,113
Tax payables		**20,908**	13,705
		59,356	31,950
Net current assets		**581,126**	586,263
Total assets less current liabilities		**720,403**	632,953

	Notes	**2015**	2014
	Notes	***RMB'000***	*RMB'000*
Non-current liabilities			
Deferred tax liabilities		**4,059**	–
Provision		**631**	–
		4,690	–
Net assets		**715,713**	632,953
Equity			
Equity attributable to owners of the parent			
Share capital		**83,817**	83,817
Reserves		**580,703**	544,139
Non-controlling interests		**51,193**	4,997
Total equity		**715,713**	632,953

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

For the year ended 31 December 2015

1. CORPORATE INFORMATION

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

The Group is principally engaged in the manufacture and sale of nutritional supplements and the trading of packaged health food products in the PRC, Australia and New Zealand.

2.1 BASIS OF PREPARATION

These financial statements 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**"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the 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 Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the 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 Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses 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 described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (Continued)

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial information.

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions
Annual Improvements to HKFRSs 2010–2012 Cycle
Annual Improvements to HKFRSs 2011–2013 Cycle

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the new and revised HKFRSs, that have been issued but are not yet effective, in these 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[4]
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 2012–2014 Cycle[1]

Notes:

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 Group
4 No mandatory effective date yet determined but is available for adoption

3. OPERATING SEGMENT INFORMATION

(a) Reportable segments

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

(b) Geographical information

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

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

	2015	2014
	RMB'000	*RMB'000*
Mainland China	**319,957**	252,449
New Zealand	**68,384**	–
Others	**8,723**	–
	397,064	252,449

(c) Non-current assets

	2015	2014
	RMB'000	*RMB'000*
Mainland China	**39,629**	32,768
New Zealand	**26,992**	–
Australia	**835**	295
	67,456	33,063

The non-current asset information of operations above is based on the locations of the assets and excludes goodwill, investment in a joint venture, deferred tax assets, pledged deposit, deposit for acquisition of a subsidiary and other non-current assets.

(d) Information about major customers

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

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of good sold, after allowances for returns and trade discounts and the value of services rendered.

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

	2015	2014
	RMB'000	*RMB'000*
Revenue		
Sale of goods	**396,274**	252,449
Rendering of services	**790**	–
	397,064	252,449
Other income		
Bank interest income	**10,304**	12,575
Short term investment income	**2,649**	772
Government grants*	**2,046**	2,438
	14,999	15,785
Gains		
Gain on disposal of a subsidiary	**9**	–
	15,008	15,785

* Various government grants have been received for boosting local economic development from local government of Xuanwu District (玄武區) in Nanjing, the PRC. There are no unfullied conditions or contingencies relating to these grants.

5. PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

	2015	2014
	RMB'000	*RMB'000*
Cost of inventories sold	**71,694**	18,676
Employment benefits	**76,711**	51,647
Amortisation of prepaid land lease payments	**247**	125
Amortisation of intangible assets	**1,129**	32
Auditor's remuneration	**2,441**	1,205
Depreciation of property, plant and equipment	**5,474**	2,731
Operating lease payments on properties and shops	**16,879**	15,023
Research and development expenses	**2,520**	764
Impairment of trade and other receivables	**284**	–
Write-down of inventories to net realizable value	**182**	–

6. INCOME TAX

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

	2015	2014
	RMB'000	*RMB'000*
Current tax		
— PRC	**45,600**	33,081
— New Zealand	**3,925**	–
— Over provision in Australia in prior years	**–**	(180)
	49,525	32,901
Deferred tax	**(3,968)**	(1,213)
Income tax expense	**45,557**	31,688

One of the Group's subsidiaries obtained the certificate of new and hi-tech enterprises in 2015 and was approved by tax authorities to enjoy the preferential tax rate of 15%, another subsidiary of the Group was deemed as small and micro business and was entitled to enjoy the reduced tax rate of 4%. Except for the aforementioned subsidiaries, the income tax of the Company and its subsidiaries incorporated in the PRC are subject to the statutory rate of 25% of the assessable profits as determined in accordance with the relevant income tax rules and regulations of the PRC. New Zealand Income tax is calculated at 28% of the assessable profits of the subsidiary operating in New Zealand. Australia Income tax is calculated at 30% of the assessable profits of the subsidiary operating in Australia.

(b) A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the countries in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates to the effective tax rates, are as follows:

2015

	Mainland China		**New Zealand**		**Australia**		**Total**	
	RMB'000	*%*	***RMB'000***	*%*	***RMB'000***	*%*	***RMB'000***	*%*
Profit/(loss) before tax	**175,787**	**–**	**9,254**	**–**	**(534)**	**–**	**184,507**	**–**
Tax at the statutory tax rate	**43,947**	**25**	**2,591**	**28**	**(160)**	**30**	**46,378**	**25.1**
Preferential income tax rates applicable to subsidiaries	**(1,517)**	**(0.8)**	**–**	**–**	**–**	**–**	**(1,517)**	**(0.8)**
Additional deductible allowance for research and development expenses	**(183)**	**(0.1)**	**–**	**–**	**–**	**–**	**(183)**	**(0.1)**
Expenses not deductible for tax	**229**	**0.1**	**68**	**0.7**	**–**	**–**	**297**	**0.2**
Tax losses not recognised	**940**	**0.5**	**–**	**–**	**–**	**–**	**940**	**0.5**
Others	**(161)**	**(0.1)**	**(197)**	**(2.1)**	**–**	**–**	**(358)**	**(0.2)**
Tax charge/(credit) at the Group's effective rate	**43,255**	**24.6**	**2,462**	**26.6**	**(160)**	**30**	**45,557**	**24.7**

6. INCOME TAX (CONTINUED)

(b) (Continued)

2014

	Mainland China		Australia		Total	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Profit before tax	138,934	–	624	–	139,558	–
Tax at the statutory tax rate	34,734	25	187	30	34,921	25
Preferential income tax rate applicable to subsidiaries	(52)	–	–	–	(52)	–
Adjustments in respect of current tax of previous periods	5	–	(367)	(59)	(362)	(0.2)
Expenses not deductible for tax	33	–	–	–	33	–
Tax losses not recognized	173	0.1	–	–	173	0.1
Others	(3,025)	(2.2)	–	–	(3,025)	(2.2)
Tax charged at the Group's effective rate	31,868	22.9	(180)	(29)	31,688	22.7

7. DIVIDENDS

	2015	2014
	RMB'000	*RMB'000*
Dividend approved and paid	**99,994**	–

Pursuant to the annual general meeting on 19 May 2015, the Company declared dividend of RMB6.05 cents (2014: Nil) per share, totalling RMB50,722,200 (2014: Nil) and a special dividend of RMB5.88 cents (2014: Nil) per share, totalling RMB49,271,800 (2014: Nil), which was paid in June 2015.

The Directors proposed a final dividend of RMB6.75 cents (2014: RMB6.05 cents) per share, totalling RMB56,547,600 (2014: RMB50,722,200) for the year ended 31 December 2015 and a special dividend of RMB7.57 cents (2014: RMB5.88 cents) per share, totalling RMB63,452,400 (2014: RMB49,271,800) after the end of the reporting period, subject to the approval of the shareholders of the Company at the forthcoming annual general meeting. The final dividend has not been recognised as liabilities at the end of the reporting period.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 838,169,000 (2014: 826,271,485) in issue during the year, as adjusted to reflect the rights issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2014 and 2015.

The calculations of basic earnings per share are based on:

	2015 RMB'000	2014 RMB'000
Earnings		
Earnings for the purpose of basic earnings per share calculation	**136,233**	107,873

	2015	2014
Shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share calculation	**838,169,000**	826,271,485

9. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2015							
At 1 January 2015:							
Cost	25,513	3,884	4,653	3,593	4,218	218	42,079
Accumulated depreciation	(8,767)	(1,810)	(4,381)	(2,057)	(3,327)	–	(20,342)
Net carrying amount	16,746	2,074	272	1,536	891	218	21,737
At 1 January 2015, net of accumulated depreciation	16,746	2,074	272	1,536	891	218	21,737
Additions	–	1,135	1,529	2,287	2,112	10,239	17,302
Acquisition of a subsidiary	–	1	3,656	338	3	–	3,998
Depreciation provided during the year	(1,179)	(1,472)	(1,259)	(869)	(695)	–	(5,474)
Disposals	(437)	–	–	(54)	–	–	(491)
Exchange realignment	–	29	2	19	27	–	77
At 31 December 2015, net of accumulated depreciation	15,130	1,767	4,200	3,257	2,338	10,457	37,149
At 31 December 2015:							
Cost	24,564	5,018	9,837	8,489	6,451	10,457	64,816
Accumulated depreciation	(9,434)	(3,251)	(5,637)	(5,232)	(4,113)	–	(27,667)
Net carrying amount	15,130	1,767	4,200	3,257	2,338	10,457	37,149

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings *RMB'000*	Leasehold improvements *RMB'000*	Plant and machinery *RMB'000*	Furniture and fixtures *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
31 December 2014							
At 1 January 2014:							
Cost or valuation	25,513	2,526	4,513	2,779	4,058	151	39,540
Accumulated depreciation	(7,585)	(1,235)	(4,213)	(1,658)	(3,079)	–	(17,770)
Net carrying amount	17,928	1,291	300	1,121	979	151	21,770
At 1 January 2014, net of accumulated depreciation	17,928	1,291	300	1,121	979	151	21,770
Additions	–	1,358	140	846	409	67	2,820
Depreciation provided during the year	(1,182)	(575)	(168)	(422)	(384)	–	(2,731)
Disposals	–	–	–	(1)	(2)	–	(3)
Exchange realignment	–	–	–	(8)	(111)	–	(119)
At 31 December 2014, net of accumulated depreciation	16,746	2,074	272	1,536	891	218	21,737
At 31 December 2014:							
Cost or valuation	25,513	3,884	4,653	3,593	4,218	218	42,079
Accumulated depreciation	(8,767)	(1,810)	(4,381)	(2,057)	(3,327)	–	(20,342)
Net carrying amount	16,746	2,074	272	1,536	891	218	21,737

10. GOODWILL

	2015
	RMB'000
Cost at 1 January 2015	**–**
Acquisition of a subsidiary	**53,889**
Exchange realignment	**207**
Cost and net carrying amount at 31 December 2015	**54,096**

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to Good Health Products Limited ("**GHP**") products cash-generating unit for impairment testing:

The recoverable amount of the GHP products cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 20.2%. The growth rate used to extrapolate the cash flows of the GHP products unit beyond the five-year period is 2%.

Assumptions were used in the value in use calculation of the GHP products cash-generating units for 31 December 2015. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rates

The discount rates used are before tax and reflect specific risks relating to the relevant units.

11. TRADE RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Trade receivables	**26,714**	1,817
Impairment	**(284)**	–
	26,430	1,817

In general, the entities in the Group other than GHP has no credit period granted to the customers, invoices would be due once they have been issued. The credit period offered by GHP to its customers is generally 30 to 60 days. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

11. TRADE RECEIVABLES (CONTINUED)

The ageing analysis of trade receivables (net of impairment losses) as of the end of each reporting period, based on the invoice date and net of provision, is as follows:

	2015	2014
	RMB'000	*RMB'000*
Within 1 month	**24,500**	1,387
Over 1 month but within 3 months	**1,547**	373
Over 3 months but within 1 year	**380**	57
Over 1 year	**3**	–
	26,430	1,817

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

	2015	2014
	RMB'000	*RMB'000*
At beginning of the year	**–**	–
Impairment losses recognized	**284**	–
	284	–

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB284,000 (2014: Nil) with a carrying amount before provision of RMB284,000 (2014: Nil).

The ageing analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2015	2014
	RMB'000	*RMB'000*
Neither past due nor impaired	**17,679**	1,147
Less than 1 month past due	**6,821**	612
1–3 months past due	**1,547**	34
Over 3 months past due	**383**	24
	26,430	1,817

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. 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.

12. TRADE PAYABLES

The ageing analysis of trade payables as of the end of each reporting period, based on the invoice date is as follows:

	2015	2014
	RMB'000	*RMB'000*
Within 1 month	**9,726**	1,106
Over 1 month but within 3 months	**1,158**	674
Over 3 months but within 1 year	**1,596**	322
Over 1 year	**94**	30
	12,574	2,132

The trade payables are non-interest-bearing and are normally settled on 40-day terms.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Benefiting from the Group's competitive advantages and the fast-growing supplements industry in China, the Group has achieved favourable results in 2015. The Group's revenue increased from RMB252.4 million in 2014 to RMB397.1 million in 2015 and the profit for the Year increased from RMB107.9 million in 2014 to RMB139.0 million in 2015, representing an increase of 57.3% and 28.8% respectively.

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

The Group has achieved strong brand recognition in the target markets and with diversified product mix. The Group has focused on brand building through the Group's retail stores under its Zhongsheng and Cobayer brands, as well as through the distributors and pharmacies for the Good Health brand. As of 31 December 2015, the Group offered 332 products, consisting of 79 Zhongsheng series products, 88 Cobayer series products and 165 Good Health series products. Furthermore, the Group has launched 63 new products, including 22 new Zhongsheng series products, 17 new Cobayer series products and 24 new Good Health series products during the Year.

To achieve fast-growing product development, the Group has adopted a market-oriented research and product development process to meet evolving customer demands and needs. The Group's expenditure on research and development activities in 2015 are mainly for new product developments such as Kanghe Snow Lotus Collagen Powder, Kanghe Instant Lotus Bird's Nest and Kanghe Cordyceps Tablet (Pressed Candy).

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

The Group has a fast-growing retail network and diversified sales platform to serve a broad customer base. The Group has a diversified sales platform with a wide geographic coverage of 27 cities in 14 provinces and centrally administered municipalities in the PRC as of 31 December 2015. The Group's diversified sales platform in the PRC primarily consists of retail stores under the Zhongsheng brand, in the form of 14 specialty stores and 25 regional sales offices; and 43 retail stores under the Cobayer brand. The Zhongsheng retail stores are mainly located in central business districts, well-established residential areas and local transportation centres. Other than the maintenance of the online Cobayer store at http://conbair.tmall.com and Weixin platform, the Group has cooperated with Alibaba, Tmall International, JD.com, Suning and other cross-border e-commerce platforms during the Year.

FINANCIAL REVIEW

Results

The revenue of the Group in 2015 was RMB397.1 million, representing an increase of approximately 57.3% from RMB252.4 million in 2014. Profit for the Year increased by approximately 28.8% to RMB139.0 million in 2015 from RMB107.9 million in 2014. The Company's basic earnings per share was RMB16 cents (2014: RMB13 cents) based on the weighted average number of 838.2 million (2014: 826.3 million) shares in issue during the Year. The increase in financial results in 2015 was mainly attributable to the acquisition of a well-known nutritional supplements manufacturer and distributor, namely GHP, and the rapid sales of Zhongsheng series products in 2015.

Revenue

The revenue of the Group increased by approximately 57.3% from RMB252.4 million in 2014 to RMB397.1 million in 2015. Sales of Zhongsheng series products increased by approximately 41.2% from RMB174.3 million in 2014 to RMB246.1 million in 2015, which was primarily due to the continuous growth in the sales of newly launched Zhongsheng series products such as Kanghe Snow Lotus Collagen Powder, Kanghe Snow Lotus Bird's Nest, Kanghe Snow Lotus Tablet (Pressed Candy), Kanghe Cordyceps Militaris Tablet (Pressed Candy) and Kanghe Barley Seedling Green Juice Drink during the Year. The newly launched products are well received by consumers and encouraging sales volume, which contributes to increase in revenue. Sales of Good Health series products was RMB77.7 million in 2015, representing 19.6% of Group's revenue. Sales of Cobayer series products decreased by approximately 5.7% from RMB76.9 million in 2014 to RMB72.5 million in 2015, which was primarily because advertising and promotion activities were focused on Zhongsheng series products and Good Health series products during the Year.

Gross profit

The Group's gross profit increased from RMB229.4 million in 2014 to RMB319.9 million in 2015. The Group's average gross profit margin decreased from approximately 90.9% in 2014 to approximately 80.6% in 2015. Such decrease in gross profit margin was mainly due to the gross profit margin of the newly acquired Good Health series products, which was approximately 42.0%. Hence, the Group's gross profit margin decreased accordingly.

Other income and gains

The Group's other income and gains mainly included interest income from bank deposits and financial products purchased from banks, government grants and gain on disposal of a subsidiary. The amount decreased from RMB15.8 million in 2014 to RMB15.0 million in 2015, representing a decrease of approximately 5.1%.

Selling and distribution expenses

The Group's selling and distribution expenses increased by approximately 43.2% from RMB62.9 million in 2014 to RMB90.1 million in 2015, representing approximately 24.9% in 2014 and 22.7% in 2015 of the Group's revenue. Such increase was primarily due to the increase in staff costs of 50.0% from RMB33.4 million in 2014 to RMB50.1 million in 2015 and the increase in outlet rental and related lease expenses of 12.7% from RMB15.0 million in 2014 to RMB16.9 million in 2015, as a result of incremental commission paid to sales staff with good performance during the Year.

Administrative expenses

The Group's administrative expenses increased by approximately 53.7% from RMB38.7 million in 2014 to RMB59.5 million in 2015, representing approximately 15.3% in 2014 and 15.0% in 2015 of the Group's revenue. Such increase was primarily due to the increase in staff costs from RMB14.6 million to RMB25.3 million, the increase in professional fee from RMB6.2 million to RMB8.4 million, the increase in daily administration fee from RMB1.9 million to RMB3.9 million and the increase in research and development cost from RMB0.8 million to RMB2.5 million.

Taxation

Income tax expense increased by approximately 43.8% from RMB31.7 million in 2014 to RMB45.6 million in 2015 primarily due to the increase in profit before taxation and the effective tax rates of the New Zealand's subsidiaries was approximately 28%. The Group's effective tax rates in 2014 and 2015 were approximately 22.7% and 24.7% respectively.

Profit for the Year

As a result of the foregoing, the Group's profit for the Year increased from RMB107.9 million in 2014 to RMB139.0 million in 2015. The increase was due to the increase in revenue from RMB252.4 million in 2014 to RMB397.1 million in 2015.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow

In 2015, cash and cash equivalents of the Group decreased by RMB17.7 million, which was comprised of the net cash flows generated from operating activities with the amount of RMB104.7 million, net cash flows used in investment activities with the amount of RMB59.2 million, net cash flows used in financing activities with the amount of RMB63.1 million, while RMB0.1 million was the net effect of foreign exchange rate changes.

Inventories

The Group's inventories increased to RMB70.0 million (2014: RMB17.6 million) as at 31 December 2015 primarily due to the increase in inventory level of Good Health series products for implementation of strong promotion strategy. The Group's inventories comprise raw materials, work in progress, finished goods and goods merchandise. During the Year, inventory turnover was approximately 204 days (2014: 192 days). The longer inventory turnover period during the Year was primarily the result of an increase in inventory at the year end.

Trade receivables

The Group's trade receivables amounted to RMB26.4 million (2014: RMB1.8 million) as at 31 December 2015 primary due to the newly acquired GHP, whose sales are mainly through distributors with credit term ranged from 30 days to 60 days.

Trade payables

The Group's trade payables amounted to RMB12.6 million (2014: RMB2.1 million) as at 31 December 2015. Turnover days for trade payables increased to 34 days (2014: 21 days), which reflects stable settlement with suppliers.

Foreign exchange exposure

As the Group conducts business inbound transactions principally in Renminbi and outbound transactions principally in New Zealand Dollar and Australian Dollar, the management considered the exchange rate risk at the Group's operational level is not significant. Accordingly, the Group had not used any financial instruments for hedging purposes as at 31 December 2015.

Borrowings and pledge of assets

The Group had no outstanding bank borrowings and pledge of assets as of 31 December 2014 and 2015.

Capital expenditure

The Group invested approximately RMB17.9 million in 2015 (2014: RMB2.8 million) for purchase of property, plant and equipment.

Capital commitments and contingent liabilities

As at 31 December 2015, the Group had commitments for acquisition of property, plant and equipment of approximately RMB44.9 million (2014: RMB1.0 million). The Group had no material contingent liabilities as at 31 December 2015 (2014: nil). Apart from above, on 17 December 2015, the Company entered into an agreement to acquire 100% equity interest of Shanghai Hejian Nutritional Food Products Company Limited (上海禾健營養食品股份有限公司) (the "**Target Company**") by issuing 62,717,770 shares of the Company. As at the date of this announcement, the acquisition transaction was pending for the approval of the shareholders and has not yet been completed.

USE OF NET PROCEEDS FROM LISTING

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

As at 31 December 2015, (i) the Net Proceeds of approximately RMB72.0 million has been used on the acquisition of GHP, a company incorporated in New Zealand with limited liability; (ii) the Net Proceeds of approximately RMB11.2 million has been used to build a research and development and testing center; (iii) the Net Proceeds of approximately RMB7.5 million has been used on the marketing and promotional activities; (iv) the Net Proceeds of approximately RMB6.0 million has been used to expand the sales network and expand into new regions; (v) the Net Proceeds of approximately RMB28.5 million has been used for working capital; and the remaining of the Net Proceeds of approximately RMB211.2 million has been deposited into banks, which are intended to be applied in accordance with the proposed application set out in the section headed "Future Plans and Use of Proceeds" of the prospectus of the Company dated 31 December 2013.

OUTLOOK

With reference to the economic research data published by the Department of Commerce in the United States, the health-related industry is the fifth largest industry in the United States, which is only ranked behind the manufacturing industry, servicing industry, financial and insurance service industry and real estate industry. Besides, the health service industry is the fastest growing industry in the United States in recent decade. It is expected that the turnover for the health-related industry in China could reach above RMB8 trillion by 2020. Great health means great citizen's livelihood, great wealth, great industry and great opportunity.

The Company has grasped the opportunity and the growth trend of the health-related industry with a great enhancement in relation to consolidation of resources and obtained stable growth over the past year.

The Group has newly acquired a new brand, namely Good Health, which is one of the leading health products brands in New Zealand. Over the six-month cooperation and communication, the Group and GHP mutually understood each other. It has developed new marketing plans for the PRC market and Australian market as a result of performing detailed product and marketing research and analysis. In 2016, the new marketing plan will be used for introducing the products to PRC markets, enhancing the cross-border sales in the e-commerce platforms and diversifying the products in the Australian market.

In 2016, by combining the competitive strength of Target Company and the Group, it undoubtedly will lead to a brilliant future of both companies.

The Group has maintained a rapid growth rate and the optimal development for its products in the past year. It has enhanced its competitive strengths in different areas of PRC market, including the human resources, marketing, management and product. In 2016, it would continue to focus on development and launch of new products, introducing new ingredients and functions, analysis and research on the Australian market. It will then have more understanding and confidence in the health products in the international market.

The Group bores in mind "to have business partnership, no business competitor" in the past year. It has actively promoted the health food business and have shared its resources to cooperate with different business partners. It has also commenced to cooperate with different distributors.

The Group's factory has obtained a high-technology enterprise award at province level which can enhance its image. In addition, the local government is pleased about the growth of its business and the tax contributions from the Group.

The Group will continue to increase the project-based competitions between different levels in order to enhance the participation and contributions of new generations who were born after 1985 or 1990. It can establish a diversified supporting manpower for the continuing development of the Group.

In 2016, the Group would grip the opportunity to develop the Australian market and to promote the "Good Health" as well as expand its health food business in PRC market in order to improve the health conditions of people.

HUMAN RESOURCES MANAGEMENT

Quality and dedicated staff are indispensable assets to the Group's success in the competitive market. By providing comprehensive training and corporate culture education periodically, the employees are able to obtain on-going training and development in the nutritional supplements industry. Furthermore, the Group offers competitive remuneration packages commensurated with industry practice and provides various fringe benefits to all employees. The Group reviews its human resources and remuneration policies periodically to ensure they are in line with market practice and regulatory requirements. As at 31 December 2015, the Group employed a work force of 822. The total salaries and related costs for the year ended 31 December 2015 amounted to approximately RMB76.7 million (2014: RMB51.6 million).

MATERIAL ACQUISITION OF SUBSIDIARIES

On 17 December 2015, Ms. Zhou Li, Mr. Zhou Dong, Shanghai Jiahanyin Investment Company Limited (上海甲翰寅投資有限公司), Shanghai Zhongwei Chuangye Investment Centre Partnership* (上海中衛創業投資中心(有限合夥)), Shanghai Baojiehui Chuangye Investment Partnership Limited* (上海寶捷會創業投資合夥企業(有限合夥)) ("**Baojiehui Partnership**") (collectively, the "**Vendors**"), the Target Company and the Company 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. On 22 January 2016, the Company, the Target Company and the Vendors entered into a supplemental acquisition agreement to the acquisition agreement dated 17 December 2015, pursuant to which the parties have conditionally agreed to complete the following transactions: (i) the Target Company will apply for delisting of its shares from the National Equities Exchange and Quotations System (commonly known as "**PRC New Third Board**"); (ii) the Target Company will convert from a joint stock limited liability company to a limited liability company; (iii) the Company will acquire 100% equity interest 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.

The Target Company is a company established in the PRC and mainly engaged in the sale of dietary supplements through online platform and its products are sold through its online platform to the customers. The sales models of the Target Company are in line with and complementary to the Group's business expansion strategy.

Details of the abovementioned acquisition were set out in the announcements of the Company dated 17 December 2015 and 22 January 2016 and the circular of the Company dated 26 February 2016. The extraordinary general meeting, class meeting for holders of H shares and class meeting for holders of domestic shares of the Company will be convened on 15 April 2016 to consider and, if thought fit, to approve, among other matters, the transactions contemplated under the acquisition agreement.

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

The H shares of the Company were listed on the Stock Exchange on the date of Listing. Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

The Company has made specific enquiry with the Directors and all the Directors confirmed that they have complied with the Model Code during 2015.

CODE OF CORPORATE GOVERNANCE PRACTICE

In the opinion of the Directors, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during 2015.

NON-COMPETITION UNDERTAKINGS

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

AUDIT COMMITTEE

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

FINAL DIVIDEND AND SPECIAL DIVIDEND

The final dividend for the year ended 31 December 2015 and special dividend as proposed by the Board, inclusive of tax, amounted to RMB6.75 cents per share (2014: RMB6.05 cents) and RMB7.57 cents per share (2014: RMB5.88 cents) respectively, and are subject to the approval of the Company's shareholders at the forthcoming annual general meeting (the "**AGM**"). The proposed dividends will be payable on Monday, 11 July 2016 to the shareholders whose names appear on the register of members of the Company on Friday, 17 June 2016.

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

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

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

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

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

ANNUAL GENERAL MEETING

The AGM of the Company will be convened on Monday, 6 June 2016. A notice convening the AGM will be published and despatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

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

(a) For the purpose of determining shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Saturday, 7 May 2016 to Monday, 6 June 2016, both days inclusive, during which no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the AGM or any adjournment thereof, shareholders of the Company's H shares must lodge their share certificates and all the relevant instruments of transfer for registration with the Company's H Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on Friday, 6 May 2016.

(b) For the purpose of determining the entitlement to the proposed final dividend and special dividend (subject to the approval of the shareholders at the AGM), the register of members of the Company will be closed from Saturday, 11 June 2016 to Friday, 17 June 2016, both days inclusive, during which no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend and the special dividend, all transfer of H shares accompanied by the relevant share certificates must be lodged with the Company's H Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday 10 June 2016.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

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

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

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

As of the date of this announcement, the executive Directors are Mr. Gui Pinghu, Ms. Zhang Yuan, Ms. Xu Li and Ms. Zhu Feifei; the non-executive Director is Mr. Xu Chuntao; and the independent non-executive Directors are Mr. Jiang Fuxin, Ms. Feng Qing and Mr. Vincent Cheng.