

CORPORATE INFORMATION

DIRECTORS

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 ()

AUDIT COMMITTEE

Mr. Vincent Cheng () (*Chairman*)
Mr. Jiang Fuxin ()
Ms. Feng Qing ()

REMUNERATION COMMITTEE

Ms. Feng Qing () (*Chairman*)
Mr. Vincent Cheng ()
Ms. Zhu Feifei ()

NOMINATION COMMITTEE

Mr. Jiang Fuxin () (*Chairman*)
Ms. Feng Qing ()
Ms. Xu Li ()

STRATEGY AND DEVELOPMENT COMMITTEE

Mr. Gui Pinghu () (*Chairman*)
Mr. Vincent Cheng ()
Mr. Jiang Fuxin ()

JOINT COMPANY SECRETARIES

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

REGISTERED OFFICE AND HEADQUARTERS

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Jardine House
1 Connaught Place
Hong Kong

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

LEGAL ADVISERS

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

As to PRC law
Grandall (Nanjing) Law Firm
8/F, Building #B
309 Hanzhong Gate Avenue
Nanjing, Jiangsu Province
PRC

H SHARE REGISTRAR

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

PRINCIPAL BANKERS

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

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

AUDITOR

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

STOCK CODE

3332

COMPANY'S WEBSITE

www.zs-united.com

INTERIM REPORT

The board (the “Board”) of directors (the “Directors”) of Nanjing Sinolife United Company Limited (the “Company”) is pleased to announce its unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2017 together with the comparative figures for the corresponding period in 2016 which are as follows:

FINANCIAL HIGHLIGHTS

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t (SPTT QSPGJU JODSFBTFE CZ UP 3.# NJMMJPO

t 1SPGJU GPS UIF QFSJPE JODSFBTFE CZ UP 3.# NJ

t #BTJD FBSOJOHT QFS TIBSF EFDSFBTFE CZ UP 3.# DFO

t 5IF #PBSE EPFT OPU SFDPNNFOE UIF QBZNFOU PG BOZ JOU

of 2016: nil)

PRODUCT INFORMATION

Kanghe Snow Lotus



Coenzyme Q₁₀
Tablet/Capsules



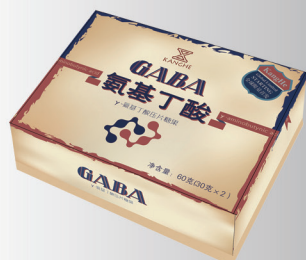
Linolenic Acid
Soft Capsules



Zhongsheng Branded
Antler Ginseng Capsules



Y-GABA



PRODUCT INFORMATION

Milk Powder Products



Omega-3 Soft Capsules



Algae DHA Oil



ACAI Capsules



PRODUCT INFORMATION



MANAGEMENT DISCUSSION AND ANALYSIS

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in 2017. The significant increase in the Group's revenue was mainly attributable to the increase in revenue of Good Health brand and Hejian brand. Due to the further integration strategies of "Zhongsheng" and "Hejian" brands and the increase in the Group's promotion expenses in the first half of 2017, the profit for the period remained about flat as compared with same period of previous year.

In 2017, the Group continued focusing on and applying its brand strategies of multi-channel marketing and diverse product portfolios, deeply cultivating in the global health industry centered in China and New Zealand. We operate business mainly through combining retail shops under Zhongsheng and Cobayer brands and the online model of Hejian brand internally, and the mutual penetration of distributors under Good Health brand, chain pharmacies and travel channels externally. We also conducted continual brand building and marketing by opening flagship stores at major e-commerce platforms at home and abroad and cooperating with large and medium TV shopping platforms at home. As of 30 June 2017, the Group sold an B H H S P I G B E Y J T Q S I O E H O U F T S P E X D J U D T O D M V ; E I P E H T T F O H S P E V S B T Z F F S S J F T products, 348 Good Health series products, 94 Hejian series products and 120 Living Nature series products.

The Group adopted a market-oriented research and product development strategy in 2017 to meet evolving customer demands and needs while achieving rapid growth. Expenses in relation to the Group's research and development activities in 2017 were mainly generated from new product development. The Group launched a total of 13 new products during the first half of 2017, including 2 Zhongsheng series products, 3 Hejian series products, 6 Good Health series products and 2 Living Nature series products. New products mainly comprised Zhongsheng Acer Truncatum Seed Oil Tablets (Pressed Candy), Zhongsheng Chitosan Oligosaccharide (Pressed Candy), Hejian L-Arabinose (Pressed Candy), Hejian Maitake D Fraction (Pressed Candy), Good Health Viralex Kids Chews and Good Health Pregnancy DHA.

The Group puts more efforts in brand promotion in 2017 by conducting continual brand promotion and marketing at home and abroad via various channels. Such marketing activities include domestically (i) acting as title-sponsor of the "2017 Online Celebrity Contest on Dream Star Project" (2017) ; (ii) participation in trade fairs such as the Twenty-first China International Nutritional Health Services Expo 2017 (2017) and the Fifth Imported Food Conference () ; (iii) cooperating with domestic TV media to conduct TV shopping; and (iv) newspapers and media advertising, print advertising in shopping malls and internet advertising; and externally, (i) advertising on mainstream TV station in New Zealand; (ii) acting as sponsor of sports event such as Northern Mystics, a famous handball team in Auckland; and (iii) advertising on outdoor media, magazines and internet in Australia.

The Group has a fast-growing retail network and diversified sales platform to serve a broad customer base. Currently, the major selling channels of the Group cover brand retail stores, online marketing centre, cross-border e-commerce, TV shopping, overseas large-scale chain pharmacies, health goods supermarkets, tourist shops and distributors.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit

The Group's gross profit increased from RMB131.2 million in the first half of 2016 to RMB167.8 million in the first half of 2017.

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decrease in gross profit margin was mainly due to the increased portion of the Group's total revenue generated from Good Health series products and the majority of the sales of Good Health series products through different distribution channels such as pharmacies and supermarkets generated a relatively low gross profit.

Other income and other expenditure

The Group's other income, mainly comprising interest income from the bank deposit and financial products purchased from banks as well as government grants, decreased from RMB6.8 million in the first half of 2016 to RMB3.0 million in the first half of 2017, which was mainly due to (i) decrease in interest income from the bank deposits and financial products; and (ii) decrease in government grants.

Selling and distribution expenses

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respectively. Such increase was primarily due to the increase in advertising and promotional expenses from RMB9.6 million in the first half of 2016 to RMB23.8 million in the first half of 2017.

Administrative expenses

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Such increase was primarily due to the increase in staff costs from RMB16.3 million to RMB21.4 million.

Income tax expenses

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the first half of 2017, which shows no material change. The Group's effective tax rates in the first half of 2016 and the first
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Profit for the period

As a result of the foregoing, the Group's profit for the period increased from RMB40.3 million in the first half of 2016 to

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increase in sales of Good Health series products in the first half of 2017 partially being offset by the decrease in sales of Zhongsheng series products arising from the branding integrations of Zhongsheng and Hejian products; (ii) the significant increase in the marketing and promoting expenses arising from continuous increase in promotional activities for our brands during the period.

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MANAGEMENT DISCUSSION AND ANALYSIS

Capital expenditure

The Group invested approximately RMB11.8 million in the first half of 2017 (First half of 2016: RMB10.1 million) for building R&D centre, plant and equipment.

Capital commitments and contingent liabilities

As at 30 June 2017, the Group's capital commitments were approximately RMB26.7 million (As at 31 December 2016: RMB26.0 million), all of which were commitments for building R&D centre, plant and equipment. The Group had no material contingent liabilities as at 30 June 2017 (As at 31 December 2016: nil).

OUTLOOK

For the second half of 2017, the Group will continue to adopt a branding-focused directly-owned specialty store and online platform business model and integrate with the newly acquired business to attract majority of existing consumers and potential consumers, and provide customers with health solutions.

The Group will continue to seize every opportunity to be the leading nutritional supplement provider in the market. From the beginning of 2017 to the date of this report, 2 new Zhongsheng series products, 6 new Good Health series products and 3 new Hejian series products have been launched to the markets, such as Zhongsheng Acer Truncatum Seed Oil Tablets (Pressed Candy), Hejian Maitake D Fraction (Pressed Candy), Good Health Viralex Kids Chews, Good Health Pregnancy DHA and so on.

The Board and the Chairman have confidence in the future development of the Group. Having a positive and pragmatic attitude towards the business development by the expansion of sales channels, the Group endeavours to strengthen national sales coverage, unswervingly implement the strategy to attract outstanding talents, expand professional management team and marketing team, build professional business management ideas and models. Barring unforeseen circumstances, the Group is optimistic about its performance in the second half of 2017.

HUMAN RESOURCES MANAGEMENT

Quality and dedicated staff is indispensable asset to the Group's success in the competitive market. By providing comprehensive training and corporate culture education periodically, our employees are able to obtain ongoing training and development in the nutritional supplements industry. Furthermore, the Group offers competitive remuneration packages commensurate with industry practice and provides various fringe benefits to all employees. The Group reviews its human resources and remuneration policies periodically to ensure that they are in line with market practice and regulatory

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Group, 262 employees of Shanghai Hejian Nutritional Food Products Company Limited ("Hejian"), 116 employees of GHP and
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T J Y N P O U I T F O E F E + V O F B N P V O U F E U P B Q Q S P Y J N B U F M Z 3

OTHER INFORMATION

As at 30 June 2017, the interests and short positions of the Directors, supervisors and chief executives of the Company in the share capital and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (SFO) and Chapter 10 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to 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 on the Stock Exchange ("Listing Rules"), are set out below:

Name	Capacity	Nature of interest	Class of share of the Company	Number of shares held as at 30 June 2017 ⁽¹⁾	Approximate shareholding percentage in the relevant class of shares ⁽³⁾	Approximate shareholding percentage in the total share capital ⁽⁴⁾
Mr. Gui Pinghu ("Mr. Gui") ⁽²⁾	Director	Beneficial owner	Domestic Shares		-	
		Interest of spouse	Domestic Shares		-	
Ms. Zhang Yuan	Director	Beneficial owner	Domestic Shares		-	
		Beneficial owner	H Shares	218,000 (L)		
Ms. Xu Li	Director	Beneficial owner	Domestic Shares		-	
Ms. Zhu Feifei	Director	Beneficial owner	Domestic Shares		-	
Ms. Yu Min	Supervisor	Beneficial owner	Domestic Shares		-	
Ms. Wu Xuemei	Supervisor	Beneficial owner	Domestic Shares		-	

Notes:

- (1) The letter "L" denotes the person's long position in such securities.
- (2) Mr. Gui is the spouse of Ms. Wu Yanmei. Under the SFO, Mr. Gui was deemed to be interested in the same number of shares in which Ms. Wu Yanmei was interested.
- (3) The percentages are calculated based on the total issued shares of the Company of 946,298,370, being the total number of issued shares of the Company pursuant to the exercise of the over-allotment option set out in the announcement of the Company dated 29 January 2014; (ii) the new 62,717,770 domestic shares of the Company issued and allotted on 14 June 2016 pursuant to the acquisition agreement between the Company and the relevant parties; (iii) the new 272,469,600 H shares of the Company issued and allotted on 22 December 2016 pursuant to the subscription agreement set out in the announcement of the Company dated 13 December 2016.
- (4) As at 30 June 2017, the number of issued domestic shares and H shares of the Company was 673,828,770 and 272,469,600 respectively.

Save as disclosed above, as at 30 June 2017, none of the Directors, supervisors and chief executives of the Company, or any of their spouses, or children under 18 years of age, has any interests or short positions in the shares and underlying shares of the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

Save as disclosed under the section headed "Directors', Supervisors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares", at no time in the first half of 2017 was the Company or any of its subsidiaries or fellow subsidiaries a party to any arrangements which enable the Directors and supervisors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors and supervisors, or any of their spouses or children under 18 years of age was granted any right to subscribe for the equity or debt securities of the Company or any other body corporate nor had exercised any such right.

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

"THE FOLLOWING TABLE SETS OUT THE SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARE CAPITAL OF THE COMPANY (OTHER THAN DIRECTORS AND SUPERVISORS OF THE COMPANY), AS RECORDED IN THE REGISTER REQUIRED TO BE KEPT BY THE COMPANY UNDER SECTION 336 OF THE SFO ARE SET OUT BELOW:

Shareholders	Nature of interest	Class of share of the Company	Number of shares held as at 30 June 2017 ⁽¹⁾	Approximate shareholding percentage in the relevant class of share capital ⁽⁴⁾	Approximate shareholding percentage in the total share capital ⁽³⁾
Ms. Wu Yanmei ⁽²⁾	Beneficial owner	Domestic Shares		-	
	Interest of spouse	Domestic Shares		-	
Ms. Zhou Li	Beneficial owner	Domestic Shares	44,084,321 (L)		
Mr. Cheng Xiaowei ⁽⁶⁾	Interest of spouse	Domestic Shares	44,084,321 (L)		
Mr. Ji Changqun	Interest of controlled corporation	H Shares	⁽⁷⁾	-	
Magnolia Wealth International Limited	Interest of controlled corporation	H Shares	⁽⁷⁾	-	
Fullshare Holdings Limited	Interest of controlled corporation	H Shares	⁽⁷⁾	-	
Five Seasons XVII Limited	Interest of controlled corporation	H Shares	⁽⁷⁾	-	
Five Seasons XIV Limited	Beneficial owner	H Shares	⁽⁷⁾	-	
Shanghai Fosun Capital Equity Investment Fund Partnership Enterprise (LP)	Beneficial owner	Domestic Shares	61,111,000 (L) ⁽⁸⁾		
Shanghai Fosun Capital Investment Management Co., Ltd.	Interest of controlled corporation	Domestic Shares	61,111,000 (L) ⁽⁸⁾		

OTHER INFORMATION

Shanghai Fosun Industrial Investment Co., Ltd.	Interest of controlled corporation	Domestic Shares	61,111,000 (L) ⁽⁸⁾
Shanghai Fosun High Technology (Group) Co., Ltd.	Interest of controlled corporation	Domestic Shares	61,111,000 (L) ⁽⁸⁾
Fosun International Limited	Interest of controlled corporation	Domestic Shares	61,111,000 (L) ⁽⁸⁾
Fosun Holdings Limited	Interest of controlled corporation	Domestic Shares	61,111,000 (L) ⁽⁸⁾
Fosun International Holdings Ltd.	Interest of controlled corporation	Domestic Shares	61,111,000 (L) ⁽⁸⁾
Mr. Guo Guangchang	Interest of controlled corporation	Domestic Shares	61,111,000 (L) ⁽⁸⁾
Mr. Chen Xuelin	Beneficial owner	H Shares	-
First Beijing Investment (Cayman) Limited	Investment manager	H Shares	(9) -
First Manhattan Co.	Investment manager	H Shares	(9) -
First Manhattan LLC	Interest of controlled corporation	H Shares	(9) -

Notes:

- (1) The letter "L" represents long position in such securities.
- (2) Ms. Wu Yanmei is the spouse of Mr. Gui. Under the SFO, Ms. Wu Yanmei was deemed to be interested in the same number of shares in which Mr. Gui was interested.
- (3) The percentages are calculated based on the total issued shares of the Company of 946,298,370, being the total number of issued T I B S P N Q B U F H S M P C G B G M B S I E C H J J O B H D P W O C V S U I I F S I G T J T T B D E M M C U F F E Company pursuant to the exercise of the over-allotment option set out in the announcement of the Company dated 29 January 2014; (ii) the new 62,717,770 domestic shares of the Company issued and allotted on 14 June 2016 pursuant to the acquisition agreement T F P U V J U W I D J S P G M S B S N Q B D U F ' E F C S V B S B Z O E J U I O F X) T I B S P N Q B T O T Z B D E allotted on 22 December 2016 pursuant to the subscription agreement set out in the announcement of the Company dated 13 December 2016.

OTHER INFORMATION

- (4) As at 30 June 2017, the number of issued domestic shares and H shares of the Company was 673,828,770 and 272,469,600 respectively.

On 14 June 2016, Shanghai Baojiahui Chuangye (Shanghai Baojiahui Chuangye), Shanghai Baojiahui Chuangye (Shanghai Baojiahui Chuangye), Hejian and the Company entered into an acquisition agreement (as supplemented by supplemental acquisition agreement dated 22 January 2016), pursuant to which the Company has conditionally agreed, amongst other things, to issue and allot 44,084,321 domestic shares of the Company to Ms. Zhou Li, as a part of the consideration of the acquisition of Hejian. The allotment was completed on 14 June 2016.

- (6) Mr. Cheng Xiaowei is the spouse of Ms. Zhou Li. Under the SFO, Mr. Cheng Xiaowei was deemed to be interested in the same number of shares in which Ms. Zhou Li was interested.

- (7) On 13 December 2016, the Company and Five Seasons XIV Limited entered into a subscription agreement, pursuant to which Five Seasons XIV Limited was wholly owned by Five Seasons XVII Limited, which was wholly owned by Fullshare Holdings Limited.

Five Seasons XVII Limited was wholly owned by Fullshare Holdings Limited, which was wholly owned by Fullshare Holdings Limited. Mr. Ji Changqun was the sole shareholder of Fullshare Holdings Limited.

Accordingly, Five Seasons XVII Limited, Fullshare Holdings Limited, Magnolia Wealth International Limited and Mr. Ji Changqun were deemed to be interested in the same number of shares in which Ms. Zhou Li was interested.

- (8) These 61,111,000 domestic shares of the Company were held by Shanghai Fosun Capital Equity Investment Fund Partnership (Shanghai Fosun Capital Equity Investment Fund Partnership). Shanghai Fosun Capital Equity Investment Fund Partnership is the general partner of Shanghai Fosun Capital Equity Investment Fund Partnership (Shanghai Fosun Capital Equity Investment Fund Partnership). Shanghai Fosun Capital Equity Investment Fund Partnership is the general partner of Shanghai Fosun Capital Equity Investment Fund Partnership (Shanghai Fosun Capital Equity Investment Fund Partnership).

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

Shanghai Fosun Capital Equity Investment Fund Partnership is the general partner of Shanghai Fosun Capital Equity Investment Fund Partnership (Shanghai Fosun Capital Equity Investment Fund Partnership). Shanghai Fosun Capital Equity Investment Fund Partnership is the general partner of Shanghai Fosun Capital Equity Investment Fund Partnership (Shanghai Fosun Capital Equity Investment Fund Partnership).

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

OTHER INFORMATION

The publication of the Company's 2016 annual report is set out below:

The publication of the Company's 2016 annual report is set out below:

High Technology (Group) Co., Ltd.

Save as disclosed above, there is no other change in the Directors' and supervisors' information required to be disclosed

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules on the Stock Exchange as the code of conduct for Directors in their dealings in the Company's securities.

The Company has made specific enquiry with the Directors and all the Directors confirmed that they have complied with the Model Code throughout the six months ended 30 June 2017 and up to the date of this report.

CODE OF CORPORATE GOVERNANCE PRACTICE

The Company's corporate governance practices are based on the principles as set out in the Corporate Governance Code ("CG Code") contained in Appendix 14 to the Listing Rules.

In the opinion of the Directors, the Company has complied with the code provisions of the CG Code throughout the six months ended 30 June 2017 and up to the date of this report.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2017 (First half of 2016: nil).

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

For the six months ended 30 June 2017, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

OTHER INFORMATION

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of the Company's total issued share capital was held by public as at the date of this report.

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") has been established in compliance with Rule 3.21 and Rule 3.22 of the Listing Rules and with written terms of reference in compliance with the CG Code. It consists of three independent non-executive Directors, namely Mr. Jiang Fuxin, Ms. Feng Qing and Mr. Vincent Cheng. Mr. Vincent Cheng serves as the chairman of the Audit Committee. The primary responsibilities of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2017 has also been reviewed by the Audit Committee.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2017

	Notes	2017 RMB 000 (unaudited)	2016 RMB'000 (unaudited)
REVENUE	3, 4		186,809
Cost of sales			
Gross profit			131,174
Other income and gains	4		
Selling and distribution expenses			
Administrative expenses			(32,743)
Other expenses			(881)
Share of profits and losses of a joint venture			328
Profit before tax			
Income tax expense	6		(13,818)
Profit for the period			
Attributable to:			
Equity holders of the parent			37,772
Non-controlling interests			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods, net of tax			
Exchange differences on translation of foreign operations			6,269
Total comprehensive income for the period			46,604
Attributable to:			
Equity holders of the parent			41,912
Non-controlling interests			4,692
Earnings per share:			RMB
— Basic and diluted	8		D F O U T

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2017

	Notes	30 June 2017 RMB 000 (unaudited)	31 December 2016 RMB'000 (audited)
Non-current assets			
Property, plant and equipment			10,710
Prepaid land lease payments			
Goodwill			
Other intangible assets			
Investment in a joint venture			6,304
Deferred tax assets			
Pledged deposit			1,216
Prepaid investment payments			–
Other non-current assets			7,297
Total non-current assets			340,269
Current assets			
Inventories			
Trade receivables	10		39,674
Prepaid land lease payments			247
Prepayments, deposits and other receivables	11		9,996
Other current assets			–
Pledged deposits			367
Cash and cash equivalents	12		
Total current assets			
Total assets			983,664
Current liabilities			
Trade payables	13		
Other payables and accruals	14		
Interest-bearing loans and borrowings			–
Tax payables			18,020
Total current liabilities			84,904
NET CURRENT ASSETS			
TOTAL ASSETS LESS CURRENT LIABILITIES			898,760

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2017

	Notes	30 June 2017 RMB 000 (unaudited)	31 December 2016 RMB'000 (audited)
NON-CURRENT LIABILITIES			
Deferred tax liabilities			17,244
Provision			707
Total non-current liabilities			
NET ASSETS			880,809
Equity attributable to equity holders of the parent			
Share capital	16		94,630
Reserves			
Non-controlling interests			
TOTAL EQUITY			880,809

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2017

	Notes	Attributed to equity holders of the parent						Non-controlling interests	Total equity
		Share capital	Capital reserve	Translation reserve	Surplus reserve	Merger reserve	Retained profits		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017									
Profit for the period									
Exchange difference on translation of foreign operations									
Total comprehensive income for the period									
Dividend declared	7								
At 30 June 2017 (unaudited)									
At 1 January 2016		83,817				(3,871)	188,492		
Profit for the period		-	-	-	-	-	37,772		
Exchange difference on translation of foreign operations		-	-	4,140	-	-	-	2,129	6,269
Total comprehensive income for the period		-	-	4,140	-	-	37,772	4,692	46,604
Issue of shares for the acquisition of a subsidiary		6,272	123,728	-	-	-	-	-	130,000
Dividend declared	7	-	-	-	-	-	(129,007)	-	(129,007)
At 30 June 2016 (unaudited)		90,089	483,803			(3,871)			763,310

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2017

	Notes	2017 RMB 000 (unaudited)	2016 RMB'000 (unaudited)
Net cash used in operating activities			(12,163)
Net cash used in investing activities			
Net cash generated from/(used in) financing activities			(2,629)
Net decrease in cash and cash equivalents			(29,087)
Cash and cash equivalents at beginning of the period			
Effect of exchange rate changes on cash and cash equivalents			1,181
Cash and cash equivalents at end of the period	12		

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2017

1. CORPORATE AND GROUP INFORMATION

The Company was 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 manufacturing and sale of nutritional supplements and health food products in the PRC, Australia and New Zealand.

Information About Subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name	Place of incorporation or establishment and place of operation/or of incorporation and establishment/type of legal entity	Fully paid share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
	The PRC 17 June 2003 Limited liability company	RMB20,000,000	–	–	Manufacture, processing and sale of health food products
	The PRC 26 March 2008 Limited liability company	RMB600,000	–	–	Retailing of health food products
	The PRC 2 April 2008 Limited liability company	RMB600,000	–	–	Retailing of health food products
	The PRC 9 April 2008 Limited liability company	RMB600,000	–	–	Retailing of health food products
	The PRC 10 April 2008 Limited liability company	RMB600,000	–	–	Retailing of health food products
	The PRC 22 April 2008 Limited liability company	RMB600,000	–	–	Retailing of health food products
	The PRC 30 April 2008 Limited liability company	RMB600,000	–	–	Retailing of health food products

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2017

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Name	Place of incorporation or establishment and place of operation/or of incorporation and establishment/type of legal entity	Fully paid share capital/registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Australia Cobayer Health Food Co Pty Ltd.	The PRC 27 June 2008 Limited liability company	RMB600,000		–	Retailing of health food products
	Australia 2 March 2009 Limited liability company	AUD2,000		–	Trading of food products
	The PRC 23 April 2009 Limited liability company	RMB600,000		–	Retailing of health food products
	The PRC 6 April 2011 Limited liability company	3 . #		–	Retailing of health food products
	The PRC 28 April 2011 Limited liability company	RMB100,000		–	Retailing of health food products
	The PRC 23 May 2011 Limited liability company	RMB100,000		–	Retailing of health food products
	The PRC 24 June 2011 Limited liability company	RMB100,000		–	Retailing of health food products
	The PRC 18 November 2013 Limited liability company	3 . #		–	Retailing of health food products
	The PRC 20 August 2014 Limited liability company	RMB10,000		–	Retailing of health food products

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2017

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Name	Place of incorporation or establishment and place of operation/or of incorporation and establishment/type of legal entity	Fully paid share capital/registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
	The PRC 17 July 2014 Limited liability company	RMB10,000		–	Retailing of health food products
	The PRC 30 October 2014 Limited liability company	RMB10,000		–	Retailing of health food products
	fi The PRC 21 October 2014 Limited liability company	RMB120,000,000		–	Investment holding
	The PRC " Q S J M Limited liability company	RMB1,000,000		–	Retailing of health food products
Good Health Products Limited	New Zealand 22 December 1987 Limited liability company	NZD2,200,002	–		Manufacture, processing and sale of health food products
—	Hong Kong . B S D I Limited liability company	HKD1		–	Trading of food products
	The PRC 30 May 2007 Limited liability company	RMB20,000,000		–	Retailing of health food products
	The PRC 30 September 2011 Limited liability company	RMB1,000,000		–	Information technology maintenance services

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2017

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Name	Place of incorporation or establishment and place of operation/or of incorporation and establishment/type of legal entity	Fully paid share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Living Nature Natural Products Limited	New Zealand 1987 Limited liability company	NZD14,784,444	–	–	Manufacture, and sale of cosmetics and skin care products

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interest was owned by Shanghai Weiye.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of Preparation

These unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2017 (the "period") have been prepared in accordance with HKAS 34 *Interim Financial Reporting*.

These unaudited interim condensed consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

These unaudited interim condensed consolidated financial statements do not include all information and disclosures required in the Group's annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2016.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2017

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (CONTINUED)

2.2 New Standards, Interpretations and Amendments Adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of new standards and interpretations effective as of 1 January 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these amendments apply for the first time in 2017, they do not have a material impact on the interim condensed consolidated financial statements of the Group. The nature and the impact of each amendment is described below:

Amendments to HKAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The Group is not required to provide additional disclosures in its condensed interim consolidated financial statements, but will disclose additional information in its annual consolidated financial statements for the year ended 31 December 2017.

Amendments to HKAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrecognised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

The Group applied the amendments retrospectively. However, their application has no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2017

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. For management purposes, the Group operates in one business unit based on its products, and has one reportable segment which is the manufacture and sale of nutritional supplements and the sale of packaged health food products in the PRC, New Zealand and Australia.

(b) Geographical Information

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

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

	30 June 2017 RMB 000 (unaudited)	30 June 2016 RMB'000 (unaudited)
Mainland China		
New Zealand		
Australia		1,687
Others		
		186,809

(c) Non-Current Assets

	30 June 2017 RMB 000 (unaudited)	31 December 2016 RMB'000 (audited)
Mainland China		128,431
New Zealand		29,191
Australia		

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2017

3. OPERATING SEGMENT INFORMATION (CONTINUED)

(d) Information About Major Customers

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4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods 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:

	30 June 2017 RMB 000 (unaudited)	30 June 2016 RMB'000 (unaudited)
Revenue		
Sale of goods		
Rendering of services		1,033
		186,809
Other income and gains		
Bank interest income		
Short-term investment income		160
(P W F S O N F O U H S B O U T		1,890
Other		10

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no unfulfilled conditions or contingencies relating to these grants.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2017

5. PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

	30 June 2017 RMB 000 (unaudited)	30 June 2016 RMB'000 (unaudited)
Cost of inventories sold		
Staff costs		43,387
Amortisation of prepaid land lease payments		123
Amortisation of intangible assets		1,148
Auditor's remuneration		
Depreciation of property, plant and equipment		2,680
Operating lease payments on properties and retail shops		
Research and development expenses		1,263

6. INCOME TAX EXPENSE

The amounts of income tax expense in the condensed consolidated statement of comprehensive income represent:

	30 June 2017 RMB 000 (unaudited)	30 June 2016 RMB'000 (unaudited)
Current		
— PRC		
— New Zealand		
— Australia		—
		17,111
Deferred tax		(3,293)
Income tax expense		13,818

Our income tax expense for the six months ended 30 June 2017 is primarily attributable to the income tax expense on assessable profits as determined in accordance with the relevant income tax rules and regulations of the PRC. New Zealand and Australia have suffered operating loss and no income tax provision was made in both current and comparing period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2017

7. DIVIDEND

Dividend declared by the Company for the six months ended 30 June 2017 and 2016 as disclosed in the condensed consolidated statement of changes in equity were as follows:

	30 June 2017 RMB 000 (unaudited)	30 June 2016 RMB'000 (unaudited)
Dividend approved during the period		129,007

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RMB68,197,128), which has not been paid at the end of the reporting period.

8. EARNINGS PER SHARE

The basic earnings per share for the six months ended 30 June 2017 and 2016 are calculated based on the profit for the period of attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 946,298,370 (2016: 848,621,962) in issue during the year, as adjusted to reflect the rights issue during the year.

	30 June 2017 RMB 000 (unaudited)	30 June 2016 RMB'000 (unaudited)
Earnings		
Earnings for the purpose of basic earnings per share calculation		

	30 June 2017 (unaudited)	30 June 2016 (unaudited)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share calculation		848,621,962

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2017

9. PROPERTY, PLANT AND EQUIPMENT

No impairment losses were recognised in respect of property, plant and equipment for both periods. During the period, additions to property, plant and equipment amounted to RMB11,779,678 (First half of 2016: RMB11,161,469) excluding property, plant and equipment acquired through a business combination (see Note 20).

10. TRADE RECEIVABLES

	30 June 2017 RMB 000 (unaudited)	31 December 2016 RMB'000 (audited)
Trade receivables		
Impairment		
		39,674

In general, the entities in the Group has no credit period granted to the retail customers, and invoices would be due once they have been issued. The credit period offered by the Group to its distributors is generally 30 to 90 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.

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 provisions, is as follows:

	30 June 2017 RMB 000 (unaudited)	31 December 2016 RMB'000 (audited)
Within 1 month		26,840
Over 1 month but within 3 months		
Over 3 months but within 1 year		1,376
Over 1 year		304
		39,674

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2017

10. TRADE RECEIVABLES (CONTINUED)

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

	30 June 2017 RMB 000 (unaudited)	31 December 2016 RMB'000 (audited)
At beginning of the period		284
Impairment losses recognised		297

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB 297,000 at 31 December 2016 and RMB 297,000 at 30 June 2017.

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

	30 June 2017 RMB 000 (unaudited)	31 December 2016 RMB'000 (audited)
Neither past due nor impaired		32,836
Less than 1 month past due		
1 to 3 months past due		
Over 3 months past due		829
		39,674

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 of the Company 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2017

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2017 RMB 000 (unaudited)	31 December 2016 RMB'000 (audited)
Prepayments		3,992
Deposits and other receivables		
Interest receivable		136
		9,996

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

12. CASH AND CASH EQUIVALENTS

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

	30 June 2017 RMB 000 (unaudited)	31 December 2016 RMB'000 (audited)
Cash at bank and in hand		
Time deposits		276,242
Less: Pledged time deposit		(367)
Pledged fixed term deposit		(1,216)
Cash and cash equivalents		

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2017

13. TRADE PAYABLES

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

	30 June 2017 RMB 000 (unaudited)	31 December 2016 RMB'000 (audited)
Within 1 month		
Over 1 month but within 3 months		
Over 3 months but within 1 year		1,078
Over 1 year		238

The trade payables are non-interest-bearing and are normally settled on 30–60 day terms.

14. OTHER PAYABLES AND ACCRUALS

	30 June 2017 RMB 000 (unaudited)	31 December 2016 RMB'000 (audited)
Deferred income		293
Other payables		
Accrued payroll		19,266
Other tax payables		9,222
Dividend payable		–
Interest payable		–
Advance from customers		8,070

Other payables are non-interest-bearing.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2017

18. OPERATING LEASE ARRANGEMENTS AS LESSEE

As Lessee

The Group leases the majority of its shops and office properties under operating lease arrangements. The terms of property leases range from one to five years.

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

	30 June 2017 RMB 000 (unaudited)	31 December 2016 RMB'000 (audited)
Within one year		
In the second to fifth years, inclusive		
After five years		7,691

19. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2017 RMB 000 (unaudited)	31 December 2016 RMB'000 (audited)
Contracted, but not provided for:		
Land and buildings		
Plant and machinery		–
Authorised, but not contracted:		
Capital contributions payable to non-controlling interests		70,000

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2017

20. BUSINESS COMBINATION

Information on Prior Year Acquisition

(a) Acquisition of Living Nature Natural Products Ltd ("LN")

Living Nature Natural Products Ltd ("LN") is a company incorporated in New Zealand that specialises in the manufacture of cosmetics and skincare products. The acquisition has been accounted for using the acquisition method. The interim condensed consolidated financial statements include the result of LN for the one month period from the acquisition date.

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

	Fair value recognised on acquisition RMB 000
Assets	
Property, plant and equipment	2,386
Intangible assets-trademark	4,413
Intangible assets-license	
Intangible assets-customer relationship	
Inventories	4,176
Trade receivables	
Prepayments, deposits and other receivables	
Cash and cash equivalents	44
Liabilities	
Trade payables	
Other payables and accruals	
Amount due to the shareholder	(2,629)
Deferred tax liabilities	
Total identifiable net assets at fair value	8,793
Goodwill arising on acquisition	
Total purchase consideration of the acquisition	
Satisfied by cash	

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2017

20. BUSINESS COMBINATION CONTINUED

Information on Prior Year Acquisition (continued)

(a) Acquisition of Living Nature Natural Products Ltd ("LN") (continued)

An analysis of the cash flows in respect of the acquisition is as follows:

	RMB 000
Total purchase consideration of the acquisition	
Cash and bank balance acquired	(44)

Net cash outflow on acquisition (included in cash flows from investing activities)

' S P W I E B D B D R V J T / J I B D P O U S J . C # V U F E U D I (F S P V S Q F W T F B O O V E F # U D I F consolidated profit before tax for the six months ended 30 June 2016. If the acquisition had taken place at the beginning of the year, revenue and profit before tax of the Group for the period would have been RMB B O E 3 . # S F T Q F D U J W F M Z

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

5 I F S P V Q D V U S S E F Q T B D T U B T P # O G P U S I B D R V J S J I U U B D O T B D T U B U V E D F O expensed and are included in administrative expenses in profit or loss and are part of operating cash flows in the statement of cash flows.

(b) Acquisition of Shanghai Hejian Nutritional Food Products Company Limited ("Hejian")

O O + V O F U I (F S P B Q R V J S J Q U F J S O F T K U) B Q J B M J N M U B D P M Q U B O O Z P S Q P S B U F E in China that specialises in the retailing of nutritional supplements. The acquisition has been accounted for using the acquisition method. The purchase consideration for the acquisition was in the form of shares. 62,717,770 domestic shares of the Company were issued at a fair value of RMB130,000,000, as disclosed in note 16 to the financial statements. The interim condensed consolidated financial statements include the result of Hejian for the one month period from the acquisition date.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2017

20. BUSINESS COMBINATION CONTINUED

Information on Prior Year Acquisition (continued)

(b) Acquisition of Shanghai Hejian Nutritional Food Products Company Limited ("Hejian") (continued)

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

	Fair value recognised on acquisition RMB 000
Assets	
Property, plant and equipment	6,278
Intangible assets-trademark	39,400
Intangible assets-customer relationship	12,040
Intangible assets-health food certificate	182
Deferred tax assets	
Other non-current assets	4,608
Inventories	13,061
Trade receivables	322
Prepayments, deposits and other receivables	4,464
Available-for-sale investments	3,000
Cash and cash equivalents	10,030
	98,760
Liabilities	
Trade payables	(8,964)
Other payables and accruals	(24,787)
Tax payables	(6,930)
Deferred income	
Deferred tax liabilities	(13,664)
Other non-current liabilities	(680)
Total identifiable net assets at fair value	42,777
Goodwill arising on acquisition	87,223
Total purchase consideration of the acquisition	130,000
Satisfied by shares at fair value	130,000

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2017

20. BUSINESS COMBINATION CONTINUED

Information on Prior Year Acquisition (continued)

(b) Acquisition of Shanghai Hejian Nutritional Food Products Company Limited ("Hejian") (continued)

An analysis of the cash flows in respect of the acquisition is as follows:

	RMB 000
Cash and bank balance acquired	10,030
Net cash inflow on acquisition (included in cash flows from investing activities)	10,030
<p>' S P U N I F B U B D R V J) T F J U J B D P O U S J . C # V U F E U B I (F S P V S Q F W T B O V E F #</p> <p>to the consolidated profit before tax for the six months ended 30 June 2016. If the acquisition had taken place at the beginning of the year, revenue and profit before tax of the Group for the period would have been</p> <p>3 . # B O E 3 . # S F T Q F D U J W F M Z</p>	

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

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expensed and are included in administrative expenses in profit or loss and are part of operating cash flows in the statement of cash flows.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2017

21. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

As at 30 June 2017

Financial assets

	Loans and receivables RMB 000	Available- for-sale financial assets RMB 000	Total RMB 000
Available-for-sale investments			
Trade receivables			
Financial assets included in prepayments, deposits and other receivables			
Cash and cash equivalents			
Pledged deposits			
Long term deposits			

Financial liabilities

	Financial liabilities at amortised cost RMB 000	Total RMB 000
Trade payables		
Interest-bearing loans and borrowings		
Financial liabilities included in other payables and accruals		

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2017

21. FINANCIAL INSTRUMENTS BY CATEGORY CONTINUED

As at 30 June 2016

Financial assets

	Loans and receivables RMB'000	Available- for-sale financial assets RMB'000	Total RMB'000
Available-for-sale investments	–	3,000	3,000
Trade receivables	34,162	–	34,162
Financial assets included in prepayments, deposits and other receivables		–	
Cash and cash equivalents		–	
Pledged deposits	1,199	–	1,199
Long term deposits	1,487	–	1,487
		3,000	

Financial liabilities

	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade payables	23,879	23,879
Financial liabilities included in other payables and accruals		
	31,314	31,314