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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS FOR THE FIRST HALF OF 2024

- Revenue increased by approximately 69.1% to approximately RMB370.2 million (First half of 2023: approximately RMB218.9 million)
- Gross profit increased by approximately 84.2% to approximately RMB268.7 million (First half of 2023: approximately RMB145.9 million)
- Profit for the period was approximately RMB33.4 million (First half of 2023: profit of approximately RMB27.8 million)
- Basic earnings per share was approximately RMB3.53 cents (First half of 2023: earnings per share approximately RMB2.94 cents)
- The Board has resolved not to declare any interim dividend for the six months ended 30 June 2024 (First half of 2023: Nil)

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Nanjing Sinolife United Company Limited* 南京中生聯合股份有限公司 (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 2024 together with the comparative figures for the corresponding period in 2023 which are as follows:

* *For identification purpose only*

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

For the six months ended 30 June 2024

		For the six months ended 30 June	
		2024	2023
	<i>Notes</i>	RMB'000	RMB'000
		(unaudited)	(unaudited)
Revenue	2, 3	370,189	218,930
Cost of sales		(101,503)	(73,063)
Gross profit		268,686	145,867
Other income and gains	3	3,492	3,805
Selling and distribution expenses		(186,263)	(85,063)
Administrative expenses		(37,420)	(30,596)
Finance costs		(1,723)	(1,642)
Other expenses		(6,439)	(2,516)
Profit before tax	4	40,333	29,855
Income tax expense	5	(6,924)	(2,033)
Profit for the period		33,409	27,822
Profit attributable to:			
Owners of the parent		33,409	27,822
Other comprehensive income/(loss)			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax			
Exchange differences on translation of foreign operations		(2,523)	(382)
Other comprehensive income/(loss) for the period		(2,523)	(382)
Total comprehensive income for the period		30,886	27,440
Total comprehensive income attributable to:			
Owners of the parent		30,886	27,440
Earnings per share attributable to ordinary equity holders of the parent:			
— Basic and diluted for earnings	7	RMB3.53 cents	RMB2.94 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	<i>Notes</i>	30 June 2024	31 December 2023
		RMB'000	RMB'000
		(unaudited)	(audited)
Non-current assets			
Property, plant and equipment	8	76,377	72,126
Investment properties		63,425	71,725
Right-of-use assets		40,231	37,428
Goodwill		32,028	32,981
Other intangible assets		1,983	3,083
Prepayments		2,402	–
Deferred tax assets		13,141	12,562
		<hr/>	<hr/>
Total non-current assets		229,587	229,905
		<hr/>	<hr/>
Current assets			
Inventories	9	165,818	108,861
Trade receivables	10	48,226	32,511
Prepayments, deposits and other receivables		27,344	16,386
Restricted cash		–	200
Cash and cash equivalents		76,978	117,556
		<hr/>	<hr/>
Total current assets		318,366	275,514
		<hr/>	<hr/>
Total assets		547,953	505,419
		<hr/> <hr/>	<hr/> <hr/>
Current liabilities			
Trade payables	11	49,773	33,147
Other payables and accruals		29,917	38,297
Lease liabilities		4,456	4,143
Tax payables		8,917	6,464
		<hr/>	<hr/>
Total current liabilities		93,063	82,051
		<hr/>	<hr/>
NET CURRENT ASSETS		225,303	193,463
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		454,890	423,368
		<hr/> <hr/>	<hr/> <hr/>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2024 (continued)

	30 June 2024	31 December 2023
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Non-current liabilities		
Lease liabilities	32,305	31,020
Deferred tax liabilities	12,842	13,468
Provision	788	811
	<hr/>	<hr/>
Total non-current liabilities	45,935	45,299
	<hr/>	<hr/>
NET ASSETS	408,955	378,069
	<hr/> <hr/>	<hr/> <hr/>
Equity		
Equity attributable to owners of the parent		
Share capital	94,630	94,630
Other reserves	314,325	283,439
	<hr/>	<hr/>
TOTAL EQUITY	408,955	378,069
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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

1.1 Basis of preparation

These unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2024 (the “**period**”) have been prepared in accordance with Hong Kong Accounting Standards (“**HKASs**”) 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 2023.

1.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) for the first time for the current period's financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the “2020 Amendments”)
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the “2022 Amendments”)
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

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

1.2 Changes in accounting policies and disclosures (Continued)

- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

2. OPERATING SEGMENT INFORMATION

(a) Reportable segment

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 People's Republic of China (the "PRC" or "China"), Australia and New Zealand.

(b) Geographical information

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

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

	For the six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Mainland China	304,902	159,917
New Zealand	52,862	50,411
Australia	3,463	2,556
Other countries	8,962	6,046
	<u>370,189</u>	<u>218,930</u>

(c) Non-current assets

	As at 30 June 2024 RMB'000 (unaudited)	As at 31 December 2023 RMB'000 (audited)
	Mainland China	141,962
New Zealand	42,005	40,478
Australia	451	775
	<u>184,418</u>	<u>184,362</u>

The non-current assets information above is based on the locations of the assets and excludes goodwill and deferred tax assets.

(d) Information about major customers

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

3. 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:

		For the six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Type of goods or services			
Sale of goods		<u>370,189</u>	<u>218,930</u>
		<u>370,189</u>	<u>218,930</u>
Timing of revenue recognition			
Goods or services transferred at a point in time		<u>370,189</u>	<u>218,930</u>
Total revenue from contracts with customers		<u>370,189</u>	<u>218,930</u>
		For the six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Other income and gains			
Bank interest income		572	386
Government grants	4	573	644
Gain on disposal of a subsidiary	4	–	61
Rental income		2,089	2,458
Other		<u>258</u>	<u>256</u>
		<u>3,492</u>	<u>3,805</u>

4. PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Cost of inventories sold	101,503	73,063
Staff costs (excluding compensation of key management personnel of the Group)	46,473	29,612
Depreciation of right-of-use assets	1,554	1,553
Amortisation of intangible assets	1,003	998
Depreciation of property, plant and equipment	4,446	4,400
Lease payments not included in the measurement of lease liabilities	436	469
Impairment of trade receivables	837	392
Exchange differences, net	4,737	983
Government grants	(573)	(644)
Gain on disposal of a subsidiary	–	(61)
Research and development expenses	416	355

5. INCOME TAX EXPENSE

The amounts of income tax expense in the interim condensed consolidated statement of profit or loss and other comprehensive income represent:

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Current tax	8,218	2,307
Deferred tax	(1,294)	(274)
Total tax expense for the period	6,924	2,033

The income tax of the Company and its subsidiaries established 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 subsidiaries operating in New Zealand. Australia income tax is calculated at 30% of the assessable profits of the subsidiary operating in Australia.

6. DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2024 (For the six months ended 30 June 2023: Nil).

No proposed dividend was declared by the Board for the year ended 31 December 2023.

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 946,298,370 (2023: 946,298,370) in issue during the period, as adjusted to reflect the rights issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2024 and 2023.

8. PROPERTY, PLANT AND EQUIPMENT

No impairment losses were recognised in respect of property, plant and equipment for the period and the corresponding period last year. During the period, additions to property, plant and equipment amounted to RMB9,028,000 (For the six months ended 30 June 2023: RMB1,071,000).

9. INVENTORIES

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Raw materials	49,298	29,641
Work-in-progress	5,005	229
Finished goods	111,313	78,461
Goods merchandise	202	530
	<u>165,818</u>	<u>108,861</u>

10. TRADE RECEIVABLES

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Trade receivables	52,001	35,505
Impairment	(3,775)	(2,994)
	<u>48,226</u>	<u>32,511</u>

10. TRADE RECEIVABLES (CONTINUED)

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

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Within 1 month	33,027	28,136
Over 1 month but within 3 months	12,491	3,578
Over 3 months but within 1 year	2,515	643
Over 1 year	193	154
	<u>48,226</u>	<u>32,511</u>

11. TRADE PAYABLES

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

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Within 1 month	48,786	32,184
Over 1 month but within 3 months	220	201
Over 3 months but within 1 year	6	2
Over 1 year	761	760
	<u>49,773</u>	<u>33,147</u>

The trade payables are non-interest-bearing and are normally settled on terms between 30 and 90 days.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2024, the cross-border e-commerce of nutritional supplements under the Good Health brand continued with its rapid growth, meeting the expectations set at the beginning of the year. The Group's revenue for the first half of 2024 amounted to approximately RMB370.2 million, and increased by approximately RMB151.3 million as compared to that of approximately RMB218.9 million in the first half of 2023, representing an increase of approximately 69.1%. The gross profit margin in the first half of 2024 was approximately 72.6% as compared with that of approximately 66.6% in the first half of 2023, representing an increase of approximately 6.0%. The selling and distribution expenses as a percentage of sales revenue was approximately 50.3% for the first half of 2024, as compared to that of approximately 38.9% for the first half of 2023, representing an increase of 11.4%, while the administrative expenses as a percentage of sales revenue was approximately 10.1% for the first half of 2024, as compared to that of approximately 14.0% for the first half of 2023, representing a decrease of approximately 3.9%. For the first half of 2024, the Group recorded profits of approximately RMB33.4 million, which increased by approximately RMB5.6 million as compared to that of approximately RMB27.8 million for the first half of 2023, representing an increase of approximately 20.1%.

In the first half of 2024, the Group continued focusing its resources on its cross-border e-commerce business, the Good Health brand, so that such brand would become increasingly recognized in the target markets. Besides increasing its marketing and promotion campaigns on a variety of major cross-border e-commerce platforms in the PRC, the Group further strengthened its promotional efforts on Xiaohongshu, Zhihu.com, Bilibili and other websites, so as to enhance the influence of the Good Health brand and related products on its target customers. Furthermore, the Group carried out continuous brand building, marketing and promotion mainly through various sales channels including distributors, pharmacies, duty-free stores, and Chinese major e-commerce platforms.

In the first half of 2024, to meet customer demands, the Group continued to increase its resource investments in research and development, with a view to launch more products suitable for its target customers. During the six months ended 30 June 2024, the Group launched a total of 20 new products, including 3 New Goodhealth series product, 15 Good Health series products and 2 Living Nature series products. The new products mainly comprised Cranberry Plus EPO Capsules, HMO Modified Milk Powder with Lactoferrin, Magnesium Organic Ultra Tablets, DHA and PS Capsules, Magnesium Sleep Support Capsules, Turmeric Complex Capsules, Imaglow Advanced White Currant Collagen Peptide Drink etc..

FINANCIAL REVIEW

Results

The Group's revenue for the first half of 2024 amounted to approximately RMB370.2 million, and increased by approximately RMB151.3 million as compared to that of approximately RMB218.9 million in the first half of 2023, representing an increase of approximately 69.1%. For the first half of 2024, the Group recorded profits of approximately RMB33.4 million, and increased by approximately RMB5.6 million as compared to that of approximately RMB27.8 million for the first half of 2023, representing an increase of approximately 20.1%. The Company's earnings per share was approximately RMB3.53 cents (First half of 2023: earnings per share of approximately RMB2.94 cents) based on the weighted average number of 946,298,370 (First half of 2023: 946,298,370) ordinary shares of the Company in issue during 2024.

Revenue

The Group's revenue for the first half of 2024 amounted to approximately RMB370.2 million, and increased by approximately RMB151.3 million as compared to that of approximately RMB218.9 million in the first half of 2023, representing an increase of approximately 69.1%. The increase in revenue was mainly attributable to the significant increase in revenue derived from online sales channels during the period.

Gross profit

The Group's gross profit amounted to approximately RMB268.7 million in the first half of 2024, and increased by approximately RMB122.8 million as compared to that of approximately RMB145.9 million in the first half of 2023, representing an increase of approximately 84.2%. The gross profit margin increased by approximately 6.0% from approximately 66.6% in the first half of 2023 to approximately 72.6% in the first half of 2024. The increase in gross profit margin was mainly attributable to the increase in both the profit margin of the e-commerce platforms and the proportion of sales revenue from e-commerce platforms, which has higher gross profit margins as compared to other sales channels.

Other income and gains

The Group's other income and gains, which mainly comprised rental income, government grants and bank interest income, decreased by approximately RMB0.3 million to approximately RMB3.5 million in the first half of 2024 as compared to approximately RMB3.8 million in the first half of 2023, which was mainly due to the slight decrease in property rental income.

Selling and distribution expenses

The Group's selling and distribution expenses amounted to approximately RMB186.3 million in the first half of 2024, and increased by approximately RMB101.2 million as compared to approximately RMB85.1 million in the first half of 2023, representing an increase of approximately 118.9%. The proportion of selling and distribution expenses to sales revenue increased by 11.4% to approximately 50.3% for the first half of 2024 from approximately 38.9% for the first half of 2023. Such increase in selling and distribution expenses was mainly due to the Group's vigorous development of Good Health cross-border e-commerce channels in the PRC market to enhance the influence of the Good Health brand in such channels, by increasing its investment in marketing and promotional resources in such channels. Furthermore, the Group further increased the number of staff for the cross-border e-commerce department, resulting in an increase in labour costs and expenses.

Administrative expenses

The Group's administrative expenses amounted to approximately RMB37.4 million for the first half of 2024, and increased by approximately RMB6.8 million as compared to approximately RMB30.6 million for the first half of 2023, representing an increase of approximately 22.2%. The year-on-year increase in administrative expenses was mainly attributable to an increase in remuneration payable to a portion of middle and senior executives as part of the Group's incentives for its employees. The proportion of administrative expenses to sales revenue decreased by approximately 3.9% to approximately 10.1% in the first half of 2024 from approximately 14.0% in the first half of 2023. Such decrease in the proportion of administrative expenses to sales revenue was mainly due to the increase in sales revenue for the first half of 2024.

Income tax expense

The Group's income tax expense increased to approximately RMB6.9 million in the first half of 2024, representing an increase of approximately RMB4.9 million from approximately RMB2.0 million in the first half of 2023. Such increase in income tax expense was mainly due to the increase in profit of Good Health Products Limited, one of the Company's subsidiaries in New Zealand.

Profit for the period

The revenue of the Group amounted to approximately RMB370.2 million in the first half of 2024, and increased by approximately RMB151.3 million as compared to that of approximately RMB218.9 million in the first half of 2023, representing an increase of approximately 69.1%. Gross profit margin increased by approximately 6.0% to approximately 72.6% in the first half of 2024 from approximately 66.6% in the first half of 2023. The proportion of selling and distribution expenses to sales revenue increased by approximately 11.4% to approximately 50.3% in the first half of 2024 from approximately 38.9% in the first half of 2023. The proportion of administrative expenses to sales revenue decreased by approximately 3.9% to approximately 10.1% in the first half of 2024 from approximately 14.0% in the first half of 2023. Therefore, the Group's profit amounted to approximately RMB33.4 million in the first half of 2024, and increased by approximately RMB5.6 million as compared to that of approximately RMB27.8 million in the first half of 2023, representing an increase of approximately 20.1%.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow

As at 30 June 2024, the Group's monetary fund decreased by approximately RMB40.6 million as compared with that as at 31 December 2023 mainly due to the net cash outflow from operating activities of approximately RMB32.3 million, net cash outflow from investing activities of approximately RMB5.1 million, net cash outflow from financing activities of approximately RMB2.3 million and cash outflow from exchange effects of approximately RMB0.9 million.

Inventories

The Group's inventories amounted to approximately RMB165.8 million as at 30 June 2024 (as at 31 December 2023: approximately RMB108.9 million), representing an increase of approximately RMB56.9 million or approximately 52.2%. The Group's inventories include raw materials, work-in-progress, finished goods and goods merchandise. Such increase in inventories was mainly due to a significant increase in revenue from the Good Health brand on cross-border e-commerce platforms, as well as an increase in the inventory of raw materials and finished products in preparation for the peak shopping season in the second half of the year.

Trade receivables

The Group's trade receivables amounted to approximately RMB48.2 million as at 30 June 2024 (as at 31 December 2023: approximately RMB32.5 million), representing an increase of approximately RMB15.7 million or approximately 48.3%. Such increase in trade receivables was mainly due to the increase in accounts receivable from the e-commerce platforms, as part of the increase in sales revenue from the cross-border e-commerce channels.

Trade payables

The Group's trade payables amounted to approximately RMB49.8 million as at 30 June 2024 (as at 31 December 2023: approximately RMB33.1 million), representing an increase of approximately RMB16.7 million or approximately 50.5%. The increase in trade payables was mainly attributable to the continuous growth in the sales made via cross-border e-commerce channels, where the Group increased its production capacity to meet the market demand by increasing the purchase of raw materials.

Foreign exchange exposure

The Group conducts in-bound transactions principally in RMB and outbound transactions principally in New Zealand dollars, United States dollars and Australian dollars. The Group conducts a regular review over and monitors its exposure to foreign exchanges so as to manage its foreign exchange risks. The Directors believe that the Group has insignificant exposure to exchange fluctuation. Therefore, the Group did not adopt any hedging or other alternative policy in respect of such risk exposure during the year.

Borrowings and pledge of assets

As at 30 June 2024, the Group did not have any outstanding borrowings or pledge of assets.

Capital expenditure

The Group invested approximately RMB5.8 million in the first half of 2024 (the first half of 2023: approximately RMB1.1 million) for fixed assets.

Capital commitments and contingent liabilities

As at 30 June 2024, the Group did not have any significant capital commitments or contingent liabilities (as at 31 December 2023: Nil).

OUTLOOK

In the first half of 2024, the growth of the global economy slowed down as compared to 2023, while the economic expansion was on a trajectory towards stabilization. Despite a resilient world economy, differentiated status of economic performance remains. To be specific, developing economies continued to outperform developed economies in terms of growth, while developed economies exhibited atypical performances, with significant differences in economic growth. Among major developed countries, the U.S. demonstrated a comparatively robust economic performance, in contrast to a weak recovery in the European economy, which is still recovering from the brink of recession. Japan's economic performance fell below expectations in the first half of the year. Regarding the diverse performances of emerging markets and developing countries, the Southeast Asia economy as a whole showed signs of improvement with China maintaining steady economic growth. In addition, economies such as India, Indonesia, and Turkey continued their high-level growth momentum. Unfortunately, countries including Egypt, Argentina, and certain African nations, faced difficulty in terms of economic development.

In the first half of 2024, sales revenue of the Good Health brand from e-commerce platforms recorded significant growth. The Company continued to increase investments in promoting and marketing the Good Health Brand and its products on e-commerce platform channels, continuing to enhance its brand influence. Profitability also met expectations set at the beginning of the year.

Looking ahead to the second half of 2024, the global economy continues to face a number of uncertainties and challenges, including the Russia-Ukraine war, conflicts in the Middle East, the U.S. presidential election, and China-US trade tension. However, the global economy as a whole is likely to maintain a stable growth trajectory in the second half of the year. The economic performance of emerging and developing economies, such as China and India, will serve as the key towards stabilizing global economic development.

In the second half of 2024, the Group will continuously implement its strategic objectives established at the beginning of the year, whereby amassing resources to push forward with the following development: (1) the Group's cross-border e-commerce platforms will continue to try and optimise marketing and promotional strategies in live streaming, new media, and digital marketing, with a view to enhancing the influence of the Good Health brand and its key products; (2) the Group will continue to strengthen the research and development effort in new products, minimize the research and development cycle, and launch more new products to meet target customers' demands; (3) the Group will continue to strengthen the supply chain management, by enhancing production capacity, in order to meet customers demand in time, and reducing the production and procurement cycles; and (4) the Group will expand the sales revenue scale, while optimising the cost-income output of marketing and promotional expenses, thereby improving overall profitability.

HUMAN RESOURCES MANAGEMENT

High-caliber and dedicated staff are indispensable assets to the Group's success in the competitive market. By providing comprehensive trainings and corporate culture education periodically, the Group's employees are able to receive on-going training and knowledge development in respect of the nutritional supplements, maternity and child nutrition industry. Furthermore, the Group offers competitive remuneration packages commensurate with industry practice and provides various fringe benefits to all employees. The Group reviews its human resources and remuneration policies periodically to ensure that they are in line with market practice and regulatory requirements. As at 30 June 2024, the Group employed the work force of 442 employees, including 308 Chinese employees, 131 New Zealand employees and 3 Australian employees. The total salaries and related costs for the six months ended 30 June 2024 amounted to approximately RMB51.7 million (the first half of 2023: approximately RMB33.9 million).

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

For the six months ended 30 June 2024, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as the code of conduct for Directors in their dealings in the Company's securities.

The Company has made specific enquiry with the Directors and supervisors of the Company ("**Supervisors**") and all the Directors and Supervisors confirmed that they have complied with the Model Code throughout the six months ended 30 June 2024 and up to the date of this announcement.

CODE OF CORPORATE GOVERNANCE PRACTICE

In the opinion of the Directors, the Company has complied with Part 2 of the Corporate Governance Code ("**CG Code**") as set out in Appendix C1 to the Listing Rules for the six months ended 30 June 2024 and up to the date of this announcement.

EVENTS SUBSEQUENT TO THE SIX MONTHS ENDED 30 JUNE 2024

Subsequent to the six months ended 30 June 2024 and up to the date of this announcement, there were no significant events affecting the Group.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2024 (For the six months ended 30 June 2023: Nil).

REVIEW OF THE INTERIM RESULTS

The unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2024 have been reviewed by the audit committee of the Company (the “**Audit Committee**”). The Audit Committee has been established in compliance with the Listing Rules and with written terms of reference in compliance with the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Mr. Yu Bo, Ms. Cai Tianchen and Mr. Wang Wei. Ms. Cai Tianchen serves as the chairman of the Audit Committee. The primary responsibilities of the Audit Committee are to review and monitor the financial reporting, internal control and risk management systems of the Company and to assist the Board to fulfill its responsibilities over audit.

PUBLICATION OF INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company’s website at www.zs-united.com. The interim report of the Group for the six months ended 30 June 2024 containing all the relevant information required by the Listing Rules on the Stock Exchange will be despatched to the shareholders of the Company as required and published on the aforesaid websites in due course.

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

Nanjing, the People’s Republic of China, 23 August 2024

As of the date of this announcement, the executive Directors are Mr. Gui Pinghu, Ms. Zhang Yuan and Ms. Zhu Feifei; and the independent non-executive Directors are Mr. Yu Bo, Ms. Cai Tianchen and Mr. Wang Wei.

* *For identification purposes only*