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 2022

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 9.0% to RMB274.9 million (2021: RMB252.3 million).
- Gross profit increased by approximately 15.3% to RMB160.0 million (2021: RMB138.8 million).
- Loss for the Year decreased by approximately 55.2% to RMB14.2 million (2021: Loss of RMB31.7 million).
- Loss per share was RMB1.51 cents (2021: Loss per share RMB3.35 cents).
- The Board does not recommend the payment of any final dividend (2021: Nil) for the Year or any special dividend (2021: Nil).

FINAL 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 consolidated final results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2022 (the "**Year**") together with the comparative figures for the year ended 31 December 2021 which are as follows:

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December

	Notes	**2022** *RMB'000*	2021 *RMB'000*
Revenue	*4*	**274,851**	252,325
Cost of sales		**(114,856)**	(113,522)
Gross profit		**159,995**	138,803
Other income and gains	*4*	**7,910**	15,094
Selling and distribution expenses		**(108,603)**	(105,984)
Administrative expenses		**(63,924)**	(70,217)
Finance costs		**(472)**	(685)
Other expenses		**(5,406)**	(10,110)
Loss before tax		**(10,500)**	(33,099)
Income tax (expense)/credit	*6*	**(3,746)**	1,392
Loss for the year		**(14,246)**	(31,707)
Other comprehensive income/(loss)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods, after tax:			
Exchange differences on translation of foreign operations		**1,045**	(5,479)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods, after tax:			
Gains on property revaluation		**6,755**	5,067
Total comprehensive loss for the year		**(6,446)**	(32,119)
Loss attributable to:			
Owners of the parent		**(14,246)**	(31,707)
Total comprehensive loss attributable to:			
Owners of the parent		**(6,446)**	(32,119)
		RMB	*RMB*
Loss per share attributable to ordinary equity holders of the parent:			
— Basic and diluted	*8*	**(1.51) cents**	(3.35) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	Notes	2022 RMB'000	2021 RMB'000
Non-current assets			
Property, plant and equipment		**80,074**	89,583
Investment properties		**72,954**	60,229
Right-of-use assets		**39,985**	13,074
Goodwill	*9*	**32,374**	31,927
Other intangible assets		**5,077**	8,737
Deferred tax assets		**12,125**	8,976
Total non-current assets		**242,589**	212,526
Current assets			
Inventories	*10*	**75,272**	59,983
Trade receivables	*11*	**28,184**	26,226
Restricted cash		**1,350**	–
Prepayments, deposits and other receivables		**16,070**	15,267
Tax recoverable		**131**	2,982
Pledged deposits		**–**	1,071
Cash and cash equivalents		**73,391**	72,057
Total current assets		**194,398**	177,586
Total assets		**436,987**	390,112
Current liabilities			
Trade payables	*12*	**21,528**	15,660
Other payables and accruals		**41,101**	29,484
Lease liabilities		**4,368**	4,285
Tax payables		**–**	278
Total current liabilities		**66,997**	49,707
Net current assets		**127,401**	127,879
Total assets less current liabilities		**369,990**	340,405

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December

	2022	2021
	RMB'000	*RMB'000*
Non-current liabilities		
Lease liabilities	**31,385**	4,585
Deferred tax liabilities	**14,031**	4,836
Provision	**774**	740
Total non-current liabilities	**46,190**	10,161
Net assets	**323,800**	330,244
Equity		
Equity attributable to owners of the parent		
Share capital	**94,630**	94,630
Other reserves	**229,170**	235,614
Total equity	**323,800**	330,244

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. CORPORATE AND GROUP 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 Block E-2, 8/F, Deji Building, 188 Chang Jiang Road, Xuanwu District, Nanjing, Jiangsu Province, the PRC.

The Group is principally engaged in the manufacture and sale of nutritional supplements and 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 disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the "**Conceptual Framework**") issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g. direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to HKFRSs 2018–2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the Year, the amendment did not have any impact on the financial position or performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 17	Insurance Contracts[1, 5]
Amendment to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information[6]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")[2, 4]
Amendments to HKAS 1	Non-current Liabilities with Covenants (the "**2022 Amendments**")[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after 1 January 2023

2 Effective for annual periods beginning on or after 1 January 2024

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion

5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

6 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

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. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e. 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. In 2022, the HKICPA issued the 2022 Amendments to 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. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

Amendments to HKAS 1 Disclosure of Accounting Policies require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently revisiting the accounting policy disclosures to ensure consistency with the amendments.

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 12 narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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, Australia and New Zealand.

(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 Mainland China and New Zealand. The Group's revenue from external customers is primarily derived in the Mainland China and New Zealand.

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

	2022	2021
	RMB'000	*RMB'000*
Mainland China	**172,670**	149,946
New Zealand	**85,892**	82,726
Australia	**3,610**	5,233
Vietnam	**4,839**	3,815
Other countries	**7,840**	10,605
	274,851	252,325

(c) Non-current assets

	2022	2021
	RMB'000	*RMB'000*
Mainland China	**150,933**	147,714
New Zealand	**45,800**	22,057
Australia	**1,357**	1,852
	198,090	171,623

The non-current assets information above is based on the locations of the assets and excludes goodwill, 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 for the Year (2021: Nil).

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 during the Year.

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

	2022	2021
	RMB'000	*RMB'000*
Type of goods or services		
Sale of goods	**274,851**	252,262
Rendering of services	**–**	63
Total revenue from contracts with customers	**274,851**	252,325
Timing of revenue recognition		
Goods or services transferred at a point in time	**274,851**	252,325
Total revenue from contracts with customers	**274,851**	252,325

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2022	2021
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	**4,689**	7,090

	2022	2021
	RMB'000	*RMB'000*
Other income and gains		
Government grants*	**434**	5,867
Rental income	**4,768**	3,792
Gain on disposal of property, plant and equipment	**–**	11
Bank interest income	**329**	357
Gain on disposal of a subsidiary	**–**	4,736
Foreign exchange differences, net	**2,324**	–
Others	**55**	331
	7,910	15,094

* Various government grants have been received for the Group's contribution to the development of the local economy. There are no unfulfilled conditions or contingencies relating to these grants.

5. LOSS BEFORE TAX

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

	2022	2021
	RMB'000	*RMB'000*
Cost of inventories sold	**111,798**	112,231
Depreciation of property, plant and equipment*	**9,330**	12,499
Depreciation of right-of-use assets*	**3,578**	4,152
Lease payments not included in the measurement of lease liabilities	**382**	141
Amortisation of intangible assets**	**2,001**	2,274
Auditor's remuneration	**2,000**	2,300
Research and development expenses	**836**	1,292
Changes in fair value of investment properties	**348**	487
Employment benefit expense (excluding directors', supervisors' and chief executive's remuneration)*:		
Wages and salaries	**57,421**	56,272
Pension scheme contributions (defined contribution scheme)***	**2,397**	2,438
Other benefits	**5,979**	5,963
Foreign exchange differences, net	**(2,324)**	7,254
Impairment loss of other intangible assets****	**1,723**	1,916
Impairment loss of trade receivables	**655**	69
Write-down of inventories to net realisable value*****	**3,058**	1,291
Bank interest income	**(329)**	(357)
Government grants	**(434)**	(5,867)
Gain on disposal of a subsidiary	**–**	(4,736)
Gain on disposal of items of property, plant and equipment	**–**	(11)

* The depreciation of property, plant and equipment, depreciation of right-of-use assets and employment benefit expense for the year is included in "Cost of inventories sold", "Selling and distribution expenses" and "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

** The amortisation of intangible assets for the year is included in "Selling and distribution expenses" and "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

*** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

**** The impairment of other intangible assets is included in "Other expenses" in the consolidated statement of profit or loss and other comprehensive income.

***** The write-down of inventories to net realisable value for the Year is included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

6. INCOME TAX EXPENSE/(CREDIT)

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

	2022	2021
	RMB'000	*RMB'000*
Current		
— New Zealand	**7**	(92)
	7	(92)
Deferred	**3,739**	(1,300)
Total tax expense/(credit) for the Year	**3,746**	(1,392)

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.

7. DIVIDENDS

	2022	2021
	RMB'000	*RMB'000*
Dividends approved and paid	**–**	–

The Board has resolved not to declare any final dividend for the year ended 31 December 2022 (2021: Nil).

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

The calculation of the basic loss per share amount is based on the loss for the Year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 946,298,370 (2021: 946,298,370) in issue during the Year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2022 and 2021.

The calculation of basic loss per share is based on:

	2022	2021
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the parent used in the basic loss per share calculation	**(14,246)**	(31,707)

	2022	2021
Shares		
Weighted average number of ordinary shares for the purpose of the basic loss per share calculation	**946,298,370**	946,298,370

9. GOODWILL

	RMB'000
At 1 January 2021	
Cost	148,820
Accumulated impairment	(114,329)
Net carrying amount	34,491
Cost at 1 January 2021, net of accumulated impairment	34,491
Exchange realignment	(2,564)
At 31 December 2021	31,927
At 31 December 2021	
Cost	57,019
Accumulated impairment	(25,092)
Net carrying amount	31,927
Cost at 1 January 2022, net of accumulated impairment	31,927
Exchange realignment	447
Cost and net carrying amount at 31 December 2022	32,374
Cost at 31 December 2022:	
Cost	57,816
Accumulated impairment	(25,442)
Net carrying amount	32,374

10. INVENTORIES

	2022	2021
	RMB'000	*RMB'000*
Raw materials	**29,407**	24,196
Work-in-progress	**412**	611
Finished goods	**45,179**	34,589
Goods merchandise	**274**	587
	75,272	59,983

11. TRADE RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Trade receivables	**30,858**	28,587
Impairment	**(2,674)**	(2,361)
	28,184	26,226

In general, the entities in the Group have 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, and the credit term granted to TV shopping platforms is 30 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.

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:

	2022	2021
	RMB'000	*RMB'000*
Within 1 month	**14,078**	16,019
Over 1 month but within 3 months	**11,739**	8,159
Over 3 months but within 1 year	**1,983**	1,306
Over 1 year	**384**	742
	28,184	26,226

12. 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:

	2022	2021
	RMB'000	*RMB'000*
Within 1 month	**10,541**	7,155
Over 1 month but within 3 months	**9,907**	7,544
Over 3 months but within 1 year	**361**	217
Over 1 year	**719**	744
	21,528	15,660

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2022, the Group continued to firmly implement its strategy of focusing on the development of the Good Health brand, vigorously develop its e-commerce platform, and distribute its maternity and child series products in the Chinese market. During the Year, both sales revenue from the e-commerce platform and the distribution of maternity and child series products in the Chinese market experienced rapid growth. The Group's revenue for the Year amounted to approximately RMB274.9 million, representing an increase of approximately 9.0% compared to approximately RMB252.3 million in 2021. The Group recorded a loss of approximately RMB14.2 million for the Year, representing a decrease of approximately 55.2% compared to the loss of approximately RMB31.7 million in 2021.

During the Year, the Group strengthened the management of its supply chain system by identifying high-quality suppliers and boosting its production capacity, so as to accommodate the fast-growing demands from the e-commerce platform and the maternity and child series products in the Chinese market. Meanwhile, the Group optimized its logistics and transportation system to improve the efficiency of inventory turnover.

During the Year, the Group continued to focus on the Good Health brand and sales promotion through distributors and e-commerce channels, so as to promote the brand recognition of the Good Health brand in the target markets. The Group carried out continuous brand building and promotion mainly through a combination of distributors, pharmacies, duty-free stores and travel channels, and at the same time through flagship stores on domestic major e-commerce platforms.

During the Year, in order to enhance market competitiveness of its products and meet evolving consumer demands, the Group adopted a market-oriented strategy for research and product development to further strengthen new products development. During the Year, the Group launched a total of 18 new products, including 1 Zhongsheng series product, and 7 Good Health series products, etc. The new products mainly comprised Pannex Joint Cream, Pannex Immune Capsule, Pannex Digestion Capsule, Milk Calcium Gummy, DHA Gummy, Elderberry Gummy, Goodkids Manuka Honey Lollipops, etc..

In the Chinese market, the Group continued to develop its domestic distribution network and e-commerce platforms during the Year. In terms of e-commerce platforms, the Group continued to cooperate with e-commerce platforms such as Tmall, JD.com, TikTok, xiaohongshu.com, and HealthPost, etc..

The Group's overseas diversified sales platforms mainly include international distribution networks that broadly distributed in various countries, including the United Kingdom, Germany, Singapore, South Africa, Vietnam, and Thailand, etc., and local large chain pharmacies, health goods supermarkets and tourist souvenir shops in New Zealand and Australia.

FINANCIAL REVIEW

Results

The revenue of the Group for the Year was approximately RMB274.9 million, representing an increase of approximately 9.0% from approximately RMB252.3 million in 2021. The Group recorded a loss of approximately RMB14.2 million for the Year, representing a decrease of approximately 55.2% as compared with a loss of approximately RMB31.7 million in 2021. The Company's loss per share was approximately RMB1.51 cents (2021: loss per share of approximately RMB3.35 cents) based on the weighted average number of 946,298,370 (2021: 946,298,370) ordinary shares of the Company in issue during the Year.

Revenue

The revenue of the Group increased by approximately 9.0% from approximately RMB252.3 million in 2021 to approximately RMB274.9 million for the Year. During the Year, the Group continued to invest more resources in the Good Health brand. The increase in sales revenue for the Year was mainly driven by the growth in revenue from the Good Health brand on e-commerce platforms.

Gross profit

The Group's gross profit increased by approximately 15.3% from approximately RMB138.8 million in 2021 to approximately RMB160.0 million for the Year. The Group's gross profit margin in 2022 slightly increased from approximately 55.0% in 2021 to approximately 58.2% for the Year. Such increase in gross profit margin was mainly due to (i) the Group raised the selling prices of the Good Health brand products in New Zealand and on e-commerce platforms; and (ii) the increase in revenue from e-commerce platforms.

Other income and gains

The Group's other income and gains mainly comprised bank interest income, government grants, rental income and foreign exchange gains, which decreased from approximately RMB15.1 million in 2021 to approximately RMB7.9 million for the Year. Such decrease was mainly due to a decrease in government grants during the Year and the one-off gain from the disposal of Shanghai Hejian Nutritional Food Products Company Limited* (上海禾健營養食品有限公司) recorded in 2021.

* *For identification purpose only*

Selling and distribution expenses

The Group's selling and distribution expenses increased by approximately 2.5% from approximately RMB106.0 million in 2021 to approximately RMB108.6 million for the Year, representing approximately 42.0% and 39.5% of the Group's revenue in 2021 and for the Year, respectively. Such slight increase in selling and distribution expenses was mainly due to the Group's increased advertising and promotional efforts on e-commerce distribution channels.

Administrative expenses

The Group's administrative expenses decreased by approximately 9.0% from approximately RMB70.2 million in 2021 to approximately RMB63.9 million for the Year, representing approximately 27.8% and 23.3% of the Group's revenue in 2021 and for the Year, respectively. Such decrease in administrative expenses was mainly due to a reduction in staff remuneration expenses and a decrease in property depreciation expenses as a result of the reclassification of a self-use property into an investment property measured at its fair value.

Income tax expense/(credit)

The Group recorded an income tax expense of approximately RMB3.7 million for the Year and an income tax credit of approximately RMB1.4 million in 2021. The income tax expenses recorded during the Year were mainly because Good Health Products Limited, one of the Group's subsidiaries, returned to profit position. The Group's effective tax rates in 2021 and for the Year were approximately (4.2%) and 35.7%, respectively.

Loss for the Year

As a result of the foregoing, compared with a loss of approximately RMB31.7 million in 2021, the Group recorded a loss of approximately RMB14.2 million for the Year, representing a decrease of approximately 55.2%.

Reasons for decrease in loss

The decrease in loss for the Year was mainly attributable to: (i) an increase in revenue brought by the expansion of the Group's sales operations and change in sales channels; and (ii) an increase in the Group's gross profit margin as e-commerce business, which generally have higher gross margin, contributed more to the Group's overall revenue during the Year.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow

During the Year, the Group's cash and cash equivalents increased by approximately RMB1.3 million, which mainly comprised the net cash inflow from operating activities of approximately RMB7.9 million, net cash outflow used in investing activities of approximately RMB3.5 million, net cash outflow used in financing activities of approximately RMB4.1 million and exchange gains of approximately RMB1.0 million.

Inventories

The Group's inventories amounted to approximately RMB75.3 million as at 31 December 2022 (as at 31 December 2021: approximately RMB60.0 million). The Group's inventories include raw materials, work-in-progress, finished goods and goods merchandise. The balance of inventories increased by approximately 25.5% compared with that as at 31 December 2021. The Group increased the reserve of products and raw materials mainly because New Zealand's tourism market is expected to recover in 2023 due to the ease of COVID-19 restrictions in various countries, resulting in an expectation of further increase of sales from e-commerce platforms. The inventory turnover days were approximately 213 days for the Year (2021: approximately 228 days), decreasing by 15 days or approximately 6.6% compared with that of 2021. Such decrease was mainly due to strong sales performance and rapid turnover of Modified Milk Powder with Lactoferrin, a star product of the maternity and child series under the Good Health brand.

Trade receivables

The Group's trade receivables amounted to approximately RMB28.2 million as at 31 December 2022 (as at 31 December 2021: approximately RMB26.2 million), representing an increase of approximately RMB2.0 million or approximately 7.6%. Such increase in trade receivables was mainly due to the expansion of distribution on business-to-business e-commerce platforms.

Trade payables

The Group's trade payables increased by approximately RMB5.8 million or approximately 36.9% to approximately RMB21.5 million as at 31 December 2022 (as at 31 December 2021: approximately RMB15.7 million). Such increase in trade payables was mainly because of the Group's effort in reserving raw materials in order to meet the expected increase in product demand brought by the expected recovery of New Zealand's tourism market in 2023 after the ease of COVID-19 restrictions in various countries, as well as the expectation of further increase of sales from e-commerce platforms.

Foreign exchange exposure

The Group conducts in-bound transactions principally in RMB and outbound transactions principally in New Zealand dollar, United States dollar, and Australian dollar. The Group managed its foreign exchange risks by performing regular review and monitoring of its foreign exchange exposures. The Directors consider the Group's risk exposure to currency fluctuation to be minimal. Therefore, the Group had not implemented any hedging or other alternative policies to deal with such exposure during the Year.

Borrowings and pledge of assets

As at 31 December 2022, the Group did not have any outstanding borrowings or pledge of assets.

Capital expenditure

During the Year, the Group invested approximately RMB1.4 million (2021: approximately RMB1.1 million) for the establishment of research & development centre, plants and equipment.

Capital commitments and contingent liabilities

As at 31 December 2022, the Group did not have any material capital commitments or contingent liabilities (as at 31 December 2021: Nil).

OUTLOOK

In 2022, the market faced numerous challenges, including unexpected COVID-19 pandemic conditions, the Russia-Ukraine conflict, domestic heat waves and droughts, reduction in demands, supply disruption, and inflation, all of which have impacted economic development. Due to great pressure caused by the prevailing economic conditions in the Chinese market, a growing number of small brands with weaker risk resistance tried to clear their inventories by lowering selling prices to recover funds and exit the market, while the competition in the industry also intensified.

The Group will continue to implement the strategy of focusing on the development of the Good Heath brand. In 2022, Good Heath brand's sales revenue from e-commerce platforms and the distribution channels for maternity and child series products in the PRC have both recorded significant growth. The Group's brand promotion strategy has been successful so far, and the brand visibility within the industry has improved.

In 2023, the market expects gradual relaxation of pandemic control measures in response to the improving COVID-19 pandemic. Despite internal and external pressure, the PRC government will continue to prioritise economic development, and stabilise it at a comparatively higher target growth rate. Furthermore, the PRC government will step up its efforts to implement policies of stabilising investments with more credit facilities and monetary easing plans, thereby stimulating economic development. Meanwhile, household consumption is likely to rebound strongly, becoming a new growth opportunity for the economy.

In 2023, the Group will focus on: (1) continuing to allocate more resources to research and development in new products to shorten their research and development cycle, so as to launch new products to meet the demands of target customers; (2) identifying high-quality suppliers to meet customer demands and achieve sales growth at lower costs; (3) strengthening online and offline brand promotions to enhance its brand influence; and (4) further expanding the Group's sales scale to improve its overall profitability.

HUMAN RESOURCES MANAGEMENT

Quality 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 employees are able to obtain on-going trainings 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 2022, the Group employed a work force of 298 employees (as at 31 December 2021: 279 employees). The total salaries and related costs for the Year amounted to approximately RMB71.9 million (as at 31 December 2021: approximately RMB68.9 million).

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

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the Year.

SIGNIFICANT EVENTS SUBSEQUENT TO THE YEAR ENDED 31 DECEMBER 2022

Subsequent to the year ended 31 December 2022 and up to the date of this announcement, there were no significant events affecting the Group.

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 of Hong Kong Limited (the "**Stock Exchange**") as the code of conduct for the Directors in their dealings in the Company's securities.

The Company has made specific enquiry to the Directors and supervisors of the Company ("**Supervisors**") and all the Directors and Supervisors confirmed that they have complied with the Model Code during the Year.

CODE OF CORPORATE GOVERNANCE PRACTICE

In the opinion of the Directors, the Company has complied with all applicable principles and code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules during the Year.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has been established in compliance with Rules 3.21 and 3.22 of the Listing Rules and with written terms of reference in compliance with the CG Code. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Yu Bo, Ms. Cai Tianchen and Mr. Wang Wei. Ms. Cai Tianchen serves as the chairperson of the Audit Committee. The Audit Committee is primarily responsible for the review and supervision of the financial reporting process, and risk management 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.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the Year as set out in this announcement have been agreed by the Company's auditor, Ernst & Young to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Ernst & Young on this announcement.

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Board does not recommend the payment of any final dividend for the Year or any special dividend.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be convened on Friday, 9 June 2023. A notice convening the AGM will be published and despatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

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 Wednesday, 10 May 2023 to Friday, 9 June 2023, 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 Tuesday, 9 May 2023.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final 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, the People's Republic of China, 30 March 2023

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.

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