



澳大利亚生命力控股集团  
AUSTRALIA SAMLY HOLDINGS GROUP LIMITED

# **Australia Samly Holdings Group Limited**

**ABN 16 164 307 975**

## **Half-year Financial Report - 31 December 2015**

**Australia Samly Holdings Group Limited**  
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**31 December 2015**

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**Australia Samly Holdings Group Limited**  
**Corporate directory**  
**31 December 2015**

Directors	Liangchao Chen (Executive Director and Chairman) Ying Yao (Executive Director) Pin Yin (Executive Director)
Company secretary	Jiajun Li Pin Yin
Registered office	C/- Baker & Mackenzie AMP Centre, Level 27 50 Bridge Street Sydney, NSW 2000, AUSTRALIA
Principal place of business	C/- Baker & Mackenzie AMP Centre, Level 27 50 Bridge Street Sydney, NSW 2000, AUSTRALIA
Share register	ShareBPO Pty Ltd Level 1, 51-57 Pitt Street Sydney NSW 2000
Auditor	BDO East Coast Partnership Level 14, 140 William Street Melbourne, VIC 3000
Solicitors	Baker & Mackenzie AMP Centre, Level 27 50 Bridge Street Sydney, NSW 2000, AUSTRALIA
Bankers	Commonwealth Bank of Australia 28 Kingsway Glen Waverley, VIC 3150
Stock exchange listing	Australia Samly Holdings Group Limited shares are listed on the Sydney Stock Exchange (SSX code: 8SA)
Website	<a href="http://www.samly.com">www.samly.com</a>

**Australia Samly Holdings Group Limited**  
**Directors' report**  
**31 December 2015**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Australia Samly Holdings Group Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the half-year ended 31 December 2015.

**Directors**

The following persons were directors of Australia Samly Holdings Group Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Liangchao Chen (Executive Director and Chairman)  
Colin Guang Zheng (Non-Executive Director)  
Zhimin Xiong (Non-Executive Director)  
Ying Yao (Executive Director)  
Pin Yin (Executive Director )

**Principal activities**

During the half year the principal continuing activities of the consolidated entity consisted of:

- Research and development nutrition and dietary supplements;
- Produce nutrition and dietary supplements; and
- Sale of nutrition and dietary supplements.

**Review of operations**

The profit for the consolidated entity after providing for income tax amounted to \$385,095 (31 December 2014: loss \$1,064,548). Gross sales, when translated to Australian dollars, increased by \$ 2,191,271 to \$9,029,825. Gross Profit increased by 23.94% to \$ 4,353,249 (31 December 2014: 3,512,278).

Net assets of the Group as of 31 December 2015 have increased by \$ 276,778 to \$ 2,601,841 at 31 December 2015.

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

**AUSTRALIA SAMLY HOLDINGS GROUP Limited**  
**Directors' report**  
**31 December 2015**

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to be 'L. Chen', with a large, stylized flourish at the end.

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Liangchao Chen  
Director  
Melbourne, 15 March 2016

**DECLARATION OF INDEPENDENCE BY WAI AW TO THE DIRECTORS OF AUSTRALIA SAMLY HOLDINGS GROUP LIMITED**

As lead auditor for the review of Australia Samly Holdings Group Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Australia Samly Holdings Group Limited and the entities it controlled during the period.



Wai Aw  
Partner

**BDO East Coast Partnership**  
Melbourne, 15 March 2016

**Australia Samly Holdings Group Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2015**

		<b>Consolidated</b>	
	<b>Note</b>	<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>	<b>4</b>	<b>9,434,800</b>	<b>6,934,120</b>
<b>Expenses</b>			
Cost of sales		(4,676,576)	(3,326,277)
Sales expense		(1,184,803)	(1,620,102)
Administration		(1,947,230)	(1,128,359)
Marketing		(578,045)	(1,678,323)
Other expenses		(177,198)	(90,208)
Finance costs		(215,611)	(122,421)
<b>Profit/(Loss) before income tax expense</b>		<b>655,337</b>	<b>(1,031,570)</b>
Income tax expense		(270,242)	(32,978)
<b>Profit/(Loss) after income tax expense for the half-year attributable to the owners of Australia Samly Holdings Group Limited</b>		<b>385,095</b>	<b>(1,064,548)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(108,317)	771,683
Other comprehensive income for the year, net of tax		(108,317)	771,683
<b>Total comprehensive income for the half-year attributable to the owners of Australia Samly Holdings Group Limited</b>		<b>276,778</b>	<b>(292,865)</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		1.11	(3.07)
Diluted earnings per share		1.11	(3.07)

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Australia Samly Holdings Group Limited**  
**Statement of financial position**  
**As at 31 December 2015**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June</b>
<b>Note</b>	<b>2015</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	4,139,474	748,385
Trade and other receivables	2,341,930	2,551,940
Inventories	3,027,632	3,592,780
Prepayments	1,804,396	1,754,517
<b>Total current assets</b>	<b>11,313,432</b>	<b>8,647,622</b>
<b>Non-current assets</b>		
Property, plant and equipment	4,521,065	4,780,317
Intangibles	737,949	786,207
Deferred tax	153,995	169,908
Prepayments	39,582	50,462
<b>Total non-current assets</b>	<b>5,452,591</b>	<b>5,786,894</b>
<b>Total assets</b>	<b>16,766,023</b>	<b>14,434,516</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	4,389,106	4,208,630
Borrowings	5 6,273,725	5,190,199
Income tax	688,980	541,941
Employee benefits	263,847	269,485
Deferred revenue	2,548,524	1,899,198
<b>Total current liabilities</b>	<b>14,164,182</b>	<b>12,109,453</b>
<b>Total liabilities</b>	<b>14,164,182</b>	<b>12,109,453</b>
<b>Net assets</b>	<b>2,601,841</b>	<b>2,325,063</b>
<b>Equity</b>		
Issued capital	4,095,429	4,095,429
Reserves	1,464,234	1,445,592
Accumulated losses	(2,957,822)	(3,215,958)
<b>Total equity</b>	<b>2,601,841</b>	<b>2,325,063</b>

*The above statement of financial position should be read in conjunction with the accompanying notes*



**Australia Samly Holdings Group Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2015**

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Retained Earnings \$</b>	<b>Reserves \$</b>	<b>Total equity \$</b>
Balance at 1 July 2014	4,095,429	1,444,071	424,696	5,964,196
Loss after income tax expense for the half-year	-	(1,064,548)	-	(1,064,548)
Other comprehensive income for the half-year, net of tax	-	-	771,683	771,683
Total comprehensive income for the half-year	-	(1,064,548)	771,683	(292,865)
<i>Transactions with owners in their capacity as owners:</i>				
Appropriation of surplus reserves	-	(24,082)	24,082	-
<b>Balance at 31 December 2014</b>	<b>4,095,429</b>	<b>355,441</b>	<b>1,220,461</b>	<b>5,671,331</b>
<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Accumulated Losses \$</b>	<b>Reserves \$</b>	<b>Total equity \$</b>
Balance at 1 July 2015	4,095,429	(3,215,958)	1,445,592	2,325,063
Profit after income tax expense for the half-year	-	385,095	-	385,095
Other comprehensive income for the half-year, net of tax	-	-	(108,317)	(108,317)
Total comprehensive income for the half-year	-	385,095	(108,317)	276,778
<i>Transactions with owners in their capacity as owners:</i>				
Appropriation of surplus reserves	-	(126,959)	126,959	-
<b>Balance at 31 December 2015</b>	<b>4,095,429</b>	<b>(2,957,822)</b>	<b>1,464,234</b>	<b>2,601,841</b>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Australia Samly Holdings Group Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2015**

	<b>Consolidated</b>	
<b>Note</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	10,966,134	7,087,681
Payments to suppliers and employees (inclusive of GST)	(8,201,111)	(10,366,219)
Interest received	1,903	1,752
Interest paid	(215,611)	(122,421)
Income tax paid	(95,261)	(17,798)
<b>Net cash provided/(used in) by operating activities</b>	<b>2,456,054</b>	<b>(3,417,005)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(88,611)	(32,687)
Payments for intangible assets	-	(117,301)
Proceeds from disposal of property, plant and equipment	4,745	-
<b>Net cash used in investing activities</b>	<b>(83,866)</b>	<b>(149,988)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	2,840,413	998,702
Advances from related parties	112,206	-
Repayment of borrowings	(1,747,946)	(928,775)
<b>Net cash provided by financing activities</b>	<b>1,204,673</b>	<b>69,927</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,576,861</b>	<b>(3,497,066)</b>
Cash and cash equivalents at the beginning of the financial half-year	748,385	5,738,890
Effects of exchange rate changes on cash	(185,772)	806,073
<b>Cash and cash equivalents at the end of the financial half-year</b>	<b>4,139,474</b>	<b>3,047,897</b>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

**Australia Samly Holdings Group Limited**  
**Notes to the financial statements**  
**31 December 2015**

**Note 1. General information**

The financial report covers Australia Samly Holdings Group Limited as a consolidated entity consisting of Australia Samly Holdings Group Limited and the entities it controlled. The financial statements are presented in Australian Dollars, which is Australia Samly Holdings Group Limited's presentation currency and the functional currency of the parent entity. The functional currency of the operating companies is the Chinese Yuan Renminbi ("RMB"). All amounts are translated to the presentation currency of the parent entity.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Australia Samly Holdings Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

C/- Baker & Mackenzie  
AMP Centre, Level 27  
50 Bridge Street  
Sydney, NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 11 March 2016. The directors have the power to amend and reissue the financial report.

**Note 2. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2015 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

**Going concern**

As at 31 December 2015 the consolidated entity had cash and cash equivalents of \$4,139,474 and was in a net current liability position of \$2,850,750. These conditions indicate a material uncertainty that may cast a significant doubt about the consolidated entity's ability to continue as a going concern.

The financial statements have been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The consolidated entity is confident of securing further external financing in response to short term working capital demand. The Chairman of the consolidated entity has confirmed that he will continue to offer his private assets to be pledged as a guarantee in order to secure loans.
- The Chairman and an executive director of the consolidated entity will not demand repayment of the loan owing to them of \$61,166 and \$92,350 respectively as at 31 December 2015 for a period of at least 12 months and are prepared to provide continuous financial support, if required, as in prior years.
- The net current liability position as at 31 December 2015 included deferred revenue of \$2,548,524 which is a non-cash item.
- The directors have prepared budgets which demonstrate that, based on the above factors; the consolidated entity has sufficient funds available to meet its commitments for at least twelve months from the date of signing this report.

## Note 2. Significant accounting policies (continued)

Should the consolidated entity not be able to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the consolidated entity not continue as a going concern.

### Fair value

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The carrying amount of trade and other receivables, prepayments, inventories, trade and other payables, borrowings and other payables is approximate the fair value given their short term nature.

### *Critical accounting judgements, estimates and assumptions*

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### *Estimation of useful lives of assets*

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life prepaid lease assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold are written off or written down.

### *Income tax*

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

### *Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

### *Provision for impairment of inventories*

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

**Note 2. Significant accounting policies (continued)**

*Provision for impairment of receivables*

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors' financial position.

*Employee benefits*

*Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

*Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows

*Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

**New, revised or amending Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Note 3. Operating segments**

*Identification of reportable operating segments*

The consolidated entity is organised into three operating segments: Production, New Life and Technology, and unallocated. These operating segments are based on the internal reports that are reviewed by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews NPBT (Net Profit Before Tax). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on at least a monthly basis.

*Types of products and services*

The principal products and services of each of these operating segments are as follows:

Production	Manufacture and sale of nutrition and dietary supplements
New Life	The purchase and resale of finished goods in the nutrition market
Technology	Research and the purchase and resale of supplements

*Refer to operating segment information on the next page*



**Australia Samly Holdings Group Limited**  
**Notes to the financial statements**  
**31 December 2015**

**Note 3. Operating segments (continued)**

<b>2015</b>	<b>Technology</b>	<b>New life</b>	<b>Production companies</b>	<b>Unallocated</b>	<b>Adjustment &amp; eliminations</b>	<b>Consolidated Group</b>
<b>Revenue</b>						
External customer	905,973	92,251	11,339,710	-	(3,308,109)	9,029,825
Government grants	-	-	396,303	-	-	396,303
Other	-	-	6,769	-	-	6,769
Interest	174	29	1,681	19	-	1,903
<b>Total</b>	<b>906,147</b>	<b>92,280</b>	<b>11,744,463</b>	<b>19</b>	<b>(3,308,109)</b>	<b>9,434,800</b>
<b>Income / (expenses)</b>						
Cost of sales	(596,319)	(62,555)	(7,056,014)	(773)	3,039,085	(4,676,576)
Administration	(77,410)	(20,884)	(923,072)	(163,437)	-	(1,184,803)
Sales expenses	(156,318)	(17,562)	(1,733,262)	(40,088)	-	(1,947,230)
Marketing	-	-	(117,418)	(460,627)	-	(578,045)
Other expenses	(64,752)	-	(110,920)	-	-	(175,672)
Finance costs	(87)	(25)	(216,956)	(69)	-	(217,137)
Income tax benefit / (expenses)	19,765	-	(290,007)	-	-	(270,242)
<b>Segment results</b>	<b>31,026</b>	<b>(8,746)</b>	<b>1,296,814</b>	<b>(664,975)</b>	<b>(269,024)</b>	<b>385,095</b>
<b>Total assets</b>	<b>5,413,392</b>	<b>2,791,205</b>	<b>33,099,422</b>	<b>12,449,141</b>	<b>(36,987,137)</b>	<b>16,766,023</b>
<b>Total liabilities</b>	<b>4,186,813</b>	<b>2,385,122</b>	<b>23,936,175</b>	<b>9,497,125</b>	<b>(25,841,053)</b>	<b>14,164,182</b>
<b>2014</b>	<b>Technology</b>	<b>New life</b>	<b>Production companies</b>	<b>Unallocated</b>	<b>Adjustment &amp; eliminations</b>	<b>Consolidated Group</b>
<b>Revenue</b>						
External customer	726,026	106,209	7,479,390	88,690	(1,561,761)	6,838,554
Government grants	-	-	-	-	-	-
Foreign exchange gains	-	-	-	40,156	-	40,156
Other	45,987	-	537	-	-	46,524
Interest	193	27	838	7,827	-	8,885
<b>Total</b>	<b>772,206</b>	<b>106,236</b>	<b>7,480,765</b>	<b>136,673</b>	<b>(1,561,761)</b>	<b>6,934,119</b>
<b>Income / (expenses)</b>						
Cost of sales	(475,942)	(70,347)	(4,169,548)	(58,854)	1,448,415	(3,326,276)
Administration	(33,693)	(12,919)	(886,500)	(195,248)	-	(1,128,360)
Sales expenses	(77,281)	(26,544)	(1,443,728)	(72,549)	-	(1,620,102)
Marketing	(91,583)	-	(595,645)	(991,095)	-	(1,678,323)
Other expenses	(6,298)	1,159	(85,068)	-	-	(90,207)
Finance costs	(26)	(20)	(122,033)	(342)	-	(122,421)
Income tax expenses	(12,939)	-	(20,039)	-	-	(32,978)
<b>Segment results</b>	<b>74,444</b>	<b>(2,435)</b>	<b>158,204</b>	<b>(1,181,415)</b>	<b>(113,346)</b>	<b>(1,064,548)</b>
<b>Total assets</b>	<b>2,332,342</b>	<b>660,424</b>	<b>26,367,677</b>	<b>15,747,038</b>	<b>(26,181,938)</b>	<b>18,925,543</b>
<b>Total liabilities</b>	<b>1,179,216</b>	<b>232,163</b>	<b>18,869,015</b>	<b>13,056,671</b>	<b>(20,082,853)</b>	<b>13,254,212</b>

**Australia Samly Holdings Group Limited**  
**Notes to the financial statements**  
**31 December 2015**

**Note 4. Revenue**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Sales of goods and raw materials	9,029,825	6,838,554
Other revenue		
Government grants	396,303	40,156
Foreign exchange gains	6,769	8,885
Interest	1,903	46,525
	404,975	95,566
Revenue	9,434,800	6,934,120

**Note 5. Current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>31 December 2015</b>	<b>30 June 2015</b>
	<b>\$</b>	<b>\$</b>
Bank loans (i)	6,120,209	5,148,889
Loan from directors (ii)	153,516	41,310
	6,273,725	5,190,199

- (i) The balance of the bank loans at the reporting date was made up of loans from Industrial Bank Co., Ltd of RMB 23million (\$4.853 million) and a loan from Ping An Bank Co., Ltd of RMB 6million (\$1.266 million). The first loan from Industrial Bank Co., Ltd is RMB10 million is repayable on 20 March 2016, with an annual interest rate at prevailing reserve bank benchmark rate set by the People's Bank of China plus 2.19% which is secured against the Property, plant and equipment of Shenzhen Vitality Bio-health Technology Jiangsu Co., Ltd. The second loan from Industrial Bank Co., Ltd RMB13 million and is repayable on 21 September 2016, with an annual interest rate at prevailing reserve bank benchmark rate set by the People's Bank of China plus 1.66% which is secured against the private assets of Mr Chen, the Chairman and executive director of the Company. Mr Chen has provided his personal guarantee for both of the loans.

The loan from Ping An Bank Co., Ltd had a fixed interest rate of 8.4% and is payable on 12 January 2016. This loan was secured by a guarantee of RMB 6 million provided by Mr Chen and was repaid in full subsequent to the reporting date.

- (ii) The Director's loans were from Mr Chen and Ms Yao and are unsecured, interest free and at call. During the half year, Mr Chen made further advances of \$26,156 to the Company, the balance of the loan is \$61,166 at 31 December 2015. Ms Yao made advances of \$86,050 to the Company, the balance of the loan is \$92,350 at 31 December 2015.

**Note 6. Equity - dividends**

There were no dividends paid, recommended or declared during the current or previous financial half-year.

**Note 7. Contingencies**

The consolidated entity has no contingent liabilities or capital commitments as at 31 December 2015 (30 June 2015: Nil).

**Note 8. Events after the reporting period**

No matter or circumstance has arisen since 31 December 2015 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.



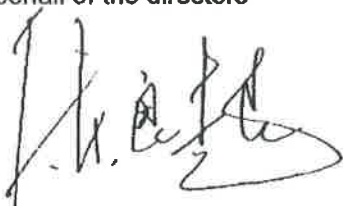
**Australia Samly Holdings Group Limited**  
**Directors' declaration**  
**31 December 2015**

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to be 'L. Chen', written over a horizontal line.

Liangchao Chen  
Director  
Melbourne, 15 March 2016



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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Australia Samly Holdings Group Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Australia Samly Holdings Group Limited, which comprises the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

#### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Australia Samly Holdings Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Australia Samly Holdings Group Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



### **Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Australia Samly Holdings Group Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

### **Emphasis of matter**

Without modifying our conclusion, we draw attention to Note 2 (Going Concern) in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent on the entity successfully renewing the external loans on an annual basis and the continued financial support from the chairman. These conditions, along with other matters as set out in Note 2 (Going Concern), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

### **BDO East Coast Partnership**

BDO

A handwritten signature in blue ink, appearing to read 'Wai Aw', written over a horizontal line.

**Wai Aw**

**Partner**

Melbourne, 15 March 2016