

29 July 2016

2016 Second Quarter Market Update

Company Financial Position Updates

Australia Samly Holdings Group Limited (the **Company**) has experienced a decrease in sales revenue and profit after tax in the second quarter of 2016 compared with the same period in 2015.

1. Reporting Period and Currency Unit

The reporting period of this update is 1 April 2016 through 30 June 2016; and the comparison period is 1 April 2015 through 30 June 2015. The currency unit in use is Chinese Yuan (RMB).

2. Decrease in revenue

During the reporting period, Samly has recorded sales revenue of RMB 21.19 million, which represents a decrease by 20.88% from the same period last year. Profit after tax for the period was RMB 2.6 million, which represents a decrease of 18.35% in net profit when compared to the same period last year (figures unaudited).

3. Operational reasons for reduction

The decline in revenue and net profit when compared to the same period in the previous year is due to the reduction of advertising activities. Previous advertisements cannot be broadcasted anymore because of the newly amended advertising law in China. Whereas last year sales were comparatively higher due to the stronger marketing effort, a reduced marketing and branding exposure led to reductions in brand presence and sales volume. In addition, the Company has lowered its support to low-profit customers, and in turn led to the reduction of sales.

Company Operational Updates - New Products

In the reporting period, Samly has introduced 10 new products, including melatonin containing products and other nutritional products. These new products are released improve the comprehensiveness of Samly's product range, particularly in its line of children's products in continuation of the Company's product range improvement efforts from the first quarter of 2016. In particular, the Company has launched its "Betty Bear" series which is aimed to position the Company more competitively in the children's health products market.

Company Loan updates

On 20 April 2016, the Company has entered into a loan agreement for RMB 10 million from the Jiangsu Shuyang Rural Commercial Bank, secured by a mortgage over the Company's real estate assets. The loan period is from 20 April 2016 to 19 April 2017, and the interest rate is 7.6125% p.a.

Please note the above quoted financial data is unaudited.

There is a Chinese version attached to this announcement and the Chinese version is an accurate translation of the content of the English version and in the event of any inconsistency between the English and Chinese versions the English version prevails.

Jiajun Li

Company Secretary

On behalf of Australia Samly Holdings Group Limited

2016年2季度，生命力累计实现销售收入2119万元人民币，较去年同期下降20.88%，实现所得税后利润260万元人民币，较去年同期下降18.35%（未经审计数据）。其中下降的主要原因是因为去年同期受广告的影响，销量提升较快，而受新广告法的限制，广告已终止播放，品牌效应减弱；针对一些低利润的客户，公司适当降低了支持，所以相应的销量也有部分下降。

2016年二季度，生命力共计推出10个新产品，包含目前市场上热门品类海狗丸、褪黑素等品种；及正式规划公司儿童系列（即贝蒂熊系列），首批上市鳕鱼肝油等五款新品。此次新品的推出，其目的在于为适应公司整体战略布局，更好的抢占优质市场及丰富公司产品线。尤其是贝蒂熊系列产品的推出，紧跟“二胎放开”政策下的儿童市场需求，并抢先推出系列产品，目前已逐渐占据优质资源，并取得较好的市场效果。

深圳市生命力生物保健科技江苏有限公司于2016年4月20日通过公司房产抵押物后，江苏沭阳农村商业银行发放1000万元人民币贷款给到公司，期间为一年从2016年4月20日至2017年4月19日，贷款年利率为7.6125%。