

16 January 2016

2016 Fourth 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 fourth quarter of 2016 compared with the same period in 2015.

1. Reporting Period and Currency Unit

The reporting period of this update is 1 October 2016 through 31 December 2016; and the comparison period is 1 October 2015 through 31 December 2015. The currency unit in use is Chinese Yuan (RMB).

2. Decrease in revenue

During the reporting period, Samly has recorded net income of RMB 12.605 million, which represents a decrease by 52% from the same period last year. Loss after tax for the period was RMB 500,000, which represents a decrease of RMB 1.94 million in net profit when compared to the same period last year. The total income in second half year decreases by approximately 40% comparing with the first half year 2016 and experiencing a 2.7 million loss in net profit and loss. (figures unaudited)

3. Operational reasons for reduction

The decline in revenue and net profit when compared to the same period in the previous year was due to the continued reduction of advertising activities due to changes in 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 reduced its support services to low-profit customers, and in turn led to the reduction of sales. The Company is also implementing a credit management system, such that a certain amount of products are no longer shipped depending on customer credit. Further a change of control event occurred to one of the Company's key customers, although currently its impact on the long term customer relationship is yet undetermined.

Company Operational Updates

In this reporting period, the Company has not introduced any new products. It was instead focusing on enhancing its existing products, such as alkaline protein tablets, chewable calcium tablets, protein drinks and other products, and planning for the replacement of certain products, such as coffee drops and chewable vitamin C+E tablets, in order to meet market trends and streamline the company's product line.

Please note the above quoted financial data is unaudited.

Jiajun Li

Company Secretary

On behalf of Australia Samly Holdings Group Limited

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.

2016 第四季度公司信息更新

1、2016 年第 4 季度公司实现净收入人民币 1,260.5 万元，对比去年同期收入人民币 2,617.66 万元下滑了 52%。第 4 季度实现净亏损人民币 50 万元，对比去年同期净利润人民币 144 万元下降人民币 194 万。2016 年下半年对比上年度同期，收入预计下滑 40%左右，利润预计比去年同期减少亏损 270 万元人民币左右（以上财务数据均为未审计数据）。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；今年对客户进行信用管理，超过一定额度不再发货，大部分以现货为主，少量铺货为辅的营销政策；公司合作的主要大客户里面有一家的实际控制人发生了变更，对方公司的营销思路和合作方向暂时还没有确定，正在积极沟通中。

2、2016 年四季度，公司未推出新品，重点工作在于生命力系列产品调整，涉及初乳碱性蛋白压片糖果、浓缩乳清蛋白固体饮料、综合植物酵素粉等 22 款产品退市；钙咀嚼片、葡萄籽软胶囊等 3 款产品调价；维生素 C+E 咀嚼片、玛咖片等 2 款产品规划待自有批文替换。此次产品调整，其目的在于为进一步优化公司产品线，迎合市场发展趋势及政策走向，减少销量低产品积压带来的损失。