

27 April 2016

2016 First Quarter Market Update

Company Financial Position Updates

Australia Samly Holdings Group Limited (the **Company**) has experienced a slightly decrease in sales revenue and loss in the first quarter of 2016 compared with the same period in 2015.

1. Reporting Period and Currency Unit

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

2. Decrease in revenue and reduction in loss

During the first quarter of 2016, Samly has recorded sales revenue of RMB 10.42 million, which represents a decrease by 9.4% from the same period last year. Loss after tax for the period was RMB 2.85 million, which represents a reduction of loss by RMB 7.08 million (figures unaudited).

3. Operational reasons for reduction in loss

The reduction in the Company's recorded loss is mainly attributable to fact that the amortisation of the advertising costs for the first quarter of 2016 has been completed in 2015. We note the amortisation of the 2014 advertising costs in the first quarter last year was RMB 7.72 million.

4. Government funding

On 18 February 2016, the Company has received government funding of RMB 370,000 from the management committee of the Shuyang Economic and Technological Development Zone as part of the industrial development funding scheme.

Company Operational Updates

5. New Products

In the first quarter of 2016, Samly has introduced 10 new products, including nutrition management products and products that aim to improve the memory of young children. These new products are released improve the comprehensiveness of Samly's product range, particularly in its line of children's products. The introduction of nutrition management products is in response to increased demands of the consumer during this upcoming summer in China.

6. Industry Event

On 6 April 2016 in Hangzhou, China, Samly participated as a sponsor in the 7th Annual Meeting of the Pharmaceutical Franchise Chain Union and the Pharmaceutical E-Commerce Forum held by the China Medial Pharmaceutical Material Association. At the forum, the participants discussed the developments in e-commerce in the health products industry, and the new policies governing e-commerce for health products, and the future direction for the growth of e-commerce for healthy

products.

Company Loan updates

Shenzhen Vitality Bio-health Technology Co., Ltd (subsidiary of the company) has repaid the following loans:

- RMB 6 million from the Shenzhen branch of Ping An Bank on 12 January 2016; and
- RMB 10 million from the Shenzhen branch of Industrial Bank on 21 March 2016.

On 30 March 2016, the Company has entered into a loan agreement for RMB 10 million from the Shenzhen branch of Industrial Bank. The Board Chairman has provided a security interest over his personal real estate assets as collateral. The loan period is from 30 March 2016 to 20 March 2017, and the interest rate is the PBOC benchmark interest rate + 1.5725% (approximately 6%).

Please note the above quoted financial data is unaudited.

Jiajun Li

Company Secretary

On behalf of Australia Samly Holdings Group Limited