

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



美瑞健康国际产业集团

Meilleure Health International Industry Group

**MEILLEURE HEALTH INTERNATIONAL INDUSTRY GROUP LIMITED**

**美瑞健康國際產業集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 2327)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

**RESULTS**

The Board is pleased to announce the unaudited interim results of the Group for the six months ended 30 June 2023, together with the comparative figures for the six months ended 30 June 2022 as follows:

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 June 2023*

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2023</b>	<b>2022</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue</b>	4	<b>74,838</b>	64,614
Cost of goods sold and service rendered		<u>(37,889)</u>	<u>(20,546)</u>
<b>Gross profit</b>		<b>36,949</b>	44,068
Fair value gains on investment properties	10	<b>122</b>	7,788
Gain on partial disposals of investments at FVTPL		<b>2,427</b>	–
Other income and gains/(losses), net		<b>6,671</b>	(6,523)
Selling and distribution expenses		<b>(5,333)</b>	(3,171)
Administrative expenses		<b>(10,244)</b>	(14,041)
Impairment losses of receivables, net		<b>(882)</b>	(191)
Finance costs	5	<b>(5,790)</b>	(4,890)
Share of losses of associates		<b>(138)</b>	(1,916)
Share of losses of joint ventures		<u>(2,636)</u>	<u>(7,409)</u>
<b>Profit before tax</b>		<b>21,146</b>	13,715
Income tax expense	6	<u>(3,414)</u>	<u>(3,332)</u>
<b>Profit for the period</b>	7	<u><b>17,732</b></u>	<u>10,383</u>
<b>Attributable to:</b>			
Owners of the Company		<b>18,160</b>	10,562
Non-controlling interests		<u>(428)</u>	<u>(179)</u>
		<u><b>17,732</b></u>	<u>10,383</u>
<b>Earnings per share</b>	9		
Basic and diluted		<u><b>HK0.44 cents</b></u>	<u>HK0.26 cents</u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 June 2023*

		<b>Six months ended 30 June</b>	
	<i>Notes</i>	<b>2023</b>	2022
		<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	(Unaudited)
<b>Profit for the period</b>	7	<u>17,732</u>	<u>10,383</u>
<b>Other comprehensive loss:</b>			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value changes of equity investments at FVTOCI, net of tax		<u>(8,747)</u>	<u>–</u>
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations:			
— Subsidiaries		(43,133)	(47,139)
— Associates and joint ventures		(2,942)	(5,478)
Share of other comprehensive loss of an associate		<u>–</u>	<u>(67)</u>
		<u>(46,075)</u>	<u>(52,684)</u>
<b>Other comprehensive loss for the period, net of tax</b>		<u>(54,822)</u>	<u>(52,684)</u>
<b>Total comprehensive loss for the period</b>		<u><u>(37,090)</u></u>	<u><u>(42,301)</u></u>
<b>Attributable to:</b>			
Owners of the Company		(36,627)	(42,182)
Non-controlling interests		<u>(463)</u>	<u>(119)</u>
		<u><u>(37,090)</u></u>	<u><u>(42,301)</u></u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2023*

		30 June 2023	31 December 2022
	<i>Notes</i>	<b>HK\$'000</b> <b>(Unaudited)</b>	<i>HK\$'000</i> <i>(Audited)</i>
<b>Non-current assets</b>			
Property, plant and equipment		5,572	6,291
Right-of-use assets		4,876	5,154
Investment properties	10	535,349	560,149
Goodwill		18,500	18,500
Other intangible assets		17	44
Investment in an associate		9,172	9,740
Investment in a joint venture		53,064	57,356
Investments at FVTPL		38,812	55,163
Equity investments at FVTOCI		32,754	46,213
Derivative financial assets		300	314
Prepayments, deposits and other receivables	12	7,321	10,141
Deferred tax assets		23,466	20,179
		729,203	789,244
<b>Current assets</b>			
Inventories		6,142	6,514
Properties held for sale under development		252,792	256,519
Trade receivables	11	48,842	101,354
Prepayments, deposits and other receivables	12	583,057	341,134
Restricted deposit		1,868	–
Bank and cash balances		65,243	210,987
		957,944	916,508
Investment properties held for sale		5,264	5,509
		963,208	922,017

		<b>30 June</b>	31 December
		<b>2023</b>	2022
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Current liabilities</b>			
Trade payables	13	840	43
Contract liabilities		13,853	5,518
Accruals and other payables		26,220	29,488
Dividend payable		65,500	–
Amounts due to related parties		44,765	6,901
Bank borrowings		78,665	78,235
Lease liabilities		1,322	1,710
Derivative financial liabilities		637	–
Current tax liabilities		11,392	15,043
		<u>243,194</u>	<u>136,938</u>
<b>Net current assets</b>		<u>720,014</u>	<u>785,079</u>
<b>Total assets less current liabilities</b>		<u>1,449,217</u>	<u>1,574,323</u>
<b>Non-current liabilities</b>			
Accruals and other payables		225	230
Bank borrowings		146,598	165,204
Lease liabilities		2,703	3,980
Deferred tax liabilities		74,595	77,824
		<u>224,121</u>	<u>247,238</u>
<b>NET ASSETS</b>		<u>1,225,096</u>	<u>1,327,085</u>
<b>Capital and reserves</b>			
Share capital	14	40,938	40,945
Treasury shares		–	(231)
Reserves		1,182,112	1,283,862
		<u>1,223,050</u>	<u>1,324,576</u>
Equity attributable to owners of the Company		1,223,050	1,324,576
Non-controlling interests		2,046	2,509
<b>TOTAL EQUITY</b>		<u>1,225,096</u>	<u>1,327,085</u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

*For the six months ended 30 June 2023*

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES</b>	<b><u>(83,276)</u></b>	<b><u>68,017</u></b>
Deferred considerations received in respect of partial disposals of investment in an associate in prior years	3,978	3,596
Advances of loans to third parties	(254,359)	(345,619)
Repayment of loans from third parties	177,017	19,176
Interest received	14,783	1,834
Dividend received from investments at FVTPL	994	306
Purchases of property, plant and equipment	(344)	(596)
Proceeds from partial disposals of investment at FVTPL	15,040	–
Proceeds from disposal of property, plant and equipment	–	6
Purchases of investments at FVTPL (non-current)	(188)	(8,414)
Decrease in current portion of investments at FVTPL	–	86,412
Increase in restricted deposit	(1,910)	(525)
Settlement of derivative contracts	20	1,172
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b><u>(44,969)</u></b>	<b><u>(242,652)</u></b>
Proceeds from bank borrowings	–	95,880
Repayment of bank borrowings	(7,514)	(6,592)
Interest paid	(5,697)	(4,739)
Repayment of lease liabilities	(768)	(697)
Payment of shares cancellation	(1)	(35,249)
<b>NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES</b>	<b><u>(13,980)</u></b>	<b><u>48,603</u></b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b><u>(142,225)</u></b>	<b><u>(126,032)</u></b>
Effect of foreign exchange rate changes	(3,519)	(7,704)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b><u>210,987</u></b>	<b><u>272,591</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b><u><u>65,243</u></u></b>	<b><u><u>138,855</u></u></b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Bank and cash balances	<b><u><u>65,243</u></u></b>	<b><u><u>138,855</u></u></b>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2023*

## 1. GENERAL INFORMATION

The Company was incorporated in Bermuda with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The address of its principal place of business is Unit 2906, Tower 1, Lippo Centre, 89 Queensway, Admiralty, Hong Kong. The Company's shares are listed on the Main Board of the Stock Exchange.

The principal activities of the Group are operations of healthcare-related business, trading of construction materials and photovoltaic components, provision of real estate agency services, property investment and leasing, and development of residential properties.

## 2. BASIS OF PREPARATION

These interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 Interim Financial Reporting issued by the HKICPA and the applicable disclosures required by the Listing Rules.

These interim condensed consolidated financial statements should be read in conjunction with the 2022 annual consolidated financial statements. The accounting policies and methods of computation used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2022.

## 3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2023. HKFRSs comprise Hong Kong Financial Reporting Standards; HKASs; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's interim condensed consolidated financial statements and amounts reported for the current period and prior years.

## 4. REVENUE AND SEGMENT INFORMATION

The Group has four (six months ended 30 June 2022: six) reportable segments as follows:

- (a) Healthcare-related business – Health management services, aesthetic medical services and sale of healthcare-related and CBD downstream products
- (b) Trading business – Trading of construction materials and photovoltaic components
- (c) Property-related business – Real estate agency services, leasing of investment properties and development and selling of residential properties
- (d) Equity investment business – Management of investment portfolio

During the six months ended 30 June 2023, in view of the change of business strategy of the Group in accordance to the performance of the strategic business units, the Group has reorganised its internal reporting structure resulting in changes to the composition of its reportable segments. Prior period segment disclosures have been re-presented to conform with the current period's presentation.

### Segment revenues and results

The following is an analysis of the Group's revenues and results from reportable and operating segments:

For the six months ended 30 June 2023 (Unaudited)

	<b>Healthcare- related business HK\$'000</b>	<b>Trading business HK\$'000</b>	<b>Property- related business HK\$'000</b>	<b>Equity investment business HK\$'000</b>	<b>Total HK\$'000</b>
Revenue from external customers	<u>19,751</u>	<u>43,323</u>	<u>11,764</u>	<u>–</u>	<u>74,838</u>
Segment profit/(loss)	<u>5,459</u>	<u>8,850</u>	<u>9,827</u>	<u>(1,640)</u>	<u>22,496</u>
Interest income					9,856
Reversal of equity-settled share options expenses					254
Finance costs					(5,790)
Unallocated expenses					<u>(5,670)</u>
Profit before tax					<u>21,146</u>

For the six months ended 30 June 2022 (Re-presented) (Unaudited)

	Healthcare- related business HK\$'000	Trading business HK\$'000	Property- related business HK\$'000	Equity investment business HK\$'000	Total HK\$'000
Revenue from external customers	<u>38,232</u>	<u>11,743</u>	<u>14,639</u>	<u>–</u>	<u>64,614</u>
Segment profit/(loss)	<u>24,437</u>	<u>1,540</u>	<u>16,493</u>	<u>(25,746)</u>	16,724
Interest income					10,262
Reversal of equity-settled share options expenses					142
Finance costs					(4,890)
Unallocated income					137
Unallocated expenses					<u>(8,660)</u>
Profit before tax					<u>13,715</u>

## Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

### *Segment assets*

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
Healthcare-related business	74,752	69,630
Trading business	463,337	388,929
Property-related business	915,023	923,559
Equity investment business	149,124	187,595
	<hr/>	<hr/>
Total assets of reportable segments	1,602,236	1,569,713
	<hr/>	<hr/>
Deferred tax assets	23,466	20,179
Unallocated corporate assets	66,709	121,369
	<hr/>	<hr/>
Consolidated total assets	<u>1,692,411</u>	<u>1,711,261</u>

### *Segment liabilities*

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
Healthcare-related business	52,996	31,376
Trading business	139,757	126,759
Property-related business	120,920	130,914
	<hr/>	<hr/>
Total liabilities of reportable segments	313,673	289,049
	<hr/>	<hr/>
Deferred tax liabilities	74,595	77,824
Current tax liabilities	11,392	15,043
Unallocated corporate liabilities	67,655	2,260
	<hr/>	<hr/>
Consolidated total liabilities	<u>467,315</u>	<u>384,176</u>

## Revenue

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Sale of healthcare-related products	15,188	33,841
Healthcare management service income	1,226	2,388
Aesthetic medical service income	2,717	1,739
Sale of construction materials	33,087	11,743
Sale of photovoltaic components	10,236	–
Property sales and consultancy service income	1,470	3,767
Sale of CBD downstream products	620	264
	<u>64,544</u>	<u>53,742</u>
Revenue from contracts with customers	64,544	53,742
Rental income	10,294	10,872
	<u>74,838</u>	<u>64,614</u>
Total revenue	<u>74,838</u>	<u>64,614</u>

## Disaggregation of revenue from contracts with customers

For the six months ended 30 June 2023 (Unaudited)

Segments	Healthcare- related business HK\$'000	Trading business HK\$'000	Property- related business HK\$'000	Total HK\$'000
<b>Major products/services</b>				
Sale of healthcare-related products	15,188	–	–	15,188
Aesthetic medical services	2,717	–	–	2,717
Healthcare management services	1,226	–	–	1,226
Sale of CBD downstream products	620	–	–	620
Sale of construction materials	–	33,087	–	33,087
Sale of photovoltaic components	–	10,236	–	10,236
Property sales and consultancy services	–	–	1,470	1,470
	<u>19,751</u>	<u>43,323</u>	<u>1,470</u>	<u>64,544</u>
Total	<u>19,751</u>	<u>43,323</u>	<u>1,470</u>	<u>64,544</u>
<b>Geographical markets</b>				
PRC	19,131	37,857	1,470	58,458
Others	620	5,466	–	6,086
	<u>19,751</u>	<u>43,323</u>	<u>1,470</u>	<u>64,544</u>
Total	<u>19,751</u>	<u>43,323</u>	<u>1,470</u>	<u>64,544</u>
<b>Timing of revenue recognition</b>				
At a point in time	18,525	43,323	1,470	63,318
Over time	1,226	–	–	1,226
	<u>19,751</u>	<u>43,323</u>	<u>1,470</u>	<u>64,544</u>
Total	<u>19,751</u>	<u>43,323</u>	<u>1,470</u>	<u>64,544</u>

For the six months ended 30 June 2022 (Re-presented) (Unaudited)

Segments	Healthcare-related business <i>HK\$'000</i>	Trading business <i>HK\$'000</i>	Property-related business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Major products/services</b>				
Sale of healthcare-related products	33,841	–	–	33,841
Healthcare management services	2,388	–	–	2,388
Aesthetic medical services	1,739	–	–	1,739
Sale of CBD downstream products	264	–	–	264
Sale of construction materials	–	11,743	–	11,743
Property sales and consultancy services	–	–	3,767	3,767
Total	<u>38,232</u>	<u>11,743</u>	<u>3,767</u>	<u>53,742</u>
<b>Geographical markets</b>				
PRC	38,057	11,743	3,767	53,567
Others	<u>175</u>	<u>–</u>	<u>–</u>	<u>175</u>
Total	<u>38,232</u>	<u>11,743</u>	<u>3,767</u>	<u>53,742</u>
<b>Timing of revenue recognition</b>				
At a point in time	35,844	11,743	3,767	51,354
Over time	<u>2,388</u>	<u>–</u>	<u>–</u>	<u>2,388</u>
Total	<u>38,232</u>	<u>11,743</u>	<u>3,767</u>	<u>53,742</u>

## 5. FINANCE COSTS

	Six months ended 30 June	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
Interest on bank loans	5,697	4,739
Interest on lease liabilities	<u>93</u>	<u>151</u>
	<u>5,790</u>	<u>4,890</u>

## 6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Current income tax expense</b>		
– PRC Enterprise Income Tax	3,649	5,885
– Australia withholding tax on interest income	466	663
<b>Deferred income tax credit</b>	<u>(701)</u>	<u>(3,216)</u>
	<u><b>3,414</b></u>	<u><b>3,332</b></u>

## 7. PROFIT FOR THE PERIOD

The Group's profit for the period is stated after charging/(crediting) the following items that are unusual because of their nature, size or incidence:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Impairment losses of receivables, net	882	191
Impairment losses of inventories	291	–
Gain on partial disposals of investments at FVTPL	(2,427)	–
Fair value losses on investments at FVTPL	1,809	17,595
Fair value losses/(gains) on derivative financial instruments	632	(869)
Net foreign exchange losses	1,753	3,448
Loss on written off of prepayment	261	–
Reversal of equity-settled share options expenses	<u>(254)</u>	<u>(142)</u>

## 8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

During the six months ended 30 June 2023, the shareholders of the Company had approved the final dividend for the financial year ended 31 December 2022 of HK\$1.6 cents per share. The dividend was recognised as a distribution of approximately HK\$65,500,000 and was paid on 22 August 2023.

## 9. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Earnings</b>		
Profit attributable to owners of the Company used in the basic and diluted earnings per share calculation	<u>18,160</u>	<u>10,562</u>
<b>Number of shares</b>		
Issued ordinary shares as at 1 January	<b>4,094,548,636</b>	4,214,086,636
Effect of share repurchased	<u>(792,000)</u>	<u>(89,425,233)</u>
Weighted average number of ordinary shares used in basic earnings per share calculation	<b>4,093,756,636</b>	4,124,661,403
Effect of dilutive potential ordinary shares arising from share options ( <i>Note a</i> )	<u>–</u>	<u>2,490,091</u>
Weighted average number of ordinary shares used in diluted earnings per share calculation	<u><b>4,093,756,636</b></u>	<u>4,127,151,494</u>

*Note:*

- (a) For the six months ended 30 June 2023, as the average market share price of the Company's share was lower than assumed exercise price including the fair value of any services to be supplied to the Group in the future under the share option arrangement, accordingly, there would be no dilutive impact.

## 10. INVESTMENT PROPERTIES

	<b>30 June 2023</b>	31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Carrying amount</b>		
As at 1 January 2023/1 January 2022	<b>560,149</b>	593,647
Fair value gains	<b>122</b>	13,581
Exchange differences	<b>(24,922)</b>	(47,079)
	<hr/>	<hr/>
<b>Carrying amount</b>		
As at 30 June 2023/31 December 2022	<b>535,349</b>	560,149
	<hr/> <hr/>	<hr/> <hr/>

## 11. TRADE RECEIVABLES

The ageing analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	<b>30 June 2023</b>	31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
0 to 30 days	<b>13,828</b>	17,696
31 to 90 days	<b>3,722</b>	8,859
Over 90 days	<b>31,292</b>	74,799
	<hr/>	<hr/>
	<b>48,842</b>	101,354
	<hr/> <hr/>	<hr/> <hr/>

## 12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Loan receivables ( <i>Note a</i> )	317,043	239,003
Prepayments	229,097	56,540
Consideration receivables in relation to:		
– Partial disposals of investment in an associate	10,229	13,971
– Partial disposal of investment in a joint venture	6,082	6,288
Loan interest income receivables ( <i>Note a</i> )	9,446	17,610
Bid bond receivable	7,995	–
Performance bond receivable	5,402	15,830
Other tax receivables	4,247	1,679
Other receivables	3,332	3,010
Deposits paid	180	188
	<u>593,053</u>	<u>354,119</u>
Provision for loss allowance	<u>(2,675)</u>	<u>(2,844)</u>
	<u>590,378</u>	<u>351,275</u>
Analysed as:		
Current assets	583,057	341,134
Non-current assets	7,321	10,141
	<u>590,378</u>	<u>351,275</u>

*Note:*

- (a) As at 30 June 2023, loan receivables with carrying amounts of HK\$256,055,000 are denominated in RMB, unsecured and bear fixed interest rates ranging from 3% to 6% per annum. The remaining loan receivables of HK\$60,988,000 are denominated in USD, unsecured and bear fixed interest rates ranging from 3% to 8% per annum. (31 December 2022: loan receivables with carrying amounts of HK\$199,003,000 are denominated in RMB, unsecured and bear fixed interest rates ranging from 3% to 8% per annum. The remaining loan receivables of HK\$40,000,000 are denominated in HKD, unsecured and bear fixed interest rate of 12.5% per annum). The entire amount of principals and interests shall be received in full in or before the first half of 2024.

### 13. TRADE PAYABLES

The ageing analysis of trade payables, based on the invoice date, is as follows:

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
0 to 90 days	12	16
Over 90 days	<u>828</u>	<u>27</u>
	<u><b>840</b></u>	<u><b>43</b></u>

### 14. SHARE CAPITAL

	<b>Number of shares</b>	<b>Amount HK\$'000</b>
Authorised:		
Ordinary shares of HK\$0.01 each		
As at 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
As at 1 January 2022	4,214,086,636	42,141
Cancellation of shares	<u>(119,538,000)</u>	<u>(1,196)</u>
As at 31 December 2022 and 1 January 2023	4,094,548,636	40,945
Cancellation of shares	<u>(792,000)</u>	<u>(7)</u>
As at 30 June 2023	<u><b>4,093,756,636</b></u>	<u><b>40,938</b></u>

### 15. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the Reporting Period are as follows:

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
Contracted, but not provided for:		
Capital contribution to an associate	<b>9,724</b>	10,176
Capital contribution to an unlisted long-term investment	<u>-</u>	<u>187</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

Below is a summary of the financial information of the Group:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Revenue	<b>74,838</b>	64,614
Gross profit	<b>36,949</b>	44,068
Gross profit margin	<b>49.4%</b>	68.2%
Other income and gains/(losses), net	<b>6,671</b>	(6,523)
Total operating expenses ( <i>Note</i> )	<b>15,577</b>	17,212
Finance costs	<b>5,790</b>	4,890
Profit before tax	<b>21,146</b>	13,715
Profit after tax	<b>17,732</b>	10,383
Profit attributable to owners of the Company	<b>18,160</b>	10,562

*Note: Total operating expenses included (i) selling and distribution expenses; and (ii) administrative expenses.*

#### Revenue

Revenue for the six months ended 30 June 2023 was HK\$74.8 million (six months ended 30 June 2022: HK\$64.6 million), mainly generated by (i) sale of healthcare-related products; (ii) sale of construction materials; (iii) sale of photovoltaic components; (iv) rental income; (v) property sales and consultancy service income; (vi) healthcare management service income; (vii) aesthetic medical service income; and (viii) sale of CBD downstream products.

Revenue increased by approximately 15.8% from HK\$64.6 million for the six months ended 30 June 2022 to HK\$74.8 million for the six months ended 30 June 2023. The increase in revenue of HK\$10.2 million was mainly due to (i) an increase in sale of construction materials of HK\$21.4 million, as a result of the reopen of mainland China; and (ii) an increase in sale of photovoltaic components of HK\$10.2 million, resulting from the increase in orders from the PRC and overseas market. Such increases were partially offset by a decrease in sale of healthcare-related products of HK\$18.6 million.

## **Gross Profit and Gross Profit Margin**

The Group's gross profit for the six months ended 30 June 2023 was HK\$36.9 million (six months ended 30 June 2022: HK\$44.1 million), representing a decrease of 16.3% compared to that for the six months ended 30 June 2022. The gross profit margin for the six months ended 30 June 2023 decreased to 49.4% from 68.2% for the six months ended 30 June 2022.

The decrease in gross profit of HK\$7.2 million was mainly due to a decrease in gross profit in the healthcare-related business of HK\$17.4 million, mainly resulting from decrease in the sale of healthcare-related products. The decrease was partially offset by an increase in gross profit in trading business of HK\$11.4 million, mainly benefiting from the increase in orders from the PRC and overseas market.

In addition, the decrease in gross profit margin was mainly due to an increase in the proportion of the revenue derived from the trading business to the Group's total revenue for the six months ended 30 June 2023 compared to that for the six months ended 30 June 2022, while the trading business has a lower gross profit margin compared to other business segments of the Group.

## **Other Income and Gains/(Losses), Net**

Such an item changed from other income and net losses of HK\$6.5 million for the six months ended 30 June 2022 to other income and net gains of HK\$6.7 million for the six months ended 30 June 2023. Such change is primarily due to (i) a decrease in fair value losses on investments at FVTPL of HK\$15.8 million; and (ii) a decrease in exchange losses of HK\$1.6 million. Such increases were partially offset by a decrease in government grants of HK\$2.1 million.

## **Total Operating Expenses**

Total operating expenses for the six months ended 30 June 2023 were HK\$15.6 million (six months ended 30 June 2022: HK\$17.2 million), representing a decrease of HK\$1.6 million or 9.3% compared to that for the six months ended 30 June 2022. Such decrease was mainly due to effective expenses control of the Group for the six months ended 30 June 2023.

## **Finance Costs**

Finance costs for the six months ended 30 June 2023 were HK\$5.8 million (six months ended 30 June 2022: HK\$4.9 million), representing an increase of HK\$0.9 million or 18.4% compared to that for the six months ended 30 June 2022. Such an increase was mainly due to an increase in interest on bank loans of HK\$1.0 million, primarily resulting from an increase in the average balance in bank borrowings during the six months ended 30 June 2023 compared to that during the six months ended 30 June 2022.

## **Profit After Tax**

Profit after tax for the six months ended 30 June 2023 was HK\$17.7 million (six months ended 30 June 2022: HK\$10.4 million), representing an increase of HK\$7.3 million or 70.2% as compared to that for the six months ended 30 June 2022. Such an increase was mainly due to:

- (i) an increase in gross profit in the trading business of HK\$11.4 million;
- (ii) a decrease in fair value losses on investments at FVTPL of HK\$15.8 million; and
- (iii) a decrease in share of losses of joint ventures of HK\$4.8 million.

Such increases were partially offset by (i) a decrease in gross profit in the healthcare-related business of HK\$17.4 million; and (ii) a decrease in fair value gains on investment properties of HK\$7.7 million.

## **BUSINESS REVIEW**

### **Healthcare-related Business**

The healthcare-related business comprises of the sale of healthcare-related products and CBD downstream products and the provision of aesthetic medical services and healthcare management services. The revenue derived from the healthcare-related business for the six months ended 30 June 2023 was HK\$19.7 million, representing a decrease of 48.4% compared to HK\$38.2 million for the six months ended 30 June 2022. The profit derived from this segment for the six months ended 30 June 2023 was HK\$5.5 million, representing a decrease of 77.5% compared to HK\$24.4 million for the six months ended 30 June 2022. Such a decrease was mainly due to a decrease in gross profit of HK\$17.4 million, primarily resulting from a decrease in the sale order of healthcare-related products.

## **Trading Business**

The trading business comprises of sale of construction materials and photovoltaic components. The revenue derived from the trading business for the six months ended 30 June 2023 was HK\$43.3 million, representing an increase of 2.7 times compared to HK\$11.8 million for the six months ended 30 June 2022. The profit derived from this segment for the six months ended 30 June 2023 was HK\$8.8 million, representing an increase of 4.9 times compared to HK\$1.5 million for the six months ended 30 June 2022, which was mainly due to a rise in gross profit of HK\$11.4 million, mainly resulting from the increase in orders from the PRC and overseas market. Such increase was partially offset by a decrease in other income and gains, net of HK\$2.5 million, primarily resulting from a decrease in government grants during the six months ended 30 June 2023.

## **Property-related Business**

The revenue derived from the property-related business for the six months ended 30 June 2023 was HK\$11.8 million, representing a decrease of 19.2% compared to HK\$14.6 million for the six months ended 30 June 2022. The profit derived from this segment for the six months ended 30 June 2023 was HK\$9.8 million, representing a decrease of 40.6% compared to HK\$16.5 million for the six months ended 30 June 2022, which was mainly due to a decrease in fair value gains on investment properties of HK\$7.7 million.

The Group has a 100% interest in a residential property development project located at Lot A & B, 626 Heidelberg Road, Alphington, VIC, 3078, Australia. The project covers a total site area of approximately 11,488 sq.m. and located just 6.5 kilometres from Melbourne's central business district, the site provides a gross floor area of approximately 18,752 sq.m. to be developed into 109 residential units of townhouses.

Up to the date of this announcement, the project's civil works have already been completed.

## **Equity Investment Business**

The losses derived from the equity investment business for the six months ended 30 June 2023 was HK\$1.6 million, representing a decrease of 93.8% compared to HK\$25.7 million for the six months ended 30 June 2022, which was mainly due to (i) a decrease in fair value losses on investments at FVTPL of HK\$15.8 million, as a result of favourable market conditions; (ii) a decrease in share of losses of joint ventures of HK\$4.8 million; and (iii) an increase in gain on partial disposals of investments at FVTPL of HK\$2.4 million.

## REVIEW OF FINANCIAL POSITION

	<b>30 June 2023 HK\$'000</b>	31 December 2022 HK\$'000
<b>NON-CURRENT ASSETS</b>		
Investment properties	<b>535,349</b>	560,149
Investment in a joint venture	<b>53,064</b>	57,356
Investments at FVTPL	<b>38,812</b>	55,163
Equity investments at FVTOCI	<b>32,754</b>	46,213
Goodwill	<b>18,500</b>	18,500
Investment in an associate	<b>9,172</b>	9,740
Others	<b>41,552</b>	42,123
	<hr/>	<hr/>
Total Non-current Assets	<b>729,203</b>	789,244
	<hr/>	<hr/>
<b>CURRENT ASSETS</b>		
Prepayments, deposits and other receivables	<b>583,057</b>	341,134
Properties held for sale under development	<b>252,792</b>	256,519
Bank and cash balances	<b>65,243</b>	210,987
Trade receivables	<b>48,842</b>	101,354
Investment properties held for sale	<b>5,264</b>	5,509
Others	<b>8,010</b>	6,514
	<hr/>	<hr/>
Total Current Assets	<b>963,208</b>	922,017
	<hr/>	<hr/>
Total Assets	<b>1,692,411</b>	1,711,261
	<hr/>	<hr/>
<b>LIABILITIES</b>		
Bank borrowings	<b>225,263</b>	243,439
Deferred tax liabilities	<b>74,595</b>	77,824
Dividend payable	<b>65,500</b>	–
Accruals and other payables	<b>26,445</b>	29,718
Amounts due to related parties	<b>44,765</b>	6,901
Contract liabilities	<b>13,853</b>	5,518
Others	<b>16,894</b>	20,776
	<hr/>	<hr/>
Total Liabilities	<b>467,315</b>	384,176
	<hr/>	<hr/>
Net Assets	<b>1,225,096</b>	1,327,085
	<hr/> <hr/>	<hr/> <hr/>

Non-current assets of the Group as at 30 June 2023 were HK\$729.2 million (31 December 2022: HK\$789.2 million), representing a decrease of HK\$60.0 million, which was mainly due to (i) a decrease in investment properties of HK\$24.8 million; (ii) a decrease in investments at FVTPL of HK\$16.4 million; (iii) a decrease in equity investments at FVTOCI of HK\$13.4 million; and (iv) a decrease in investment in a joint venture of HK\$4.3 million. Current assets were HK\$963.2 million (31 December 2022: HK\$922.0 million), representing an increase of HK\$41.2 million, which was mainly due to an increase in prepayments, deposits and other receivables of HK\$242.0 million, which was partially offset by (i) a decrease in bank and cash balances of HK\$145.8 million; and (ii) a decrease in trade receivables of HK\$52.6 million.

As at 30 June 2023, the Group's total liabilities were HK\$467.3 million (31 December 2022: HK\$384.2 million), representing an increase of HK\$83.1 million, which was mainly due to (i) an increase in dividend payable of HK\$65.5 million; and (ii) an increase in amounts due to related parties of HK\$37.9 million. Such increases were partially offset by a decrease in bank borrowings of HK\$18.1 million.

## NET ASSET VALUE

As at 30 June 2023, the Group's total net assets amounted to HK\$1,225.1 million (31 December 2022: HK\$1,327.1 million), representing a decrease of HK\$102.0 million, mainly due to (i) dividend recognised as a distribution of HK\$65.5 million; (ii) exchange losses arising from the translation of foreign operations of HK\$46.1 million; and (iii) fair value losses of equity investments at FVTOCI, net of HK\$8.7 million. Such decreases were partially offset by the profit for the six months ended 30 June 2023 of HK\$17.7 million.

## LIQUIDITY AND FINANCIAL RESOURCES

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Net cash (used in)/generated from operating activities	<b>(83,276)</b>	68,017
Net cash used in investing activities	<b>(44,969)</b>	(242,652)
Net cash (used in)/generated from financing activities	<b>(13,980)</b>	48,603
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	<b>(142,225)</b>	(126,032)
Effect of foreign exchange rate changes	<b>(3,519)</b>	(7,704)
Cash and cash equivalents at beginning of period	<b>210,987</b>	272,591
	<hr/>	<hr/>
Cash and cash equivalents at end of period	<b>65,243</b>	138,855
	<hr/> <hr/>	<hr/> <hr/>

As at 30 June 2023, the total cash and cash equivalents of the Group were HK\$65.2 million (31 December 2022: HK\$211.0 million), of which approximately 50.5% was denominated in EUR, 44.1% was in RMB, 3.0% was in HKD, 1.2% was in AUD, 0.7% was in USD, and 0.5% was in CHF (31 December 2022: 62.3% was denominated in RMB, 18.6% was in USD, 17.5% was in HKD, 1.0% was in AUD, 0.4% was in CHF, and 0.2% was in EUR).

Net cash used in operating activities for the six months ended 30 June 2023 was HK\$83.3 million, mainly contributed to net cash used in the Group's daily operation during the six months ended 30 June 2023.

Net cash used in investing activities was HK\$45.0 million, which was mainly attributable to short-term interest bearing loans advanced to certain independent third parties of HK\$254.4 million, which were partially offset by (i) repayment of short-term interest-bearing loans advanced to certain independent third parties of HK\$177.0 million; (ii) proceeds from partial disposals of investments at FVTPL of HK\$15.0 million; and (iii) receipt of loan interest of HK\$14.8 million.

Net cash used in financing activities was HK\$14.0 million, which mainly represented a net amount of (i) repayment of bank borrowings of HK\$7.5 million; and (ii) payment of loan interest of HK\$5.7 million.

As at 30 June 2023, the total bank borrowings of the Group were HK\$225.3 million (31 December 2022: HK\$243.4 million), which are mainly used as the working capital of the Group. The Group has no unutilised banking facilities as at 30 June 2023 and 31 December 2022.

The following table illustrates the composition of the Group's bank borrowings:

	<b>30 June 2023</b>	31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Floating rate RMB bank loans	<b>96,155</b>	107,981
Fixed rate RMB bank loans	<b>129,108</b>	135,458
	<b><u>225,263</u></b>	<u>243,439</u>

The following table illustrates the maturity profile of the Group's bank borrowings:

	<b>30 June 2023</b>	31 December 2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Within 1 year	<b>78,665</b>	78,235
Between 1 year and 2 years	<b>29,773</b>	31,279
Between 2 years and 5 years	<b>80,871</b>	84,292
Over 5 years	<b>35,954</b>	49,633
	<b><u>225,263</u></b>	<u>243,439</u>

Based on the Group's steady cash flow, coupled with sufficient bank and cash balances, the Group has adequate liquidity and financial resources to meet its future capital expenditures, daily operations and working capital requirements in the next financial year.

## **CAPITAL STRUCTURE OF THE GROUP**

The capital structure of the Group consists of equity attributable to owners of the Company (i.e. issued share capital and reserves).

## **TREASURY POLICIES**

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the six months ended 30 June 2023. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

On 11 April 2019, a total of 360,000,000 new shares were successfully placed by the placing agent to not less than six placees, who and whose ultimate beneficial owners were independent third parties, at the placing price of HK\$0.91 per placing share pursuant to the terms and conditions of the placing agreement under the general mandate and the placing of new shares raised net proceeds, after deducting related placing commission, professional fees and all related expenses, of HK\$325.7 million (with a net price of approximately HK\$0.905 per placing share) which was intended to be used for investing in the industrial hemp CBD extraction and application businesses and as general working capital of the Group.

As at 30 June 2023, the net proceeds have been used in the following manner:

<b>Intended use of the net proceeds</b>	<b>Unutilised net proceeds as at 31 December 2022 <i>HK\$ million</i></b>	<b>Actual amount used during the Reporting Period <i>HK\$ million</i></b>	<b>Unutilised net proceeds as at 30 June 2023 <i>HK\$ million</i></b>
To be used as general working capital of the Group	22.3	(22.3)	–
To be invested in the industrial hemp CBD extraction and application businesses	<u>1.2</u>	<u>(1.2)</u>	<u>–</u>
Total	<u><u>23.5</u></u>	<u><u>(23.5)</u></u>	<u><u>–</u></u>

As at 30 June 2023, the unutilised net proceeds have been fully utilised.

## **GEARING RATIO**

The Group's gearing ratio, expressed as the percentage of net debt (includes bank borrowings, trade payables, contract liabilities, accruals and other payables and amounts due to related parties, less bank and cash balances) over the sum of equity attributable to owners of the Company and net debt, was 16.7% as at 30 June 2023 (31 December 2022: 5.3%).

As at 30 June 2023, the Group had net debt of HK\$246.0 million (31 December 2022: HK\$74.6 million), while the equity attributable to owners of the Company amounted to HK\$1,223.1 million (31 December 2022: HK\$1,324.6 million).

## **CAPITAL EXPENDITURE**

During the six months ended 30 June 2023, the capital expenditure on purchasing property, plant and equipment amounted to HK\$0.3 million (six months ended 30 June 2022: HK\$4.4 million).

## **CAPITAL COMMITMENTS**

As at 30 June 2023, the Group had capital commitments of HK\$9.7 million (31 December 2022: HK\$10.4 million) in respect of capital contribution payable to an associate (31 December 2022: capital contribution payables to an associate and an unlisted long-term investment), which are contracted but not provided for in the interim condensed consolidated financial statements.

## CHARGES ON GROUP ASSETS

The following table sets forth the net book value of assets under pledges for certain banking facilities and outstanding futures contracts as at the dates indicated:

	<b>30 June 2023 HK\$'000</b>	31 December 2022 HK\$'000
Investment properties	<b>427,233</b>	452,828
Restricted deposit	<b>1,868</b>	–
	<b><u>429,101</u></b>	<b><u>452,828</u></b>

## CONTINGENT LIABILITIES

As at 30 June 2023 and 31 December 2022, the Group did not have any significant contingent liabilities.

## GENERAL DESCRIPTION OF THE GROUP'S INVESTMENT STRATEGIES

With continued accelerations of the legalisation of industrial hemp in overseas markets in recent years, cannabinoids, with CBD as their representative product, will have increasingly broad applications in healthcare and consumer goods fields. In addition, entering the post-epidemic era characterized by a comprehensive economic and social recovery, the Group is more profoundly optimistic about the broad development prospects of the healthcare industry. The Group adheres to the corporate vision of “using technology and expertise to serve more people’s health and beauty needs”. Therefore, the Group manages its investment portfolio with a primary objective to capture market opportunities in the healthcare industry.

On the other hand, the Group had allocated certain resources to various investments in financial products as well as high potential investments in order to maximise the return.

## MATERIAL ACQUISITIONS AND DISPOSALS

Saved as disclosed elsewhere in this announcement, there was no material acquisition or disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2023 and up to the date of this announcement.

## **MATERIAL LENDING TRANSACTIONS**

### **Business model and credit risk assessment policy**

In order to increase the rate of return of the Group's cash and cash equivalents which can improve the investment income and the profits of the Group, the Group provided short-term interest-bearing loans to its customers.

Through the business and social networks of the management of the Company, the Group identifies potential customers, which would be corporate customers and individual customers. The Group has established strict credit risk management and internal control procedures to regulate its lending transactions and only provides loans to customers with good credit standing and satisfactory results of operation as well as those in need of short-term financing. The credit risk management and internal control procedures mainly consist of the following stages, namely (i) credit risk assessment of customers; (ii) assessment and approval processes; and (iii) loan collection monitoring:

#### ***(i) Credit Risk Assessment of Customers***

The Corporate Treasury Department assesses the background and reputation of any new customers by taking into account the new customer's financial condition, the purpose of borrowing, shareholders' background and business reputation, etc. The Corporate Treasury Department also conducts due diligence, credit verification and repayment ability assessment on new customers. The Corporate Treasury Department researches and analyses customers' background information, including but not limited to their operating history, shareholders, financial information, income proofs, bank statements, tax returns, independent professional credit reports, operational risks, legal risks, online media investigation reports, industry reports, etc.

#### ***(ii) Assessment and Approval Processes***

The Corporate Treasury Department would perform credit assessment and review of the loan applications as well as determine the loan terms (having taken into consideration factors such as the credit risks of the customers, their recoverability, the cost of capital of the Group and the prevailing market interest rates, etc). The financial controller of the Group would review the relevant assessment reports and loan terms, and then report to Ms. Zhou Wen Chuan, our Chief Executive Officer and Executive Director. Ms. Zhou Wen Chuan will be responsible for the approval of loans in relatively small amounts.

If the potential loans are of larger amounts (i.e. by assessment of size tests under Chapter 14 of the Listing Rules, may constitute a disclosable transaction or above), in which case, such potential loans will be reported by Ms. Zhou Wen Chuan and she will elaborate to the Board such potential loans in contemplation and her recommendations therewith for discussion and approval, the Directors (including the Independent Non-Executive Directors) will then consider whether such loans are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole. The requirements of reporting, announcement, circular and shareholders' approval under Chapter 14 of the Listing Rules will then be fulfilled (if applicable).

Moreover, for any potential loans which may involve connected person(s) as defined under Chapter 14A of the Listing Rules, such loans will be reported to the Board immediately for assessment with respect to size tests and assessments by the Board as elaborated above. The requirements of reporting, announcement, circular, independent financial advice and independent shareholders' approval under Chapter 14A of the Listing Rules will then be fulfilled (if applicable).

***(iii) Loan Collection Monitoring***

The Corporate Treasury Department would conduct regular review and carry out follow-up actions (on a monthly and continuing basis) in respect of overdue amounts to minimise the Group's exposure to credit risk and follow up closely with its customers as to the deadlines for payment of interest on the loans. Ageing analysis of the debtors is prepared on a monthly basis and is closely monitored to minimise any credit risk associated with these debtors. The Corporate Treasury Department will report the status of the loan portfolio to Ms. Zhou Wen Chuan on a monthly basis, such that Ms. Zhou Wen Chuan may closely monitor the loan portfolio to oversight the credit risk. Ms. Zhou Wen Chuan would report to the Board and discuss actions to be taken in case of any abnormal situations.

The Corporate Treasury Department has standard procedures for dealing with default in payment. In case there are any minor defaults, the Corporate Treasury Department will send reminder and/or demand letters to its customers. In case the default on loans persists, the collection procedure will commence and the Corporate Treasury Department will engage lawyers in advising on the recovery of the loan, and take appropriate enforcement action.

## Major terms of loan receivables

Details of loans receivables as at 30 June 2023 are as follows:

Customers	Maturity date	Security pledged	Interest rate per annum	As at 30 June 2023	
				Carrying amount <i>HK\$'000</i>	% of total loan receivables
Borrower A	On or before 4 January 2024	Nil	8.0%	45,311	14.3%
Borrower B	On or before 31 December 2023	Nil	3.0%	15,677	4.9%
Borrower C	On or before 15 February 2024	Nil	4.0%	54,020	17.1%
Borrower D	On or before 11 January 2024	Nil	4.0%	16,206	5.1%
Borrower E	On or before 23 October 2023	Nil	3.0%	10,804	3.4%
Borrower F	On or before 26 December 2023	Nil	6.0%	56,181	17.7%
Borrower G	On or before 12 January 2024	Nil	4.0%	43,216	13.6%
Borrower H	On or before 21 February 2024	Nil	4.0%	54,020	17.1%
Borrower I	On or before 2 March 2024	Nil	4.0%	21,608	6.8%
				<u>317,043</u>	<u>100%</u>

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the above borrowers was independent of and not connected with each other when entering into the above transactions.

## Impairment and write-off of loan receivables

Based on the result of the credit assessment on loan receivables, the Group has recorded no impairment loss and no write-off for loan receivables for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

## SIGNIFICANT INVESTMENTS HELD

As at 30 June 2023, the investment portfolio of the Group amounted to HK\$134.1 million (31 December 2022: HK\$168.8 million) as recorded in the interim condensed consolidated statement of financial position under various categories, including:

- investments in an associate and a joint venture, which are accounted for by using the equity method;
- equity investments at FVTOCI;
- investments at FVTPL; and
- derivative financial instruments.

There was no single investment in the Group's investment portfolio that was considered as a significant investment, given that none of the investments has a carrying amount accounting for more than 5% of the Group's total assets as at 30 June 2023.

### **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Saved as disclosed in the section headed "Capital Commitments" above, there were no other plans authorised by the Board for material investments or additions of capital assets as at 30 June 2023.

The Group will finance the future acquisitions through internally generated funds and other funding activities, including but not limited to bank borrowing.

### **EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGE**

The revenue, expenses and monetary assets and liabilities of the Group are mainly denominated in RMB, HKD, EUR, CHF, and AUD.

The Group did not enter into any foreign currency forward contract during the six months ended 30 June 2023. As at 30 June 2023 and 31 December 2022, the Group did not have any unrealised gain or loss in respect of the foreign currency forward contracts.

### **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2023, the Group had a total of approximately 66 employees (31 December 2022: 97 employees).

The Group's remuneration policies are in line with prevailing market practices and formulated on the basis of the performance and experience of individual employees (including the Directors). Apart from base salaries, other staff benefits included pension schemes and medical schemes. The remuneration policies and remuneration packages of the Directors and members of the senior management of the Group are reviewed by the Remuneration Committee.

The Company adopted a share option scheme pursuant to which eligible persons may be granted options to subscribe for the shares of the Company.

## RECENT DEVELOPMENT

### Perseverance and Innovation

With the development of society and economy, and the improvement of living standards, public health awareness has been constantly strengthened. The demand from the public for physical and mental wellbeing has become increasingly prominent. The three-year COVID-19 epidemic has accelerated such process, and a civilized and healthy lifestyle is becoming a consensus for more and more people. As “Healthy China” has become a national strategy, the health industry has become a powerful driving force for national economic growth. According to “Healthy China 2030”, the scale of China’s health industry will significantly expand, and the market size will reach RMB16 trillion by 2030.

In recent years, the government has increased its support for the health industry year by year, laying a solid foundation for the development of such industry. According to “Report on The Execution of the Central and Local Budgets for 2022 and the Draft Central and Local Budgets for 2023” to be considered and approved by the National People’s Congress in March 2023, the general public budget expenditure across the country amounted to RMB27,513 billion in 2023, of which health expenditure accounted for 8.8%, reaching RMB2,421.1 billion. Such amount exceeds the GDP of many provinces in 2022. Against the backdrop of favorable policies, a growing aging population and deepening health awareness among the public, the health industry has become the future industry with the greatest development potential and is emerging as a massive blue ocean market.

In 2023, entering the post-epidemic era characterized by a comprehensive economic and social recovery, the Group is more profoundly optimistic about the broad development prospects of the health industry. Upholding a long-term strategy, it aspires to be an excellent “long-distance runner” in the health sector. During the Reporting Period, the Group adhered to the vision of “using technology and expertise to serve more people’s health and beauty needs”, integrated production and investment, and delved into the health management and skin management sectors. Focusing on consumer medicine, the Group has facilitated the development of health management sector through health applications of cell therapy and cannabinoids. Meanwhile, the Group continued to conduct in-depth research on skin health and its related services and developed products and business model integrating skincare products with efficacy and cosmetic medicine for skin health management by making full use of its advantages in R&D, brand and channel in terms of skin health management.

## OVERVIEW OF OPERATIONS

### Healthcare-related Business Segment — Cell Treatment and Health Management Business

The Group made its deployment in the field of cell therapy through the strategic acquisition of equity interest in Wingor Bio in 2019, a state-level high-tech enterprise, and the establishment of Mei Ai Kang in 2020.

Thanks to several supportive policies on the cell industry released by the Chinese government at various levels during the Reporting Period, great efforts were made to support the large-scale and standardized development of cell therapy industry. In February 2023, the Center for Drug Evaluation of the State Food and Drug Administration of China released the “Guiding Principles for Pharmacological Research and Evaluation of Oncolytic Viruses Products (Trial)”, aiming to regulate and guide the pharmacological research and development, production and registration of oncolytic virus products. In March 2023, the General Office of the Communist Party of China Central Committee and the General Office of the State Council issued the “Opinions on Further Improving the Healthcare Service System”, which proposed the development of cutting-edge medical technologies such as stem cells and regenerative medicine, novel vaccines and biological therapy. In April 2023, the Center for Drug Evaluation of the State Food and Drug Administration of China successively released the “Guiding Principles for Clinical Trial of Tumor Immunotherapy Products (Trial)” and “Guiding Principles for Pharmacological Research and Evaluation of Human Stem Cell Products (Trial)”, which provided technical guidance for the clinical trials of tumor immunotherapy products and the pharmacological research, production and registration of human stem cell products. In May 2023, the National Health Commission’s Science and Education Department issued a public announcement for comments on the “Guidelines for Somatic Cell Clinical Research (Draft for Public Comment)”, aiming to strengthen the guidance for medical institutions engaged in somatic cell clinical research. At the level of local government, in January 2023, Shenzhen issued the “Shenzhen Economic Zone Cell and Gene Industry Promotion Ordinance”, China’s first cell and gene industry promotion ordinance. Such ordinance is also the first specialized legislation for the cell and gene industry in the country and officially came into effect on 1 March, accelerating the development of cell industry in Shenzhen.

As the leading enterprise in Shenzhen’s local cell treatment industry, Wingor Bio has powerful R&D innovation strength and leading professional technology in the industry after engagement in the cell therapy industry. It was accredited with the honor of “National High-Tech Enterprise”, “Science and Technology based Small and Medium-Sized Enterprise” in China and “Professional, Specialised and New Small and Medium-sized Enterprise in Shenzhen”. During the Reporting Period, in terms of R&D, the Investigational New Drug (IND) application for “human umbilical cord mesenchymal stem cell injection”, a class I biologic product independently developed by Wingor Bio, was approved by the Center for Drug Evaluation of the State Food and Drug Administration of China. In terms of technology, a number of patents, including stem cell exosome technology, stem cell cryopreservation technology and retinoic acid

exosome mimetic preparation technology, filed by Wingor Bio, were accepted and authorised by the China National Intellectual Property Administration. Up to now, the Company has applied for nearly 60 patents, including nearly ten international patents. In terms of the formulation of enterprise-related policies, the “Shenzhen Economic Zone Cell and Gene Industry Promotion Ordinance”, in which Wingor Bio participated in the legislative work, was officially issued in January 2023.

Mei Ai Kang has several achievements since its inception. In 2022, it cooperated with the Fifth Medical Centre of the General Hospital of the Chinese People’s Liberation Army, the Fourth People’s Hospital of Nanning, Shanghai Public Health Clinical Centre and Yunnan Provincial Infectious Disease Hospital to conduct clinical studies, and it overcame the adverse effect brought forth by the COVID-19 epidemic. It enrolled 17 cases in the study, improved clinical proposals, and detailed the experimental process. At the same time, Mei Ai Kang is currently applying for a relevant patent cluster related to the project’s core technology, and a patent for a self-transfusion injector has been approved. Meanwhile, the related patents for cell processing are currently in the process of application review.

In terms of downstream products and services as well as high-end health management, the Group ran the clinics in Shenzhen and Nanjing as the main operation centers and provided international high-end health management services based on functional medicine theories. Building upon years of successful and stable operation, the Group will further enhance its business model, optimize service standards and expand new customer base.

With the continuous improvement and refinement of the policy environment, the cell industry has entered a period of positive and rapid development. The Group will continue to deepen its planning in the field of cell therapy research and development and its application, and explore the commercialisation path of cell therapy products, so as to realise the resonant development between the health management business and other segments.

### **Healthcare-related Business Segment — Skin Health Management Business**

In recent years, there has been a widespread and youthful trend in the public’s pursuit of aesthetics. Under the influence of marketing on social media platforms such as WeChat, Weibo, Douyin, Kuaishou and Xiaohongshu, and driven by the rise of live streaming economy and influencer economy, the public’s awareness and willingness to consume light aesthetic medicine (輕醫美) have continued to rise, leading to the continued expansion of the light aesthetic medicine market. With that in mind, based on its advantages in product R&D, medical care team, operation management, brand and channel for skin health management, the Group has launched a brand of “Jixiaojian”, a highlighted brand combining medical aesthetics and skincare in the second half of 2021.

Adhering to the philosophy of “Extremely Professional, Ultra Effective and Zero Routines”, and pioneering the integration of the two fields: aesthetic medicine and effective skincare, Jixiaojian uses skincare technology innovation as its guiding principle, to create a new concept of smart skin care. With complementary integration between aesthetic medicine projects and products, Jixiaojian combined the “treatment” of cosmetic medicine and “prevention” of skincare products, and launched the combination of “60% light aesthetic medicine + 40% effective streamlined and effective skincare”, providing a more cost-effective and streamlined integrated skincare solution for users. Meanwhile, the Group has established close cooperative relations with BAFS and Ashland, internationally renowned raw material companies, and successively launched multiple product lines under the brand of “Jixiaojian” — photoelectric repair series, skin repair series, revitalising series and more. During the Reporting Period, products under the brand of Jixiaojian were successfully available for sale on the WOW COLOUR, the offline trendy makeup collection store, with simultaneous launches on 120 stores nationwide. At the same time, we have actively expanded the overseas market for products under the brand of Jixiaojian, and have currently started to enter the Russian and Middle Eastern markets.

The flagship store of our light medical beauty brand “Jixiaojian” has been officially operating for over a year. Based on the photoelectric repair series from Jixiaojian, “Jixiaojian × Super Photon”, the exclusive project launched by it, provides an integrated skincare solution for the whole process of super photon aesthetic medical beauty project before, during and after surgery, which was widely recognised and recommended by customers. In terms of aesthetic medical devices, the Group has reached a strategic cooperation relationship with Lumenis, a world-renowned laser beauty leader, and has become its clinical demonstration base. Furthermore, the Group has cooperated with Bandao (半島), a prominent brand in medical equipment, to create the Bandao Soothing Treatment Device Special Project (半島舒敏治療儀特色專案) called “Light Medical Beauty Golder Partner (輕醫美黃金搭檔)”. In terms of R&D, the Group has established a close cooperation with Shenzhen Xuanjia (深圳萱嘉), a laboratory equipped with CNAS testing standards, to establish a supramolecular laboratory for the development of skincare product lines with supramolecular technology as the core. The Group has obtained 13 patents in respect of skincare products, and was honored with the title of Professional, Specialised and New Small and Medium-sized Enterprise in Shenzhen during the Reporting Period.

The Group will continue to increase investment in the field of skin health management, adhere to the professional and efficient business philosophy, and promote the effective improvement of products and services with a customer-oriented mindset, striving to create a scientific skincare brand that combines online and offline integration, aesthetic medicine and effective skincare. Besides, it is committed to recalibrating the skincare habits of the new generation and reshaping the landscape of the skincare industry with the help of this skincare revolution arising from the iteration of people, cognition and technology.

## **Overseas Business**

The Group proactively proceeded with its international business strategies, with localised operation teams established for its overseas operations. In terms of the industrial hemp business, as early as 2019, the Group established its subsidiary in Switzerland and organised a local professional team to expand the markets in Europe. In 2021, the high-end CBD health consumption brand independently developed and produced in Switzerland, AlpReleaf, was formally launched into the markets in Europe. AlpReleaf products, based on high-quality CBD as the core technology, have launched a series of products such as soothing, sleep aid and muscle soreness, aiming to provide users with a better quality of life. The products have been officially certified by the European Union and the United Kingdom and are available for sale in 22 European countries. During the Reporting Period, AlpReleaf further improved its online marketing channels to expand its brand awareness and market influence. Additionally, we actively expanded offline brand distribution partnerships in countries such as Germany, Italy, and Spain to drive sales growth. Leveraging our localized team in Europe and a mature European sales network, the Group has also been actively expanding its overseas trading business, which has become a new growth driver for the Company's performance during the Reporting Period.

For the business in Australia, the boutique townhouse project located in Yarrabend, Australia was developed and wholly owned by the Group, in collaboration with Burbank, a renowned construction company in Australia and Rothelowman, a renowned design firm. It is located on the banks of the Yarra River in Melbourne with mature commercial facilities and convenient transportation. During the Reporting Period, the project achieved significant progress. Since its initial launch in 2022, it has gained market recognition, and the sales efforts have been steadily progressing.

As of the end of the Reporting Period, the Group's overseas business has steadily advanced in a high quality manner and has significantly contributed to and supported the Group's performance. The Group will continue to strengthen its international business strategies, accelerate the expansion of its international business, deepen its brand building, and focus on channel expansion, so as to expand and optimise its overseas business, bringing sustained internal vitality to our Company's growth.

## **PROSPECTS**

Looking ahead to 2023, riding out of the pandemic, we are arriving at a new historical juncture. Amidst the rapidly changing global landscape, the Chinese economy is showing signs of recovery and improvement. The profound changes in the domestic and international environments bring a series of new opportunities and challenges.

For the Group, regarding assets, the Group had ample liquidity with its current assets of HK\$963.2 million and net current assets of HK\$720.0 million as at 30 June 2023. As for the business, the Group continues to explore the healthcare field. The innovative skin health management products and business models have initially demonstrated their potential. We believe that we will achieve steady growth in our performance through a deep strategic focus on aesthetic medical devices, reagents, and functional skincare. Benefiting from the economic recovery in China, the trading and leasing businesses show signs of improvement. Meanwhile, the scale of the overseas business grows steadily with constant expansion of pipelines and continuous improvement on brand building. These favorable factors have accumulated a strong momentum and laid the groundwork for the Group's long-term development, which gave the Group sufficient strength and confidence to cope with new challenges and to seize new opportunities. The Group is confident of and optimistic about its future business development.

## **OTHER INFORMATION**

### **DIVIDENDS**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

There were no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the six months ended 30 June 2023.

### **CORPORATE GOVERNANCE**

The Company has adopted the principles and complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules during the six months ended 30 June 2023.

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions. After specific enquiries have been made by the Company, all the Directors have confirmed compliance with the required standard set out in the Model Code during the six months ended 30 June 2023.

### **IMPORTANT EVENTS AFTER THE REPORTING PERIOD**

Save as elsewhere disclosed in this announcement, there were no important events affecting the Group after 30 June 2023 and up to the date of this announcement.

## **REVIEW OF INTERIM FINANCIAL INFORMATION**

The Audit Committee has reviewed with the management of the Group the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters, including the review of the unaudited interim financial information for the six months ended 30 June 2023.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

The interim results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.meilleure.com.cn](http://www.meilleure.com.cn)). The interim report will be dispatched to shareholders of the Company as well as made available on the same websites in due course.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“AlpReleaf ”	the Group’s brand “AlpReleaf ”, which launches a variety of high-end CBD health consumption goods in 22 European countries
“AUD”	Australian dollars, the lawful currency of Australia
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“CBD”	Cannabidiol
“CHF”	Swiss Franc, the lawful currency of Switzerland
“Chief Executive Officer”	the chief executive officer of the Company
“China”, “PRC” or “mainland China”	the People’s Republic of China and for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Company”	Meilleure Health International Industry Group Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange

“Corporate Treasury Department”	the corporate treasury department of the Group
“COVID-19”	2019 novel coronavirus (COVID-19) disease
“Director(s)”	the director(s) of the Company
“EUR”	Euro, the lawful currency of 20 European countries
“Executive Director(s)”	the executive director(s) of the Company
“FVTOCI”	fair value through other comprehensive income
“FVTPL”	fair value through profit or loss
“GDP”	gross domestic product
“Group” or “we”	the Company and its subsidiaries
“Healthy China 2030”	the Outline of Healthy China 2030 Plan
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Non-Executive Director(s)”	the independent non-executive director(s) of the Company
“Jixiaojian”	the Group’s brand “Jixiaojian* (肌小簡)”, which launches a variety of light medical aesthetic services targeting the young consumer market with a range of skincare products complementing the treatments to achieve optimum results in the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mei Ai Kang”	Beijing Mei Ai Kang Technology Co., Ltd.* (北京美艾康科技有限公司)

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
“R&D”	research and development
“Remuneration Committee”	the remuneration committee of the Company
“Reporting Period”	the six months ended 30 June 2023
“RMB”	Chinese Yuan Renminbi, the lawful currency of the PRC
“sq.m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States dollars, the lawful currency of the United States of America
“Wingor Bio”	Shenzhen Wingor Biotechnology Co., Ltd.* (深圳市茵冠生物科技有限公司)
“%”	per cent

## APPRECIATION

On behalf of the Board, I would like to express my deepest appreciation to all staff of the Group for their excellent contribution, thank our shareholders for their trust and acknowledge our business partners for their support.

By Order of the Board  
**Meilleure Health International Industry Group Limited**  
**Zhou Wen Chuan**  
*Executive Director and Chief Executive Officer*

Hong Kong, 29 August 2023

*As at the date of this announcement, the Board comprises Mr. Zhou Xuzhou, Dr. Zeng Wentao and Ms. Zhou Wen Chuan as executive Directors, Dr. Mao Zhenhua as non-executive Director and Professor Chau Chi Wai, Wilton, Dr. Yang Yu and Mr. Wu Peng as independent non-executive Directors.*

\* *For identification purposes only*