



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)

2021 Interim Report

一份專注 兩倍用心 三倍高效 十重保障 百倍體驗 終身受益

美瑞健康——精準健康管理

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhou Xuzhou (*Co-Chairman*)
Dr. Zeng Wentao (*Co-Chairman*)
Ms. Zhou Wen Chuan
(*Vice Chairman and Chief Executive Officer*)

Non-Executive Director

Dr. Mao Zhenhua

Independent Non-Executive Directors

Professor Chau Chi Wai, Wilton
Mr. Gao Guanjiang
Mr. Wu Peng

AUTHORISED REPRESENTATIVES

Mr. Zhou Xuzhou
Ms. Zhou Wen Chuan

COMPANY SECRETARY

Mr. Li Shu Pai

AUDIT COMMITTEE

Professor Chau Chi Wai, Wilton (*Chairman*)
Mr. Gao Guanjiang
Dr. Mao Zhenhua

REMUNERATION COMMITTEE

Mr. Gao Guanjiang (*Chairman*)
Professor Chau Chi Wai, Wilton
Dr. Zeng Wentao

NOMINATION COMMITTEE

Mr. Zhou Xuzhou (*Chairman*)
Professor Chau Chi Wai, Wilton
Mr. Wu Peng

STRATEGIC COMMITTEE

Dr. Mao Zhenhua (*Chairman*)
Mr. Zhou Xuzhou
Dr. Zeng Wentao

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART XI OF THE COMPANIES ORDINANCE

Unit 2906
Tower 1, Lippo Centre
89 Queensway
Admiralty
Hong Kong

AUDITOR

ZHONGHUI ANDA CPA Limited

PRINCIPAL BANKERS

Nanyang Commercial Bank, Limited
Hang Seng Bank Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY WEBSITE

www.meilleure.com.cn

STOCK CODE

2327

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Meilleure Health International Industry Group Limited (the “**Company**”) are pleased to present the unaudited interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2021 (the “**Reporting Period**”).

FINANCIAL REVIEW

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

	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000
Revenue	141,120	133,289
Gross profit	62,146	50,804
Gross profit margin	44.0%	38.1%
Other income and gains, net	10,974	12,635
Total operating expenses (<i>Note</i>)	22,251	21,156
Finance costs	4,340	6,835
Profit before tax	58,228	58,629
Profit after tax	43,255	42,909
Profit attributable to owners of the Company	43,190	42,543

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

Revenue

Revenue for the six months ended 30 June 2021 was HK\$141.1 million (six months ended 30 June 2020: HK\$133.3 million), mainly generated by (i) sale of cannabidiol (“**CBD**”) downstream products; (ii) healthcare management service income; (iii) healthcare-related products sale agency service income; (iv) sale of healthcare-related products; (v) aesthetic medical service income; (vi) sale of construction materials; (vii) property sales and consultancy service income; and (viii) rental income.

Revenue increased by approximately 5.9% from HK\$133.3 million for the six months ended 30 June 2020 to HK\$141.1 million for the six months ended 30 June 2021. The increase in revenue of HK\$7.8 million was mainly due to an increase in sale of CBD downstream products of HK\$22.4 million. Such increase was offset by a decline in healthcare management service income of HK\$15.2 million.

Gross Profit and Gross Profit Margin

The Group’s gross profit for the six months ended 30 June 2021 was HK\$62.1 million (six months ended 30 June 2020: HK\$50.8 million), representing an increase of 22.2% compared to that for the six months ended 30 June 2020. Gross profit margin for the six months ended 30 June 2021 increased slightly to 44.0% from 38.1% for the six months ended 30 June 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

The increase in gross profit of HK\$11.3 million and the increase in gross profit margin was mainly due to (i) an increase in gross profit in industrial hemp business of HK\$19.0 million mainly benefited from the sale of Mazhuang products since the second half of 2020 while such sales have relatively high gross profit margins; and (ii) an increase in gross profit in trading business of HK\$2.7 million resulted from an increase in gross profit margin which was in line with increase in steel price. Such increases were offset by a decrease in gross profit in healthcare-related business of HK\$12.8 million which was mainly due to (i) a decrease in gross profit of HK\$7.1 million resulted from the disposal of clinics in Hong Kong and Shanghai during the second half of 2020; and (ii) a decrease in gross profit of HK\$3.4 million arising from decline in healthcare-related products sale agency service income.

Other Income and Gains, Net

Other income and gains, net for the six months ended 30 June 2021 was HK\$11.0 million (six months ended 30 June 2020: HK\$12.6 million), representing a decrease of HK\$1.6 million or 12.7% as compared to that for the six months ended 30 June 2020. Such decrease was mainly due to a negative financial impact arising from foreign exchange rate changes, which lead to an increase in exchange loss of HK\$5.7 million for the six months ended 30 June 2021. Such decrease was offset by (i) an increase in interest income of HK\$3.2 million; and (ii) an increase in fair value gains on investments at fair value through profit or loss of HK\$1.4 million.

Total Operating Expenses

Total operating expenses for the six months ended 30 June 2021 was HK\$22.3 million (six months ended 30 June 2020: HK\$21.2 million) representing an increase of HK\$1.1 million or 5.2% as compared to that for the six months ended 30 June 2020. Such increase was mainly due to an increase of marketing and promotion expenses of HK\$0.9 million resulted from promotion of products under the Group's self-owned brand "Mazhuang".

Finance Costs

Finance costs for the six months ended 30 June 2021 was HK\$4.3 million (six months ended 30 June 2020: HK\$6.8 million), representing a decrease of HK\$2.5 million or 36.8% as compared to that for the six months ended 30 June 2020. Such decrease was mainly due to (i) a decrease in interest on bank loans of HK\$2.2 million; and (ii) a decrease in interest on lease liabilities of HK\$0.3 million.

Profit After Tax

Profit after tax for the six months ended 30 June 2021 was HK\$43.3 million (six months ended 30 June 2020: HK\$42.9 million), representing an increase of HK\$0.4 million or 0.9% as compared to that for the six months ended 30 June 2020. Such increase was mainly due to:

- (i) an increase in fair value on investment properties, which changed from a loss of HK\$10.5 million for the six months ended 30 June 2020 to a gain of HK\$11.3 million for the same period in 2021;
- (ii) an increase in gross profit of HK\$11.3 million;
- (iii) the recognition of one-off gain on deemed disposals of investments in an associate and a joint venture of HK\$6.9 million during the six months ended 30 June 2021; and
- (iv) a decrease in finance cost of HK\$2.5 million.

Such increases were offset by (i) the absence of the one-off gain on partial disposal of investment in an associate of HK\$31.7 million recorded in the six months ended 30 June 2020; (ii) negative financial impact arising from share of results of associates, which changed from share of profits of HK\$2.5 million to share of losses of HK\$2.3 million; (iii) an increase in share of losses of joint ventures of HK\$3.7 million; and (iv) a decrease in other income and gains, net of HK\$1.6 million.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

To better reflect the Group's latest business strategy and operations, the Group has reorganised the composition of its reportable segments and now the Group has six business segments in 2021, namely, (i) industrial hemp business; (ii) healthcare-related business; (iii) trading business; (iv) agency service; (v) property investment and leasing; and (vi) property development. Details of the change are set out in note 5 to the interim condensed consolidated financial statements contained in this interim report.

Industrial Hemp Business

The revenue derived from the industrial hemp business for the six months ended 30 June 2021 was HK\$22.5 million, representing an increase of nearly 111.5 times compared to HK\$0.2 million for the six months ended 30 June 2020. The result for this segment changed from a loss of HK\$4.9 million for the six months ended 30 June 2020 to a profit of HK\$11.6 million for the six months ended 30 June 2021. This was mainly contributed by an increase in gross profit of HK\$19.0 million, which was mainly benefited from sale of Mazhuang products launched in the second half of 2020.

Healthcare-related Business

The revenue derived from the healthcare-related business for the six months ended 30 June 2021 was HK\$9.1 million, representing a decrease of 69.5% as compared to HK\$29.8 million for the six months ended 30 June 2020. The profit derived from this segment for the six months ended 30 June 2021 was HK\$2.8 million, representing a decrease of 75.9% as compared to HK\$11.6 million for the six months ended 30 June 2020. This was mainly due to (i) a decrease in profit of HK\$2.7 million resulted from the disposal of clinics in Hong Kong and Shanghai during the second half of 2020; and (ii) a decrease in gross profit of HK\$3.4 million arising from decline in healthcare-related products sale agency service income.

Trading Business

The revenue derived from the trading business for the six months ended 30 June 2021 was HK\$77.5 million, representing an increase of 2.2% as compared to HK\$75.8 million for the six months ended 30 June 2020. The profit derived from this segment was HK\$15.9 million, representing an increase of 47.2% as compared to HK\$10.8 million for the six months ended 30 June 2020, which was mainly due to (i) an increase in gross profit of HK\$2.7 million resulted from an increase in gross profit margin which was in line with increase in steel price; and (ii) a decrease in operating expenses of HK\$1.9 million due to effective expense control in this segment during the six months ended 30 June 2021.

Agency Service

The revenue derived from the agency service for the six months ended 30 June 2021 was HK\$21.7 million, representing an increase of 24.7% as compared to HK\$17.4 million for the six months ended 30 June 2020. The profit derived from this segment for the six months ended 30 June 2021 was HK\$16.4 million, representing an increase of approximately 14.7% as compared to HK\$14.3 million for the six months ended 30 June 2020, which was mainly due to an increase in customers' demand for property sales and consultancy service.

Property Investment and Leasing

The revenue from the property investment and leasing business for the six months ended 30 June 2021 was HK\$10.3 million, representing an increase of 2.0% as compared to HK\$10.1 million for the six months ended 30 June 2020. The result for this segment changed from a loss of HK\$1.0 million for the six months ended 30 June 2020 to a profit of HK\$20.0 million for the six months ended 30 June 2021. This was mainly due to an increase in fair value on investment properties, which changed from a loss of HK\$10.5 million for the six months ended 30 June 2020 to a gain of HK\$11.3 million for the six months ended 30 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Property Development

The Group has a 100% interest in residential 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 square meters (“sq.m.”) and a total gross floor area of approximately 18,752 sq.m.. During the six months ended 30 June 2021, the project was progressing satisfactorily. Up to 30 June 2021, the civil works of the project was in progress and the civil phase is expected to be completed in October 2021 and the construction phase is scheduled to be commenced in November 2021.

REVIEW OF FINANCIAL POSITION

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
NON-CURRENT ASSETS		
Investment properties	578,043	559,685
Investments in joint ventures	72,754	69,164
Investments in associates	53,235	47,327
Investments at fair value through profit or loss	29,597	–
Goodwill	18,500	18,500
Equity investments at fair value through other comprehensive income	–	28,572
Others	19,399	19,433
Total Non-Current Assets	771,528	742,681
CURRENT ASSETS		
Bank and cash balances	264,747	233,467
Prepayment, deposits and other receivables	262,239	348,432
Properties held for sale under development	248,878	245,344
Trade receivables	118,898	63,174
Investments at fair value through profit or loss	4,401	47,813
Others	34,342	21,949
Total Current Assets	933,505	960,179
Total Assets	1,705,033	1,702,860
LIABILITIES		
Bank borrowings	135,871	150,825
Deferred tax liabilities	70,510	62,974
Accruals and other payables	22,448	37,867
Contract liabilities	4,091	15,814
Others	27,574	32,117
Total Liabilities	260,494	299,597
Net Assets	1,444,539	1,403,263

MANAGEMENT DISCUSSION AND ANALYSIS

Non-current assets of the Group as at 30 June 2021 were HK\$771.5 million (31 December 2020: HK\$742.7 million), representing an increase of HK\$28.8 million which was mainly due to an increase in investments at fair value through profit or loss of HK\$29.6 million. Current assets were HK\$933.5 million (31 December 2020: HK\$960.2 million), representing a decrease of HK\$26.7 million which was mainly due to a decrease in prepayment, deposits and other receivables of HK\$86.2 million. Such decrease was offset by an increase in trade receivables of HK\$55.7 million.

As at 30 June 2021, the Group's total liabilities were HK\$260.5 million (31 December 2020: HK\$299.6 million), representing a decrease of HK\$39.1 million which was mainly due to (i) a decrease in bank borrowings of HK\$15.0 million; (ii) a decrease in accruals and other payables of HK\$15.4 million; and (iii) a decrease in contract liabilities of HK\$11.7 million.

NET ASSET VALUE

As at 30 June 2021, the Group's total net assets amounted to HK\$1,444.5 million (31 December 2020: HK\$1,403.3 million), representing an increase of HK\$41.2 million which was mainly due to profit for the six months ended 30 June 2021 amounting to HK\$43.3 million.

LIQUIDITY AND FINANCIAL RESOURCES

	Six months ended 30 June	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Net cash used in operating activities	(64,250)	(29,335)
Net cash generated from investing activities	118,883	34,137
Net cash used in financing activities	(22,047)	(6,915)
Net increase/(decrease) in cash and cash equivalents	32,586	(2,113)
Effect of foreign exchange rate changes	(1,306)	(1,589)
Cash and cash equivalents at beginning of period	233,467	156,229
Cash and cash equivalents at end of period	264,747	152,527

As at 30 June 2021, total cash and cash equivalents of the Group were HK\$264.7 million (31 December 2020: HK\$233.5 million), of which approximately 65.5% was denominated in Australian dollars ("**AUD**"), 16.6% was in Chinese Yuan Renminbi ("**RMB**"), 15.1% was in Hong Kong dollars ("**HKD**"), 1.9% was in United States dollars ("**USD**") and 0.9% was in Japanese Yen ("**JPY**") (31 December 2020: 76.6% was in RMB, 17.6% was in HKD, 2.4% was in USD, 2.1% was in AUD, 1.2% was in JPY and 0.1% was in Swiss Franc).

Net cash used in operating activities for the six months ended 30 June 2021 was HK\$64.3 million, which was mainly due to satisfying the Group's working capital required for daily operation during the six months ended 30 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Net cash generated from investing activities was HK\$118.9 million which was mainly attributable to (i) net amount of acquisition and redemption of a fund investment and investment in financial products of HK\$255.7 million; and (ii) deferred consideration received in respect of disposals of subsidiaries in prior year of HK\$27.6 million. Such cash inflows were offset by (i) short-term interest-bearing loans advanced to certain independent third parties of HK\$145.6 million; and (ii) considerations paid for acquisition of unlisted equity investments of HK\$21.8 million.

Net cash used in financing activities was HK\$22.0 million, which mainly represented (i) repayment of bank borrowings of HK\$16.7 million; and (ii) payment of loan interest of HK\$4.3 million.

As at 30 June 2021, total bank borrowings of the Group were HK\$135.9 million (31 December 2020: HK\$150.8 million), which are mainly used as working capital of the Group. The unutilised banking facilities were HK\$42.9 million as at 30 June 2021 (31 December 2020: HK\$31.7 million).

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

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Floating rate RMB bank loans	135,871	140,137
Fixed rate RMB bank loans	–	10,688
	135,871	150,825

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

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Within 1 year	20,351	30,575
Between 1 year and 2 years	20,579	19,629
Between 2 years and 5 years	55,718	54,837
Over 5 years	39,223	45,784
	135,871	150,825

The operating and capital expenditures of the Group are funded by cash flow from operations, internal liquidity, banking facilities and equity financing. The Group has adequate and stable sources of funds and unutilised bank facilities to meet its future capital expenditures and working capital requirements.

MANAGEMENT DISCUSSION AND ANALYSIS

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).

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 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 2021, the net proceeds have been used in the following manner:

	HK\$ million
Net proceeds unutilised as at 31 December 2020	225.2
Net proceeds utilised during the six months ended 30 June 2021	
Working capital for operation of industrial hemp business	(0.6)
Working capital for development of residential properties	(9.5)
Net proceeds unutilised as at 30 June 2021	215.1

As at 30 June 2021, net proceeds unutilised of approximately HK\$215.1 million was kept in bank accounts of the Group and used as general working capital.

GEARING RATIO

The Group's gearing ratio, expressed as the percentage of net debts (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 negative (i.e. -7.0%) (31 December 2020: -1.4%).

As at 30 June 2021, the Group had net cash (i.e. negative net debt) of HK\$94.7 million (31 December 2020: net cash of HK\$19.8 million), while the equity attributable to owners of the Company was amounted to HK\$1,442.1 million (31 December 2020: HK\$1,400.9 million).

CAPITAL EXPENDITURE

During the six months ended 30 June 2021, the expenditure of purchasing property, plant and equipment amounted to HK\$0.7 million (six months ended 30 June 2020: HK\$0.2 million).

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENTS

As at 30 June 2021, the Group had capital commitments of HK\$14.1 million (31 December 2020: HK\$35.3 million) in respect of capital contributions payable to a joint venture and an associate (31 December 2020: (i) capital contributions payable to a joint venture, an associate and an unlisted long-term investment; and (ii) acquisition of equity interest of an unlisted long-term investment), which are contracted for but not provided for in the consolidated financial statements.

CHARGES ON GROUP ASSETS

As at 30 June 2021, the bank borrowings amounting to HK\$135.9 million (31 December 2020: HK\$150.8 million) was secured by the investment properties situated in the People's Republic of China, excluding Hong Kong (the "PRC") with a carrying amount of HK\$319.2 million (31 December 2020: HK\$338.7 million).

CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any significant contingent liabilities (31 December 2020: Nil).

GENERAL DESCRIPTION ON THE GROUP'S INVESTMENT STRATEGIES

With continued acceleration of the legalisation of industrial hemp in the overseas markets in recent years, cannabinoid, with CBD as its representative product, will have increasingly wide applications in healthcare and consumer goods fields. In addition, the population aging further deepened in the PRC, which brought huge development opportunities for the healthcare industry. Against such backdrop, the Group has been adopting the "one core and two wings" strategy, which focused on high-end health management business driven by the health applications of cell therapy and cannabinoid. The Group manages its investment portfolio with a primary objective to capture market opportunities associated with the increasingly wider applications of industry hemp as well as cell therapy, to facilitate the establishment of the Group's business presence in the global industrial hemp market and to establish an endogenous association between the health management business and other business segments.

On the other hand, in order to preserve liquidity and enhance interest yields, the Group had allocated certain resources to various investment in financial products in order to maximise the return on its unutilised funds before the Group utilises the funds to invest in the industrial hemp and other healthcare-related business.

MATERIAL ACQUISITIONS AND DISPOSALS

Saved as disclosed elsewhere in this interim report, there was no material acquisition or disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2021 and up to the date of this interim report.

SIGNIFICANT INVESTMENTS HELD

As at 30 June 2021, the Group did not hold any significant investment.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Saved as disclosed in the section “Capital Commitments” above, these were no other plans authorised by the Board for material investments or additions of capital assets as at 30 June 2021.

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 and AUD.

The Group did not enter into any foreign currency forward contract during the six months ended 30 June 2021. As at 30 June 2021 and 31 December 2020, 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 2021, the Group had approximately 109 employees (31 December 2020: 116 employees).

The Group’s remuneration policies are in line with prevailing market practice 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 policy and remuneration packages of the Directors and members of the senior management of the Group are reviewed by the remuneration committee of the Company (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

Judgement and Perseverance

The Group is optimistic about the future development of the healthcare industry. The Group will persevere in the long-term development.

In the first half of 2021, the result of the seventh population¹ census of the PRC displayed that the population aging further deepened with 264,020,000 elders above 60 years old, accounting for 18.70% of the total population, which brought huge development opportunities for the healthcare industry. The novel coronavirus disease epidemic (the “**Epidemic**”) since 2020 also greatly aroused the public health awareness and lifted their demands for healthcare services. Meanwhile, gross domestic product per capita in the PRC was approximately US\$5,800 in the first half of 2021, and the annual gross domestic product per capita will probably exceed US\$12,000 in 2021, reaching or exceeding the world’s average level. The improvement in national gross domestic product has objectively provided economic support for the development of the healthcare consumption. Pursuing for health and anti-aging have become popular service demands.

¹ It refers to the population of the 31 provinces, autonomous regions and municipalities directly under the central government and serviceman in the PRC, excluding residents of Hong Kong, Macao and Taiwan and foreigners living in these 31 provinces, autonomous regions and municipalities directly under the central government.

MANAGEMENT DISCUSSION AND ANALYSIS

Meanwhile, the improving policies on cell treatment and industrial hemp industries, as well as increasing industrial capital, have created a favorable environment for the industrial development. Since 2021, Chinese government at various levels have released several supportive policies for the cell industry, which accelerated the development of cell's clinical research and translational application. During the Reporting Period, the relaxation of the international convention led to more liberal industrial hemp policies in a number of countries around the world. Although Chinese government raised new regulatory requirements on the industrial hemp extract in the first half of 2021, the Group is still optimistic about the future development of the healthcare industry. The Group firmly believes that pursuing for health and anti-aging are eternal objectives of human beings despite the recession in the short period.

During the Reporting Period, the Group adhered to the “one core and two wings” strategy which focused on high-end health management business driven by the health applications of cell therapy and cannabinoid, achieving good results. Meanwhile, the Group continues to conduct in-depth research on skin health management, and develops product and business model integrating skincare products with efficacy and cosmetic medicine for skin health management by making full use of its advantages in research and development (“R&D”), brand and channel in terms of skin health management.

During the Reporting Period, despite different challenges and policy changes, the Group still maintained an increase in revenue with a year-over-year (“YoY”) increase of 5.9%, and profit attributable to owners of the Company also experienced a YoY increase of 1.5%.

Health Management and Cell Therapy Business

In respect of this business, the Group pursues a development strategy of paying equal attention to upstream multi-disease R&D with cellular technology and downstream products and services.

In terms of the upstream of the industrial chain and products, the Group made its deployment in the area of cellular immunotherapy through the acquisition of Shenzhen Wingor Biotechnology Co., Ltd.* (深圳市茵冠生物科技有限公司) (“Wingor Bio”) in 2019, a state-level high-tech enterprise, and the establishment of Beijing Mei Ai Kang Technology Co., Ltd.* (北京美艾康科技有限公司) (“Mei Ai Kang”) in 2020. Thanks to several supportive policies on the cell industry released by Chinese government at various levels since 2021, the clinical research and application of cellular technology have entered the phase of rapid development, and the Group's cell therapy business has ushered in rapid development. At the level of the central government, “stem cell research and organ repair” was again listed by the Ministry of Science and Technology as the “14th Five-year” (2021-2026) National Key R&D Program, and “research, application and industrial development of stem cells and immune cells” were mentioned for several times in the documents released by National Health Commission of the PRC and the General Office of the State Council. At the level of local governments, according to 2021 key work points formally published by the Standing Committee of Shenzhen Municipal People's Congress on 3 March 2021, the emphasis of the legislation of the Municipal People's Congress was on the emerging field of the cell gene. On 8 June 2021, the Government of Nanshan District, Shenzhen City released the announcement of the Implementation Plan on the Promotion of Pilot Development of the Biomedical Industry in Nanshan District (2021-2025), which supported the research and application of new technology such as stem cells and immune cells by medical institutions and scientific research institutions in Shenzhen Free Trade Zone, and strengthened the piloting of clinical trials of stem cells in Shenzhen Free Trade Zone. As the leading enterprise in the local cell treatment industry in Shenzhen, Wingor Bio has powerful R&D innovation strength and leading professional technology in the industry after eight years' engagement in the cell therapy industry. Once the specific policies on cell treatment are implemented, Wingor Bio will be likely to realise qualitative development based on its first-mover advantage. Against such backdrop, Wingor Bio has also achieved much progress in business during the Reporting Period.

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of technology field, after over three years' research, Shenzhen Key Technological Breakthrough Program-“R&D of Key Technology for Treatment of Malignant Tumors with New Chimeric Antigen Receptor T-Cell (“**CAR-T**”) Technology (Z20170457)” undertaken by Wingor Bio since 2018 passed the inspection of scientific and technological program by the Scientific and Technological Innovation Commission of Shenzhen on 11 June 2021. On 7 February 2021, Wingor Bio's new patent for invention was licensed, which was entitled B-cell Maturation Antigen (“**BCMA**”) Chimeric Antigen Receptor (“**CAR**”) Based on Single Domain Antibody and Its Applications. Compared with BCMA CAR derived from traditional antibodies, such invention has stronger binding with target cells, better killing effects and longer duration in the body. The acquisition of national patent of BCMA CAR Based on Single Domain Antibody and Its Applications will speed up the clinical research of Wingor Bio in CAR-T cell treatment, promote its further exploration in the tumor field, and bring opportunities for patients in the treatment of relapsing and refractory advanced tumors.

In terms of supporting facilities, Wingor Bio started to use the newly built biological cell preparation center in March 2021. The center is designed and constructed as per international standards such as cGMP (Current Good Manufacturing Practice), is certified by Chinese Academy of Sciences, and has the most advanced B+A level clean laboratory in the industry. The initiation of such new laboratory will further enhance the scientific research strength of Wingor Bio.

In terms of financing, Wingor Bio obtained a new round of strategic financing of tens of millions at the beginning of 2021, of which the valuation continued to grow in multiples. Thanks to advantages in policies, strength and funds, Wingor Bio may boast a new round of stronger growth.

During the Reporting Period, Mei Ai Kang made several achievements. It cooperated with the Fifth Medical Centre of the General Hospital of the 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 overcame the adverse effect brought forth by the Epidemic. It enrolled 17 cases in the study, improved clinical proposals, and detailed the experimental process for the convenience of application for treatment technology in future. Mei Ai Kang is currently applying for relevant patent cluster related to the core technology of the project, and a patent of self-transfusion injector has been approved.

In terms of downstream products and services and high-end health management, the public demand for healthcare has been on the rise due to the Epidemic. Policies from the central to local governments have been introduced to accelerate the research and application of cellular technology. With favorable policies, the Group has made considerable progress in basic cellular research and its application, and has been operating steadily in the health management segment. In addition, the Group formally put the clinic into operation in Nanjing in March 2021, which marked the first and important step towards the high-end health management strategy. The Group will constantly develop the healthcare business and extend the business model in the most promising cities across the country, in order to bring new growth points to the Group.

With the gradually loosened and refined policies, the Group will continue to leverage on its strengths in the industry chain to strengthen exploration and investment in the cell treatment field and derivative industries of cellular technology, constantly develop new products and services, and expand external cooperation to establish an endogenous association between the health management business and other business segments.

MANAGEMENT DISCUSSION AND ANALYSIS

Industrial Hemp Business

At the end of 2020, the United Nations Commission on Narcotic Drugs (CND) voted to remove cannabis and cannabis-related substances from Schedule IV of the Single Convention on Narcotic Drugs of 1961, lowering the level of control on cannabis and cannabis-related substances. During the Reporting Period, the relaxation of the international convention led to more liberal industrial hemp policies in a number of countries around the world. The Group proactively accelerated the promotion of downstream CBD application based on insightful analysis of the industrial hemp market worldwide, and continued to create and invest in CBD consumer health brands in multiple countries and across different sectors.

In terms of domestic business, the Group further developed the industrial hemp industry chain by investing in the establishment of Shenzhen Meiray Vap Technology Co., Ltd.* (深圳市美深瑞科技有限公司) and taking a strategic stake in Shenzhen Mason Vap Technology Co., Ltd.* (深圳市美深威科技有限公司), a leader in atomisation technology in 2020, in order to realise R&D, production and sales of high-quality CBD atomisers. It also signed a strategic cooperation framework agreement with an industrial hemp investment company in Yunnan Province in 2020, with a view to initiating comprehensive cooperation in the areas of scientific research, extraction, conversion of results and equity cooperation. During the Reporting Period, the Group sold its subordinate CBD skincare product "Mazhuang" through its own channels in the PRC, achieving a good reputation and result. However, due to the strict supervision on the industrial hemp extract in the PRC in the first half of 2021, ingredients related to industrial hemp were forbidden to be used as raw materials for cosmetic products in the PRC. The Group made prompt adjustments according to new policies, and proactively expanded overseas markets in Europe and Japan through overseas channels against the backdrop of accelerated legalisation of industrial hemp in the world.

In terms of overseas business, in Europe, as early as 2019, the Group established its subsidiary Green Gold Health SA in Switzerland, and organised a local professional team to expand CBD market in Europe. In 2021, the high-end CBD health consumption brand AlpReleaf independently developed and produced in Switzerland was formally launched into the market in Europe. The Group chose to launch AlpReleaf in Europe after considering the market and policy. Judging from the market scale, it is predicted according to the report released by Bright-Field-Group in April 2020 that, European hemp market will have exponential growth, European CBD market will have an increase over 390% and reach US\$1.6 billion at least in 2025. In the aspect of policies, most member states of the European Union have legalised the hemp for medical use, and some member states of the European Union have approved the usage of CBD ingredients in food, drinks, cosmetics, electronic cigarettes and oil tincture in new regulations. Meanwhile, although Europe has the most mature hemp market except North America, the CBD industry in Europe is still in the initial phase, which offers a favorable opportunity for the entry of AlpReleaf. AlpReleaf products have four series, which are mainly targeted at high-end customers in pursuit of high-quality life in 22 European countries. In Japan, the Group and a subsidiary of Shenzhen Gippro Technology Innovation Limited* (深圳龍舞科技創新有限公司), a renowned health-related atomisation brand, established Meipro Biological Technology Company Limited ("**Meipro Biological**"), a subsidiary of the Company in Hong Kong. The CBD atomisation brand under Meipro Biological, CANNERGY, has launched a variety of CBD atomisation products and healthcare products in Japan.

As of the end of the Reporting Period, the Group continuously make deployment in the downstream of the industrial hemp industry chain, and created integrated industry covering domestic and international R&D, production and branding. In future, the Group will maintain the first-mover advantage, build a brand moat and create a sustainable and healthy source of revenue growth.

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

Looking forward into 2021, despite the residual effect of the Epidemic, the world's economy has gradually recovered with the accelerated vaccination worldwide and the successive lifting of lock down measures by various countries. However, the Group is confronted with both risks and opportunities due to the obvious polarisation and unbalanced situation.

In terms of assets, the Group had current assets of HK\$933.5 million as at 30 June 2021, including bank and cash balances of HK\$264.7 million and redeemable investments at fair value through profit or loss of HK\$4.4 million. As for the business, the traditional business would continue to grow steadily; while the health management, cell therapy and industrial hemp business experienced steady development with comprehensive business layout, and achieved breakthroughs in R&D, clinical and downstream markets, which laid the foundation for stronger organic growth. In the foreseeable future, the traditional business is expected to continue to provide stable cash flow, while the industrial hemp business and the healthcare-related business will maintain a good momentum of growth. Meanwhile, the Group will strive to create the innovative skin health management products and business models, and become the top scientific skincare brand combining cosmetic medicine and skincare with efficacy by making full use of its advantages in the product R&D, medical care team, operation management, brand and channel in terms of skin health management. As a result of these favorable factors, the Group has laid a solid foundation for its long-term development and gained competitive advantages, which has been given its full confidence to deal with the uncertain economic situation. The Group is fully confident in the future development of its business operations.

OTHER INFORMATION

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

SHARE OPTION SCHEME

Particulars of the share option scheme of the Company are set out in note 19 to the interim condensed consolidated financial statements contained in this interim report.

In order to provide incentives and rewards to the eligible employees and participants, the Company approved and adopted a share option scheme (the “**Share Option Scheme**”) at a special general meeting (“**SGM**”) on 20 June 2019. The Share Option Scheme became effective on 28 June 2019, being the date on which The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) approved the listing of, and permission to deal in, the shares falling to be issued pursuant to the exercise of options under the Share Option Scheme. The Share Option Scheme is subject to the requirements under Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The following table discloses movements in the Company’s share options held by each of the Directors, the employees of the Company and other eligible participants in aggregate granted under the Share Option Scheme during the six months ended 30 June 2021:

Category of participants	Date of grant (Note 1)	Exercise period	Exercise price HK\$	Number of share options					Outstanding as at 30.6.2021	Closing price per share immediately before the date of grant HK\$	
				Outstanding as at 01.01.2021	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period			Transfer from employees to others during the period
(a) DIRECTORS											
Dr. Zeng Wentao	12.5.2020 (Note 2)	12.5.2021 – 11.5.2030 (Note 4)	0.33	10,002,000	-	-	-	-	-	10,002,000	0.32
Ms. Zhou Wen Chuan	24.6.2020 (Note 3)	24.6.2021 – 23.6.2030 (Note 5)	0.33	18,000,000	-	-	-	-	-	18,000,000	0.345
Total for Directors				28,002,000	-	-	-	-	-	28,002,000	
(b) EMPLOYEES											
In aggregate	12.5.2020 (Note 2)	12.5.2021 – 11.5.2030 (Note 4)	0.33	4,008,000	-	-	(501,000)	-	-	3,507,000	0.32
	12.5.2020 (Note 2)	12.5.2022 – 11.5.2030 (Note 6)	0.33	3,000,000	-	-	-	-	-	3,000,000	0.32
	12.5.2020 (Note 2)	12.5.2022 – 11.5.2030 (Note 7)	0.33	2,004,000	-	-	-	-	-	2,004,000	0.32
	12.5.2020 (Note 2)	12.5.2021 – 11.5.2030 (Note 8)	0.33	11,238,000	-	-	(708,000)	-	(4,002,000)	6,528,000	0.32
	12.5.2020 (Note 2)	12.5.2022 – 11.5.2030 (Note 9)	0.33	2,820,000	-	-	(504,000)	-	(300,000)	2,016,000	0.32
	12.5.2020 (Note 2)	12.5.2020 – 11.5.2030 (Note 10)	0.33	996,000	-	-	-	-	-	996,000	0.32
Total for Employees				24,066,000	-	-	(1,713,000)	-	(4,302,000)	18,051,000	
(c) OTHERS											
In aggregate	12.5.2020 (Note 2)	12.5.2021 – 11.5.2030 (Note 4)	0.33	5,004,000	-	-	-	-	-	5,004,000	0.32
	12.5.2020 (Note 2)	12.5.2022 – 11.5.2030 (Note 6)	0.33	1,998,000	-	-	-	-	-	1,998,000	0.32
	12.5.2020 (Note 2)	12.5.2021 – 11.5.2030 (Note 8)	0.33	13,056,000	-	-	-	-	4,002,000	17,058,000	0.32
	12.5.2020 (Note 2)	12.5.2022 – 11.5.2030 (Note 9)	0.33	504,000	-	-	-	-	300,000	804,000	0.32
	12.5.2020 (Note 2)	12.5.2020 – 11.5.2030 (Note 10)	0.33	6,006,000	-	-	-	-	-	6,006,000	0.32
Total for Others				26,568,000	-	-	-	-	4,302,000	30,870,000	
Total for Scheme				78,636,000	-	-	(1,713,000)	-	-	76,923,000	

OTHER INFORMATION

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.
2. On 12 May 2020, the Company granted 61,248,000 share options to certain eligible participants pursuant to the Share Option Scheme. Further details are set out in the announcement of the Company dated 12 May 2020 and the circular of the Company dated 3 June 2020.
3. On 12 May 2020, the Company proposed to grant 18,000,000 share options to Ms. Zhou Wen Chuan pursuant to the Share Option Scheme. At the SGM held on 24 June 2020 (the "**Date of SGM 2020**"), the resolution in respect of approving the proposed grant of share options to Ms. Zhou Wen Chuan was duly passed by the independent shareholders of the Company by the way of poll. Further details are set out in the announcements of the Company dated 12 May 2020 and 24 June 2020 and the circular of the Company dated 3 June 2020.
4. Subject to the fulfilment of certain annual performance targets as determined by the Board, the share option granted shall be vested during the relevant periods in 4 tranches: (i) 25% of which shall be vested after 12 months of the date of acceptance of the offer of share option (the "**Date of Acceptance**"); (ii) another 25% of which shall be vested after 24 months of the Date of Acceptance; (iii) another 25% of which shall be vested after 36 months of the Date of Acceptance; and (iv) the remaining 25% of which shall be vested after 48 months of the Date of Acceptance.
5. Subject to the fulfilment of certain annual performance targets as determined by the Board, the share option granted shall be vested during the relevant periods in 4 tranches: (i) 25% of which shall be vested after 12 months of the Date of SGM 2020; (ii) another 25% of which shall be vested after 24 months of the Date of SGM 2020; (iii) another 25% of which shall be vested after 36 months of the Date of SGM 2020; and (iv) the remaining 25% of which shall be vested after 48 months of the Date of SGM 2020.
6. Subject to the fulfilment of certain annual performance targets as determined by the Board, the share option granted shall be vested during the relevant periods in 3 tranches: (i) one-third of which shall be vested after 24 months of the Date of Acceptance; (ii) another one-third of which shall be vested after 36 months of the Date of Acceptance; and (iii) the remaining one-third of which shall be vested after 48 months of the Date of Acceptance.
7. Subject to the fulfilment of certain annual performance targets as determined by the Board, the share option granted shall be vested during the relevant periods in 4 tranches: (i) 25% of which shall be vested after 24 months of the Date of Acceptance; (ii) another 25% of which shall be vested after 36 months of the Date of Acceptance; (iii) another 25% of which shall be vested after 48 months of the Date of Acceptance; and (iv) the remaining 25% of which shall be vested after 60 months of the Date of Acceptance.
8. The share option granted shall be vested during the relevant periods in 4 tranches: (i) 25% of which shall be vested after 12 months of the Date of Acceptance; (ii) another 25% of which shall be vested after 24 months of the Date of Acceptance; (iii) another 25% of which shall be vested after 36 months of the Date of Acceptance; and (iv) the remaining 25% of which shall be vested after 48 months of the Date of Acceptance.
9. The share option granted shall be vested during the relevant periods in 4 tranches: (i) 25% of which shall be vested after 24 months of the Date of Acceptance; (ii) another 25% of which shall be vested after 36 months of the Date of Acceptance; (iii) another 25% of which shall be vested after 48 months of the Date of Acceptance; and (iv) the remaining 25% of which shall be vested after 60 months of the Date of Acceptance.
10. The share option granted shall be vested immediately upon the fulfilment of certain vesting conditions including the achievement of certain R&D milestones for certain pharmaceutical products, completion of designated tasks and satisfactory business performance of the relevant entities (subject to the Board's opinion).

The total number of shares of the Company issuable pursuant to the Share Option Scheme on the date of its adoption was 427,175,263 shares of the Company, representing approximately 10% of the issued share capital of the Company as at the date of this interim report.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

The Directors and chief executive of the Company who held offices as at 30 June 2021 had the following interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") required to be disclosed in accordance with the Listing Rules:

(a) Interests in Issued Shares

Name of Director	Personal interests (Note 1)	Corporate interests (Note 1)	Total number of shares held (Note 1)	% of total issued shares
Mr. Zhou Xuzhou (Notes 2, 3)	125,012,470 (L)	2,124,122,291 (L)	2,249,134,761 (L)	52.65%
	–	1,263,825,530 (S)	1,263,825,530 (S)	29.59%
Dr. Zeng Wentao (Note 3)	75,000,000 (L)	–	75,000,000 (L)	1.76%
Ms. Zhou Wen Chuan (Note 3)	31,938,000 (L)	–	31,938,000 (L)	0.75%
Dr. Mao Zhenhua (Note 4)	–	113,890,000 (L)	113,890,000 (L)	2.67%
Professor Chau Chi Wai, Wilton (Note 5)	510,000 (L)	–	510,000 (L)	0.01%

Notes:

- The letter "L" denotes the person's long position in the shares whereas the letter "S" denotes the person's short position in the shares.
- These shares are held by U-Home Group International Limited, U-Home Group Investment Limited and Zhongjia U-Home Investment Limited.
- Mr. Zhou Xuzhou, Dr. Zeng Wentao and Ms. Zhou Wen Chuan are executive Directors.
- 113,890,000 shares are beneficially owned by Honour Goal Investments Limited. Honour Goal Investments Limited is wholly owned by Zhongchengxin (HK) Investment Services Limited ("**Zhongchengxin HK**"), a company incorporated in Hong Kong with limited liability. Zhongchengxin HK is wholly owned by Zhongchengxin Investment Group Company Limited* (中誠信投資集團有限公司) ("**Zhongchengxin Investment**"), a company established in the PRC with limited liability. Zhongchengxin Investment is owned as to 80% by Hubei East Asia Enterprise Company Limited* (湖北東亞實業有限公司) ("**Hubei East Asia**"), a company established in the PRC with limited liability. Hubei East Asia is owned as to 80% by Wuhan Huabing Real Estate Company Limited* (武漢華兵置業有限公司) ("**Huabing Real Estate**"), a company established in the PRC with limited liability. Huabing Real Estate is owned as to 99% by Dr. Mao Zhenhua, a non-executive Director.
- Professor Chau Chi Wai, Wilton is an independent non-executive Director.

* For identification purpose only

OTHER INFORMATION

(b) Interests in Share Options

Name of Director	Number of options directly beneficially owned <i>(Note 1)</i>
Dr. Zeng Wentao <i>(Note 2)</i>	10,002,000 (L)
Ms. Zhou Wen Chuan <i>(Note 2)</i>	18,000,000 (L)

Notes:

- The letter "L" denotes the person's long position in the underlying shares.
- Dr. Zeng Wentao and Ms. Zhou Wen Chuan, who are executive Directors, have been granted share options under the Share Option Scheme, details of which are set out in the sub-section "Share Option Scheme" above.

Save as disclosed above, none of the Directors and chief executive of the Company or their respective associates had any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code as at 30 June 2021.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2021, the Company had been notified by the following person (other than the Directors or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings ("GM(s)") of the Company or who were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or had otherwise notified the Company:

Interests in Issued Shares

Name of substantial shareholders	Capacity	Total interests <i>(Note 1)</i>	% of total issued shares
U-Home Group International Limited <i>(Note 2)</i>	Beneficial owner	964,172,530 (L)	22.57%
		764,172,530 (S)	17.89%
U-Home Group Investment Limited <i>(Note 3)</i>	Beneficial owner	499,653,000 (L)	11.70%
		499,653,000 (S)	11.70%

OTHER INFORMATION

Name of substantial shareholders	Capacity	Total interests (Note 1)	% of total issued shares
Yuhua Enterprises Company Limited (Note 3)	Interest in controlled corporation	499,653,000 (L)	11.70%
		499,653,000 (S)	11.70%
Anhui Yuhua Enterprises Company Limited* (安徽宇華實業有限公司) (Note 3)	Interest in controlled corporation	499,653,000 (L)	11.70%
		499,653,000 (S)	11.70%
Yee Sheng Enterprises Company Limited (Note 3)	Interest in controlled corporation	499,653,000 (L)	11.70%
		499,653,000 (S)	11.70%
Kambert Enterprises Limited (Note 3)	Interest in controlled corporation	499,653,000 (L)	11.70%
		499,653,000 (S)	11.70%
U-Home Property (Group) Limited (Note 3)	Interest in controlled corporation	499,653,000 (L)	11.70%
		499,653,000 (S)	11.70%
Zhongjia U-Home Investment Limited (Note 4)	Beneficial owner	660,296,761 (L)	15.45%
Shunda Investment Limited (Notes 2, 3, 4)	Interest in controlled corporation	2,124,122,291 (L)	49.72%
		1,263,825,530 (S)	29.59%
Mr. Zhou Xuzhou (Notes 2, 3, 4)	Interest in controlled corporation	2,124,122,291 (L)	49.72%
		1,263,825,530 (S)	29.59%
		Beneficial owner 125,012,470 (L)	2.93%
Haitong UT Leasing HK Limited	Person having a security interest in share	1,263,825,530 (L)	29.59%

Notes:

- The letter "L" denotes the person's long position in the shares whereas the letter "S" denotes the person's short position in the shares.
- U-Home Group International Limited is wholly and beneficially owned by Shunda Investment Limited which in turn is wholly and beneficially owned by Mr. Zhou Xuzhou.
- U-Home Group Investment Limited is wholly and beneficially owned by Yuhua Enterprises Company Limited. Yuhua Enterprises Company Limited is wholly and beneficially owned by Anhui Yuhua Enterprises Company Limited. Anhui Yuhua Enterprises Company Limited is wholly and beneficially owned by Yee Sheng Enterprises Company Limited. Yee Sheng Enterprises Company Limited is wholly and beneficially owned by Kambert Enterprises Limited. Kambert Enterprises Limited is wholly and beneficially owned by U-Home Property (Group) Limited. U-Home Property (Group) Limited is wholly and beneficially owned by Shunda Investment Limited, which in turn is wholly and beneficially owned by Mr. Zhou Xuzhou.
- Zhongjia U-Home Investment Limited is wholly and beneficially owned by Shunda Investment Limited which in turn is wholly and beneficially owned by Mr. Zhou Xuzhou.

* For identification purpose only

OTHER INFORMATION

Save as disclosed above, the Company has not been notified by any person (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of GMs of the Company or who were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or had otherwise notified the Company as at 30 June 2021.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than disclosed in the sub-sections "Share Option Scheme" and "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above, at no time during the six months ended 30 June 2021 or up to the date of this report were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

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 2021.

CORPORATE GOVERNANCE

The Company has adopted the principles and complied with all the applicable code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules during the six months ended 30 June 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Specific enquiry has been made with all Directors and the Directors have confirmed compliance with the required standard set out in the Model Code during the six months ended 30 June 2021.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") comprises two independent non-executive Directors and one non-executive Director, namely Professor Chau Chi Wai, Wilton (Chairman), Mr. Gao Guanjiang and Dr. Mao Zhenhua.

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 2021 and this interim report. ZHONGHUI ANDA CPA Limited, the Group's external auditor, has carried out a review of the interim financial information in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.



OTHER INFORMATION

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Save as elsewhere disclosed in this interim report, there was no important event occurred since the six months ended 30 June 2021 and up to the date of this interim report.

APPRECIATION

On behalf of the Board, I would like to express my deepest appreciation for 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

Zhou Wen Chuan

Executive Director and Chief Executive Officer

Hong Kong, 27 August 2021

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Zhou Xuzhou, aged 65, was appointed as an executive Director on 30 August 2013, was appointed as the chairman of the Company on 23 September 2013 and was re-designated to the co-chairman of the Company on 20 June 2019. He is the chairman of the nomination committee of the Company (the "**Nomination Committee**") and a member of the strategic committee of the Company (the "**Strategic Committee**").

Mr. Zhou obtained a master degree from the Wuhan University in 1985. He is the founder, the chairman of the board of directors and the chief executive officer of U-Home Group Limited. U-Home Group Limited is a company incorporated under the laws of the PRC and, together with over twenty of its subsidiaries, is principally engaged in real estate development, financial investment, property management and hotel management in various cities in the PRC.

Mr. Zhou, through subsidiaries wholly owned by him, has started his real estate business since 1992. Mr. Zhou is primarily responsible for leading the strategic planning and business development of the Group and overseeing all key aspects of the operations of the Group, including financial management and project development business. He has over 26 years of experience in the property industry. Mr. Zhou is the father of Ms. Zhou Wen Chuan.

Dr. Zeng Wentao, aged 58, was appointed as an independent non-executive Director on 18 October 2017, and was redesignated as an executive Director on 27 May 2019 and was appointed as the co-chairman of the Company on 20 June 2019. He is a member of the Remuneration Committee and the Strategic Committee.

Dr. Zeng graduated from Wuhan University with a doctoral degree in Economics. Dr. Zeng founded Hainan Sanyou Real Estate Company Limited (海南三友房地產有限公司) in Hainan in 1990 and acted as its general manager. In 1995, he founded Wuhan Yin Hai Property Company Limited (武漢銀海置業有限公司), which was principally engaged in real estate development and technology investment, and acted as its chief executive officer. He is the chief executive officer of Zhongjia Capital (Wuhan) Investment Management Company Limited (中珈資本(武漢)投資管理有限公司) since March 2017. He is a part-time professor of Zhongnan University of Economics and Law, a member of Zhongnan University of Economics and Law Educational Development Fund and a standing council member of Dong Fureng Foundation (董輔弼基金會). He was the vice-chairman of 12th and 13th Federation of Industry and Commerce of Wuhan City (武漢市工商聯) and a member of the 11th and 12th People's Consultative Conference of Wuhan City. Dr. Zeng has been a Counselor of the Healthcare Industry Union of Wuhan University Alumni Entrepreneur Association (武漢大學校友企業家聯誼會健康產業聯盟), an organisation dedicated to the promotion of the co-operations in the healthcare industry among entrepreneurs who are alumni of Wuhan University, since July 2017. By taking this position, Dr. Zeng has gained an understanding of the healthcare business and has built good relationships with certain entrepreneurs and market players in the healthcare industry. In 2018, Dr. Zeng was appointed as a researcher in health economics of Dong Fureng Economic & Social Development School of Wuhan University, which demonstrated the recognition of Dr. Zeng's knowledge in health economics by the said organisation and has enabled Dr. Zeng to use his managerial experience to contribute to the research work in the health economics area.

Ms. Zhou Wen Chuan, aged 38, was appointed as an executive Director on 30 August 2013 and was appointed as the chief executive officer of the Company on 23 September 2013.

Ms. Zhou obtained a master degree in Business Administration from the Chinese University of Hong Kong in 2011, and a master degree in Science and a dual bachelor degree in Food Nutrition and Health from the University of British Columbia in 2008 and 2007 respectively. Ms. Zhou is the daughter of Mr. Zhou Xuzhou.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTOR

Dr. Mao Zhenhua, aged 57, was appointed as a non-executive Director on 5 October 2015. He is the chairman of the Strategic Committee and a member of the Audit Committee.

Dr. Mao is currently the chairman of China Chengxin Credit Management Co., Ltd. ("**China Chengxin**"), professor of Renmin University of China, chairman of the Institute of Economic Research of Renmin University of China, professor of Wuhan University and Dean of Dong Fureng Economic & Social Development School of Wuhan University. Dr. Mao graduated from Wuhan University with a doctoral degree in Economics. Dr. Mao had carried out economic analysis and policies research for Hubei Provincial Government, Hainan Provincial Government and Research Office of the State Council.

Dr. Mao founded China Chengxin in 1992. Since then, he acted as its general manager, chairman as well as general manager, chief executive officer and chairman. He was the major shareholder and controller of China Cheng Xin International Credit Rating Co., Ltd.. Under the leadership of Dr. Mao, China Chengxin has become a company specialising in credit services and a comprehensive enterprise group principally engaging in the business of investing in finance, real estates and industries.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Gao Guanjiang, aged 68, was appointed as an independent non-executive Director on 30 August 2013. He is the chairman of the Remuneration Committee and a member of the Audit Committee.

Mr. Gao graduated from the Wuhan University with a Ph. D in Economics. Mr. Gao has over 23 years of experience in commercial banking, investment banking, business administration and securities and finance.

Professor Chau Chi Wai, Wilton, aged 59, was appointed as an independent non-executive Director on 30 August 2013. He is the chairman of the Audit Committee, a member of the Remuneration Committee and a member of the Nomination Committee.

Professor Chau obtained a doctoral degree in business administration, a master degree in business administration, a bachelor degree in laws and a bachelor degree in science. He is a fellow member of the Chartered Association of Certified Accountants (UK). Professor Chau is currently the chairman of Pan Asia Venture Development Platform and a vice chairman of Hong Kong Biotechnology Organisation. He is also a professor of Practice in Entrepreneurship in the Chinese University of Hong Kong, an adjunct professor of Shenzhen Finance Institute. Professor Chau has over 30 years of experience in direct investment and venture capital.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Wu Peng, aged 39, was appointed as an independent non-executive Director on 27 May 2019. He is a member of the Nomination Committee.

Mr. Wu graduated from Tsinghua University with a bachelor degree in information system in July 2004 and a doctoral degree (with the supply chain management as key research area) in January 2010. From September 2005 to January 2010, Mr. Wu worked as a research assistant in the Humanities Key Research Base of the Ministry of Education (教育部人文社科重點研究基地) of the PRC and the Research Center for Contemporary Management Tsinghua University (清華大學現代管理研究中心), where he participated in the study of pharmaceutical products supply chain management strategies. In this position, Mr. Wu conducted investigations and researches on the production and operation process of a number of large-sized pharmaceutical companies in the PRC, and gained a good understanding of their supply chain management. From March 2010 to November 2012, Mr. Wu was a lecturer at the school of Business Administration of South China University of Technology and was mainly involved in teaching and the research of green supply chain management. During this period, from November 2010 to April 2012, Mr. Wu was also a postdoctoral at The Martin Centre for Architectural and Urban Studies of University of Cambridge, where he was engaged in low-carbon supply chain and low-carbon urban planning and design research work. Since December 2012, Mr. Wu has been teaching green supply chain management and engaging in the research work in this area in the Business School of Sichuan University, first as an associate professor from December 2012 to September 2017 and subsequently as a professor since September 2017. During a five-year period from 2012 to 2017, Mr. Wu was involved in an industrial chain optimisation consulting project, through which he further gained experience in the supply chain management research area. Mr. Wu has been a Counselor of the Society of Management Science and Engineering of China (中國管理科學與工程學會理事) since October 2018.

SENIOR MANAGEMENT

Mr. Li Shu Pai, aged 45, was appointed as the chief financial officer and the company secretary of the Company on 30 July 2019. He has over 18 years of experience in auditing, corporate finance and financial management. Mr. Li had been the chief financial officer and company secretary of Perfectech International Holdings Limited (Stock Code: 765). Also, Mr. Li had been chief financial officer and joint company secretary of Chutian Dragon Corporation Limited. Before that, Mr. Li served as the chief financial officer in R2Game Co., Limited and earlier the deputy chief financial officer in Beijing Tong Ren Tang Chinese Medicine Company Limited (Stock Code: 3613). In addition, Mr. Li had worked for an international audit firm and various investment banks.

Mr. Li graduated from the City University of Hong Kong with a bachelor degree in business administration and obtained his executive master degree in business and administration from the Hong Kong University of Science and Technology. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

INDEPENDENT REVIEW REPORT



**TO THE BOARD OF DIRECTORS OF
MEILLEURE HEALTH INTERNATIONAL INDUSTRY GROUP LIMITED**

(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 28 to 58 which comprises the interim condensed consolidated statement of financial position of Meilleure Health International Industry Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) as at 30 June 2021 and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, 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 Hong Kong Standards on Auditing 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.

INDEPENDENT REVIEW REPORT

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Sze Lin Tang

Audit Engagement Director

Practising Certificate Number P03614

Hong Kong, 27 August 2021



INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	5	141,120	133,289
Cost of goods sold and service rendered		(78,974)	(82,485)
Gross profit		62,146	50,804
Fair value gains/(losses) on investment properties	12	11,313	(10,495)
Gain on partial disposal of investment in an associate		–	31,713
Gain on deemed disposal of investment in a joint venture	13	6,522	–
Gain on deemed disposal of investment in an associate	13	343	–
Other income and gains, net		10,974	12,635
Selling and distribution expenses		(3,155)	(2,725)
Administrative expenses		(19,096)	(18,431)
Impairment losses of receivables, net		(398)	(432)
Finance costs	6	(4,340)	(6,835)
Share of profits and losses of associates		(2,270)	2,535
Share of profits and losses of joint ventures		(3,811)	(140)
Profit before tax		58,228	58,629
Income tax expense	7	(14,973)	(15,720)
Profit for the period	8	43,255	42,909
Attributable to:			
Owners of the Company		43,190	42,543
Non-controlling interests		65	366
		43,255	42,909
Earnings per share	10		
Basic		HK1.01 cents	HK1.00 cents
Diluted		HK1.00 cents	HK1.00 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Profit for the period	43,255	42,909
Other comprehensive income/(loss):		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value changes of equity investments at fair value through other comprehensive income	(8,671)	(8,154)
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	3,864	(17,316)
Share of other comprehensive loss of an associate	(18)	–
	3,846	(17,316)
Other comprehensive loss for the period, net of tax	(4,825)	(25,470)
Total comprehensive income for the period	38,430	17,439
Attributable to:		
Owners of the Company	38,288	17,060
Non-controlling interests	142	379
	38,430	17,439

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

	<i>Notes</i>	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	11	1,872	1,688
Right-of-use assets		2,083	5,118
Investment properties	12	578,043	559,685
Goodwill		18,500	18,500
Other intangible assets		39	59
Investments in associates	13	53,235	47,327
Investments in joint ventures	13	72,754	69,164
Investments at fair value through profit or loss		29,597	–
Equity investments at fair value through other comprehensive income	13	–	28,572
Derivative financial assets		–	243
Deferred tax assets		15,405	12,325
		771,528	742,681
Current assets			
Inventories		28,209	16,163
Properties held for sale under development		248,878	245,344
Trade receivables	14	118,898	63,174
Prepayments, deposits and other receivables	15	262,239	348,432
Investments at fair value through profit or loss		4,401	47,813
Derivative financial assets		246	–
Current tax assets		28	–
Bank and cash balances		264,747	233,467
		927,646	954,393
Investment properties held for sale		5,859	5,786
		933,505	960,179

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

	Notes	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Current liabilities			
Trade payables	16	219	1,680
Contract liabilities		4,091	15,814
Accruals and other payables		16,436	31,929
Amounts due to related parties		7,447	7,456
Bank borrowings	17	20,351	30,575
Lease liabilities		1,094	2,474
Current tax liabilities		18,814	18,969
		68,452	108,897
Net current assets			
		865,053	851,282
Total assets less current liabilities			
		1,636,581	1,593,963
Non-current liabilities			
Accruals and other payables		6,012	5,938
Bank borrowings	17	115,520	120,250
Lease liabilities		–	1,538
Deferred tax liabilities		70,510	62,974
		192,042	190,700
NET ASSETS			
		1,444,539	1,403,263
Capital and reserves			
Share capital	18	42,718	42,718
Reserves		1,399,338	1,358,204
Equity attributable to owners of the Company		1,442,056	1,400,922
Non-controlling interests		2,483	2,341
TOTAL EQUITY			
		1,444,539	1,403,263

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	(Unaudited)												
	Attributable to owners of the Company												
	Share capital	Share premium account	Contributed surplus account	Share-based payment reserve	Statutory reserve	Equity investment revaluation reserve	Property revaluation reserve	Other reserve	Foreign currency translation reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2020	42,718	648,489	409,712	-	18,441	1,141	22,353	-	(31,988)	148,739	1,259,605	6,055	1,265,660
Total comprehensive income for the period	-	-	-	-	-	(8,154)	-	-	(17,329)	42,543	17,060	379	17,439
Equity-settled share option arrangements	-	-	-	749	-	-	-	-	-	-	749	-	749
Changes in equity for the period	-	-	-	749	-	(8,154)	-	-	(17,329)	42,543	17,809	379	18,188
At 30 June 2020	42,718	648,489	409,712	749	18,441	(7,013)	22,353	-	(49,317)	191,282	1,277,414	6,434	1,283,848
At 1 January 2021	42,718	648,489	409,712	4,279	24,668	(7,421)	-	-	31,034	247,443	1,400,922	2,341	1,403,263
Total comprehensive income for the period	-	-	-	-	-	(8,671)	-	-	3,769	43,190	38,288	142	38,430
Share of reserve of an associate	-	-	-	-	-	-	-	2	-	-	2	-	2
Release of equity investment revaluation reserve upon disposal and deemed disposal of equity investments at fair value through other comprehensive income	-	-	-	-	-	16,092	-	-	-	(16,092)	-	-	-
Equity-settled share option arrangements	-	-	-	2,844	-	-	-	-	-	-	2,844	-	2,844
Changes in equity for the period	-	-	-	2,844	-	7,421	-	2	3,769	27,098	41,134	142	41,276
At 30 June 2021	42,718	648,489	409,712	7,123	24,668	-	-	2	34,803	274,541	1,442,056	2,483	1,444,539

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(64,250)	(29,335)
Deferred considerations received in respect of disposals of subsidiaries in prior year	27,600	–
Deferred consideration received in respect of partial disposal of investment in an associate in prior year	2,390	–
Proceeds from partial disposal of investment in an associate	–	17,723
Capital injected to an associate	–	(11,132)
Advances of loans to third parties	(145,596)	(88,613)
Interest received	125	3,511
Dividend received from an associate	–	28,245
Dividend received from equity investments at fair value through other comprehensive income	–	332
Dividend received from investments at fair value through profit or loss	1,075	–
Purchases of property, plant and equipment	(650)	(180)
Purchases of intangible assets	–	(7)
Purchases of investments at fair value through profit or loss (non-current)	(21,808)	–
Consideration received in respect of redemption of unlisted fund investment in prior year	212,011	–
Decrease in current portion of investments at fair value through profit or loss	43,736	84,258
NET CASH GENERATED FROM INVESTING ACTIVITIES	118,883	34,137
Decrease in pledged bank deposits	–	79,494
Proceeds from bank borrowings	–	9,969
Repayment of bank borrowings	(16,729)	(86,087)
Interest paid	(4,271)	(6,613)
Repayment of lease liabilities	(1,047)	(3,678)
NET CASH USED IN FINANCING ACTIVITIES	(22,047)	(6,915)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	32,586	(2,113)
Effect of foreign exchange rate changes	(1,306)	(1,589)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	233,467	156,229
CASH AND CASH EQUIVALENTS AT END OF PERIOD	264,747	152,527
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	264,747	152,527

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1. GENERAL INFORMATION

Meilleure Health International Industry Group Limited (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 of Hong Kong Limited (the “**Stock Exchange**”).

The principal activities of the Company and its subsidiaries (collectively referred to as the “**Group**”) are operation of industrial hemp business and healthcare-related business, trading of construction materials, 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 Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

These interim condensed consolidated financial statements should be read in conjunction with the 2020 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 2020.

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 2021. 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 condensed consolidated financial statements and amounts reported for the current period and prior years.

4. FAIR VALUE MEASUREMENTS

Fair value is 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. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

4. FAIR VALUE MEASUREMENTS (Continued)

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy at 30 June 2021 (Unaudited):

Description	Fair value measurements using:			Total 2021 HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Recurring fair value measurements:				
<i>Financial assets at fair value through profit or loss</i>				
– Unlisted equity investments	–	812	28,785	29,597
– Investments in financial products	–	4,401	–	4,401
– Derivative – Call options	–	–	246	246
Total recurring fair value measurements	–	5,213	29,031	34,244

Disclosures of level in fair value hierarchy at 31 December 2020 (Audited):

Description	Fair value measurements using:			Total 2020 HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Recurring fair value measurements:				
<i>Equity investments at fair value through other comprehensive income</i>				
– Unlisted equity investments	–	13,087	15,485	28,572
<i>Financial assets at fair value through profit or loss</i>				
– Investments in financial products	–	47,813	–	47,813
– Derivative – Call options	–	–	243	243
Total recurring fair value measurements	–	60,900	15,728	76,628

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

4. FAIR VALUE MEASUREMENTS *(Continued)*

(b) Reconciliation of assets measured at fair value based on Level 3 (Unaudited):

Description	Unlisted equity investments (classified as equity investments at fair value through other comprehensive income)	Unlisted equity investments (classified as financial assets at fair value through profit or loss)	Derivative – Call options (classified as financial assets at fair value through profit or loss)	2021 Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January	15,485	-	243	15,728
Total gains or losses recognised				
in profit or loss (#)	-	7,098	-	7,098
in other comprehensive income	(8,671)	-	-	(8,671)
Purchases	-	21,509	-	21,509
Deemed disposal	(7,228)	-	-	(7,228)
Exchange differences	414	178	3	595
As at 30 June	-	28,785	246	29,031
(#) Include gains or losses for assets held at end of reporting period	-	7,098	-	7,098

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

4. FAIR VALUE MEASUREMENTS (Continued)

(b) Reconciliation of assets measured at fair value based on Level 3 (Unaudited): (Continued)

Description	Unlisted equity investments (classified as equity investments at fair value through other comprehensive income) HK\$'000	Derivative – Call options (classified as financial assets at fair value through profit or loss) HK\$'000	2020 Total HK\$'000
As at 1 January	–	–	–
Total gains or losses recognised in profit or loss (#)	–	–	–
in other comprehensive income	(8,154)	–	(8,154)
Transfer into level 3	20,921	–	20,921
Arising from subscription of equity interest in an associate	–	487	487
Exchange differences	79	(5)	74
As at 30 June	12,846	482	13,328
(#) Include gains or losses for assets held at end of reporting period	–	–	–

The total gains or losses recognised in other comprehensive income are presented in “Fair value changes of equity investments at fair value through other comprehensive income” in the interim condensed consolidated statement of comprehensive income.

During the six months ended 30 June 2020, unlisted equity investments classified as equity investments at fair value through other comprehensive income amounting to HK\$20,921,000 were transferred from measurement based on Level 2 to Level 3 as a result of a lack of observable market data.

Other than the transfer disclosed above, there were no transfers of fair value measurements between Level 1 and Level 2, and no other transfers into or out of Level 3 for financial assets during the both periods.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

4. FAIR VALUE MEASUREMENTS *(Continued)*

- (c) Disclosure of valuation processes used by the Group and valuation techniques and inputs used in fair value measurements:

The management of the Group is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including Level 3 fair value measurements. The management of the Group reports directly to the Board for these fair value measurements. Discussions of valuation processes and results are held between the management of the Group and the Board at least twice a year for interim and annual financial reporting.

For Level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Level 2 fair value measurements

Description	Valuation technique and key input	Fair value as at	
		30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Unlisted equity investments	Recent transaction prices of similar deals	812	13,087
Investments in financial products	Market price of investments in financial products	4,401	47,813

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

4. FAIR VALUE MEASUREMENTS *(Continued)*

- (c) Disclosure of valuation processes used by the Group and valuation techniques and inputs used in fair value measurements: *(Continued)*

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value as at	
					30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Unlisted equity investments	Valuation multiples	Average price-to-sales multiple of peers	30 June 2021: N/A (31 December 2020: 3.87 to 10.72)	Increase	28,785	15,485
		Average price-to-earnings multiple of peers	30 June 2021: 8.6 to 21.67 (31 December 2020: N/A)	Increase		
		Discount for lack of marketability	30 June 2021: 30% (31 December 2020: 22%)	Decrease		
Derivative – Call options	Black-Scholes option pricing model	Expected volatility	30 June 2021: 42% to 46% (31 December 2020: 42% to 46%)	Increase	246	243



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

5. REVENUE AND SEGMENT INFORMATION

The Group has six (six months ended 30 June 2020: five) reportable segments as follows:

- (a) Industrial hemp business – Cannabidiol (“**CBD**”) downstream product application
- (b) Healthcare-related business – Health management services, aesthetic medical services, healthcare-related product sale agency services and sale of healthcare-related products
- (c) Trading business – Trading of construction materials
- (d) Agency service – Real estate agency services
- (e) Property investment and leasing – Leasing of investment properties
- (f) Property development – Development and selling of residential properties

During the six months ended 30 June 2021, in view of the increasing contributions of revenue and profit from industrial hemp business of the Group, the Group has reorganised its internal reporting structure resulting in changes to the composition of its reportable segments and groupings on revenue information. The industrial hemp business is now separated as a single segment. Prior period revenue and segment disclosures have been re-presented to conform with the current period’s presentation.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

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 2021 (Unaudited)

	Industrial hemp business HK\$'000	Healthcare- related business HK\$'000	Trading business HK\$'000	Agency service HK\$'000	Property investment and leasing HK\$'000	Property development HK\$'000	Total HK\$'000
Revenue from external customers	22,528	9,124	77,523	21,669	10,276	-	141,120
Segment profit/(loss)	11,617	2,788	15,928	16,416	19,997	(114)	66,632
Gain on deemed disposal of investment in a joint venture							6,522
Gain on deemed disposal of investment in an associate							343
Fair value gains on investments at fair value through profit or loss							7,606
Share of losses of associates							(2,270)
Share of losses of joint ventures							(3,811)
Unallocated income							694
Unallocated expense							(13,148)
Finance costs							(4,340)
Profit before tax							58,228

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

For the six months ended 30 June 2020 (Re-presented) (Unaudited)

	Industrial hemp business <i>HK\$'000</i>	Healthcare- related business <i>HK\$'000</i>	Trading business <i>HK\$'000</i>	Agency service <i>HK\$'000</i>	Property investment and leasing <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	142	29,827	75,848	17,397	10,075	–	133,289
Segment profit/(loss)	(4,839)	11,562	10,779	14,291	(1,022)	(67)	30,704
Gain on partial disposal of investment in an associate							31,713
Fair value gains on investments at fair value through profit or loss							6,190
Share of profits and losses of associates							2,535
Share of profits and losses of joint ventures							(140)
Unallocated income							109
Unallocated expense							(5,647)
Finance costs							(6,835)
Profit before tax							58,629

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

Segment assets

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Industrial hemp business	117,278	114,408
Healthcare-related business	117,597	153,804
Trading business	268,960	222,442
Agency service	47,733	42,407
Property investment and leasing	591,265	580,684
Property development	422,150	250,068
Total assets of reportable segments	1,564,983	1,363,813
Deferred tax assets	15,405	12,325
Current tax assets	28	–
Unallocated corporate assets	124,617	326,722
Consolidated total assets	1,705,033	1,702,860

Segment liabilities

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Industrial hemp business	2,376	17,303
Healthcare-related business	12,893	14,279
Trading business	3,287	14,829
Agency service	995	689
Property investment and leasing	149,494	154,134
Property development	1,093	–
Total liabilities of reportable segments	170,138	201,234
Deferred tax liabilities	70,510	62,974
Current tax liabilities	18,814	18,969
Unallocated corporate liabilities	1,032	16,420
Consolidated total liabilities	260,494	299,597

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Revenue

	Six months ended 30 June	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited) (Re-presented)
Sale of CBD downstream products	22,528	142
Healthcare management service income	6,249	21,420
Healthcare-related products sale agency service income	2,222	6,265
Sale of healthcare-related products	20	1,527
Aesthetic medical service income	633	615
Sale of construction materials	77,523	75,848
Property sales and consultancy service income	21,669	17,397
Revenue from contracts with customers	130,844	123,214
Rental income	10,276	10,075
Total revenue	141,120	133,289

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Disaggregation of revenue from contracts with customers

For the six months ended 30 June 2021 (Unaudited)

Segments	Industrial hemp business HK\$'000	Healthcare-related business HK\$'000	Trading business HK\$'000	Agency service HK\$'000	Total HK\$'000
Major products/services					
Sale of CBD downstream products	22,528	-	-	-	22,528
Healthcare management services	-	6,249	-	-	6,249
Healthcare-related products sale agency services	-	2,222	-	-	2,222
Sale of healthcare-related products	-	20	-	-	20
Aesthetic medical services	-	633	-	-	633
Sale of construction materials	-	-	77,523	-	77,523
Property sales and consultancy services	-	-	-	21,669	21,669
Total	22,528	9,124	77,523	21,669	130,844
Geographical markets					
The People's Republic of China, excluding Hong Kong (the "PRC")	22,159	6,902	77,523	21,669	128,253
Others	369	2,222	-	-	2,591
Total	22,528	9,124	77,523	21,669	130,844
Timing of revenue recognition					
At a point in time	22,528	2,875	77,523	21,669	124,595
Over time	-	6,249	-	-	6,249
Total	22,528	9,124	77,523	21,669	130,844

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Disaggregation of revenue from contracts with customers *(Continued)*

For the six months ended 30 June 2020 (Unaudited) (Re-presented)

Segments	Industrial hemp business <i>HK\$'000</i>	Healthcare-related business <i>HK\$'000</i>	Trading business <i>HK\$'000</i>	Agency service <i>HK\$'000</i>	Total <i>HK\$'000</i>
Major products/services					
Sale of CBD downstream products	142	–	–	–	142
Healthcare management services	–	21,420	–	–	21,420
Healthcare-related products sale agency services	–	6,265	–	–	6,265
Sale of healthcare-related products	–	1,527	–	–	1,527
Aesthetic medical services	–	615	–	–	615
Sale of construction materials	–	–	75,848	–	75,848
Property sales and consultancy services	–	–	–	17,397	17,397
Total	142	29,827	75,848	17,397	123,214
Geographical market					
PRC	22	17,984	75,641	17,397	111,044
Hong Kong	–	6,761	207	–	6,968
Others	120	5,082	–	–	5,202
Total	142	29,827	75,848	17,397	123,214
Timing of revenue recognition					
At a point of time	142	8,407	75,848	17,397	101,794
Over time	–	21,420	–	–	21,420
Total	142	29,827	75,848	17,397	123,214

6. FINANCE COSTS

	Six months ended 30 June	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Interest on bank loans	4,271	6,445
Interest on lease liabilities	69	390
	4,340	6,835

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current income tax expense		
– PRC Enterprise Income Tax (“EIT”)	10,738	14,525
– Australia withholding tax on interest income	965	622
– Hong Kong Profits Tax	–	1,504
Deferred income tax expense/(credit)	3,270	(931)
	14,973	15,720

EIT of the PRC has been provided at the rate of 25% (six months ended 30 June 2020: 25%) on the estimated assessable profits arising in the PRC for the period.

Australia corporate income tax has been provided at the rate of 30% (six months ended 30 June 2020: 30%) on the estimated assessable profits arising in Australia for the period.

A group entity, which is non-tax resident enterprise in Australia, is subject to Australia withholding tax at the tax rate of 10% (six months ended 30 June 2020: 10%) on the gross interest income arising from its loans provided to another group entity, which is tax resident enterprise in Australia.

Hong Kong Profits Tax has been provided at the rate of 16.5% (six months ended 30 June 2020: 16.5%) on the estimated assessable profits arising in Hong Kong for the period, except for one group entity operating in Hong Kong which is a qualifying corporate under the two-tiered Profits Tax rate regime. For the qualifying group entity, the first HK\$2 million of assessable profits are taxed at the rate of 8.25% (six months ended 30 June 2020: 8.25%) and the remaining assessable profits are taxed at the rate of 16.5% (six months ended 30 June 2020: 16.5%).

Corporate income tax in other jurisdictions has been provided at the rates of taxation prevailing in the jurisdictions in which the group entities operate on the estimated assessable profits arising from those jurisdictions for the both periods.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

8. 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	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Impairment losses on trade receivables	398	432
Gain on deemed disposal of investment in a joint venture	(6,522)	–
Gain on deemed disposal of investment in an associate	(343)	–
Gain on partial disposal of investment in an associate	–	(31,713)
Fair value gains on investment at fair value through profit or loss	(7,606)	(6,190)
Net foreign exchange losses	6,157	434
Loss on written off of property, plant and equipment	4	–
Written off of lease liabilities, net	(191)	–

9. DIVIDENDS

The board (the "**Board**") of directors (the "**Directors**") of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

10. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Earnings		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	43,190	42,543
Number of shares		
Weighted average number of ordinary shares used in basic earnings per share calculation	4,271,752,636	4,271,752,636
Effect of dilutive potential ordinary shares arising from share options (note a)	27,197,240	–
Weighted average number of ordinary shares used in diluted earnings per share calculation	4,298,949,876	4,271,752,636

Note:

- (a) For the six months ended 30 June 2020, 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.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired items of property, plant and equipment with a cost of HK\$650,000 (six months ended 30 June 2020: HK\$180,000) and wrote off items of property, plant and equipment with a net carrying amount of HK\$4,000 (six months ended 30 June 2020: Nil).

12. INVESTMENT PROPERTIES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Carrying amount		
As at 1 January 2021/1 January 2020	559,685	594,177
Fair value gains/(losses)	11,313	(16,869)
Disposal of a subsidiary	–	(50,300)
Exchange differences	7,045	32,677
Carrying amount		
As at 30 June 2021/31 December 2020	578,043	559,685

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

13. INVESTMENTS IN ASSOCIATES/INVESTMENTS IN JOINT VENTURES/EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investment in Shenzhen Wingor Biotechnology Co, Ltd* (深圳市茵冠生物科技有限公司) (“Wingor Bio”)

During the six months ended 30 June 2021, Wingor Bio effected an increase in registered capital whereby a new investor injected additional capital to Wingor Bio. As a result of such increase in registered capital, the Group's equity interest in Wingor Bio was diluted from 45% to 41.55% and a dilution gain of HK\$6,522,000 (six months ended 30 June 2020: Nil) was recognised. Despite the dilution in equity interest, the Group was still able to exert joint control over the financial and operating activities of Wingor Bio. Accordingly, the Group continues to account for such investment as a joint venture.

Investment in Shenzhen Gippro Technology Innovation Limited* (深圳龍舞科技創新有限公司) (“Shenzhen Gippro”)

Shenzhen Gippro is a company incorporated in the PRC with limited liability and is principally engaged in manufacturing and sales of electronic cigarettes and other nicotine free atomised devices.

As at 31 December 2020, the Group held 13.81% equity interest of Shenzhen Gippro and this investment was recorded as equity investments at fair value through other comprehensive income.

During the six months ended 30 June 2021, the Group appointed a representation on the board of directors of Shenzhen Gippro. With the Group's presence on the board of directors of Shenzhen Gippro and participation in the financial and operating policies of Shenzhen Gippro, the Directors considered that the Group could exercise significant influence over Shenzhen Gippro despite the interest held by the Group is below 20%. Accordingly, the investment was accounted for as an associate since then and a cumulative loss on deemed disposal of previously held equity investment at fair value through other comprehensive income of HK\$17,233,000 has been transferred to retained profits. Shenzhen Gippro then effected an increase in registered capital whereby a new investor injected additional capital to Shenzhen Gippro. As a result of such increase in registered capital, the Group's equity interest in Shenzhen Gippro was diluted from 13.81% to 13.54% and a dilution gain of HK\$343,000 (six months ended 30 June 2020: Nil) was recognised. Despite the dilution in equity interest, the Group was still able to exert significant influence over Shenzhen Gippro. Accordingly, the Group continues to account for such investment as an associate.

Other unlisted equity investments

During the six months ended 30 June 2021, one of the unlisted equity investments classified as equity investments at fair value through other comprehensive income was disposed of with, a consideration amounting to HK\$13,168,000 with which was also the fair value as at the date of disposal. A cumulative gain on disposal of HK\$1,141,000 has been transferred to retained profits.

* For identification purpose only

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

14. TRADE RECEIVABLES

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

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
0 to 30 days	27,493	31,376
31 to 90 days	36,993	17,908
Over 90 days	54,412	13,890
	118,898	63,174

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Loan receivables (<i>note a</i>)	146,192	–
Consideration receivables in relation to:		
– Disposals of subsidiaries	31,240	58,840
– Partial disposal of investment in an associate	21,643	23,752
– Redemption of unlisted fund investment	–	212,011
Prepayments	26,573	20,446
Performance bond receivable	24,048	23,752
Loan interest income receivables (<i>note a</i>)	7,098	–
Other tax receivables	4,400	7,298
Other receivables	1,301	2,573
Deposits paid	132	143
	262,627	348,815
Provision for loss allowance	(388)	(383)
	262,239	348,432

Note:

- (a) As at 30 June 2021, loan receivables with carrying amount of HK\$96,192,000 (31 December 2020: Nil) are denominated in Chinese Yuan Renminbi ("RMB"), unsecured and bear fixed interest rate of 11% per annum. The remaining loan receivable of HK\$50,000,000 (31 December 2020: Nil) is denominated in Hong Kong dollars, unsecured and bear fixed interest rate of 7% per annum. The entire amount of principals and interests shall be received in full in December 2021.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

16. TRADE PAYABLES

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

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
0 to 90 days	116	1,675
Over 90 days	103	5
	219	1,680

17. BANK BORROWINGS

During the six months ended 30 June 2021, the Group made repayment of bank borrowings of HK\$16,729,000.

During the six months ended 30 June 2020, the Group obtained bank loan amounting to HK\$9,969,000 as additional working capital, and made repayment of bank borrowings of HK\$86,087,000. The new loan was denominated in RMB, bearing fixed interest rate of 6.09% per annum and repayable in full in 2021.

18. SHARE CAPITAL

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Authorised: 10,000,000,000 ordinary shares of HK\$0.01 each	100,000	100,000
Issued and fully paid: 4,271,752,636 ordinary shares of HK\$0.01 each	42,718	42,718

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

19. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company's share option scheme (the "**Share Option Scheme**") was adopted pursuant to a resolution passed on 20 June 2019, which will expire on 19 June 2029, for the primary purpose of providing incentives to employees, executives, officers or directors of the Group, its invested entities and substantial shareholders; and advisors, consultants, agents, suppliers, customers, distributors, contractors, business partners and joint venture partners of the Group (collectively the "**Eligible Participants**").

The maximum number of shares which may be issued upon exercise of all outstanding share options to be granted and yet to be exercised under the Share Option Scheme and other schemes of the Company at any time shall not exceed 10% of the total number of the shares of the Company in issue from time to time. The total number of shares issued and may fall to be issued upon exercise of the share options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to and including the date of grant shall not exceed 1% of the shares of the Company in issue as at the date of grant. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Any grant of share options to a director, chief executive or substantial shareholder of the Company or any of their respective associates is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the share options). In addition, any share options granted to a substantial shareholder of the Company or any independent non-executive Directors, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 30 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. A share option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the share option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which a share option may be exercised will be determined by the Board in its absolute discretion, save that no share option may be exercised more than 10 years after it has been granted and accepted.

The exercise price in relation to each share option offered to an Eligible Participant shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of:

- (i) the official closing price of the Company's shares as stated in the daily quotation sheets of the Stock Exchange on the date of the grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the official closing price of the Company's shares as stated in the daily quotation sheets of the Stock Exchange for the 5 business days immediately preceding the date of grant; and
- (iii) the nominal value of the Company's share.

Share options do not confer rights on the holder to dividends or to vote at shareholders' meetings.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

19. SHARE-BASED PAYMENTS (Continued)

Equity-settled share option scheme (Continued)

Details of the movements of share options are as follows:

Category of participants	Date of grant (note a)	Exercise period	Exercise price HK\$	(Unaudited) Number of share options			
				Outstanding as at 31/12/2020	Forfeited during the period	Transfer from employees to others during the period	Outstanding as at 30/6/2021
Directors	12.5.2020 (note b)	12.5.2021 – 11.5.2030 (note d)	0.33	10,002,000	–	–	10,002,000
	24.6.2020 (note c)	24.6.2021 – 23.6.2030 (note e)	0.33	18,000,000	–	–	18,000,000
Employees	12.5.2020 (note b)	12.5.2021 – 11.5.2030 (note d)	0.33	4,008,000	(501,000)	–	3,507,000
	12.5.2020 (note b)	12.5.2022 – 11.5.2030 (note f)	0.33	3,000,000	–	–	3,000,000
	12.5.2020 (note b)	12.5.2022 – 11.5.2030 (note g)	0.33	2,004,000	–	–	2,004,000
	12.5.2020 (note b)	12.5.2021 – 11.5.2030 (note h)	0.33	11,238,000	(708,000)	(4,002,000)	6,528,000
	12.5.2020 (note b)	12.5.2022 – 11.5.2030 (note i)	0.33	2,820,000	(504,000)	(300,000)	2,016,000
	12.5.2020 (note b)	12.5.2020 – 11.5.2030 (note j)	0.33	996,000	–	–	996,000
Others	12.5.2020 (note b)	12.5.2021 – 11.5.2030 (note d)	0.33	5,004,000	–	–	5,004,000
	12.5.2020 (note b)	12.5.2022 – 11.5.2030 (note f)	0.33	1,998,000	–	–	1,998,000
	12.5.2020 (note b)	12.5.2021 – 11.5.2030 (note h)	0.33	13,056,000	–	4,002,000	17,058,000
	12.5.2020 (note b)	12.5.2022 – 11.5.2030 (note i)	0.33	504,000	–	300,000	804,000
	12.5.2020 (note b)	12.5.2020 – 11.5.2030 (note j)	0.33	6,006,000	–	–	6,006,000
Total for Scheme				78,636,000	(1,713,000)	–	76,923,000
Exercisable at the end of the period				–			15,645,000
Weighted average exercise price (HK\$)				0.33	0.33	0.33	0.33

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

19. SHARE-BASED PAYMENTS *(Continued)*

Equity-settled share option scheme *(Continued)*

Notes:

- (a) The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- (b) On 12 May 2020, the Company granted 61,248,000 share options to certain Eligible Participants pursuant to the Share Option Scheme. Further details are set out in the announcement of the Company dated 12 May 2020 and the circular of the Company dated 3 June 2020.
- (c) On 12 May 2020, the Company proposed to grant 18,000,000 share options to Ms. Zhou Wen Chuan pursuant to the Share Option Scheme. At the special general meeting held on 24 June 2020 (the "**Date of SGM 2020**"), the resolution in respect of approving the proposed grant of share options to Ms. Zhou Wen Chuan was duly passed by the independent shareholders of the Company by the way of poll. Further details are set out in the announcements of the Company dated 12 May 2020 and 24 June 2020 and the circular of the Company dated 3 June 2020.
- (d) Subject to the fulfilment of certain annual performance targets as determined by the Board, the share option granted shall be vested during the relevant periods in 4 tranches: (i) 25% of which shall be vested after 12 months of the date of acceptance of the offer of share option (the "**Date of Acceptance**"); (ii) another 25% of which shall be vested after 24 months of the Date of Acceptance; (iii) another 25% of which shall be vested after 36 months of the Date of Acceptance; and (iv) the remaining 25% of which shall be vested after 48 months of the Date of Acceptance.
- (e) Subject to the fulfilment of certain annual performance targets as determined by the Board, the share option granted shall be vested during the relevant periods in 4 tranches: (i) 25% of which shall be vested after 12 months of the Date of SGM 2020; (ii) another 25% of which shall be vested after 24 months of the Date of SGM 2020; (iii) another 25% of which shall be vested after 36 months of the Date of SGM 2020; and (iv) the remaining 25% of which shall be vested after 48 months of the Date of SGM 2020.
- (f) Subject to the fulfilment of certain annual performance targets as determined by the Board, the share option granted shall be vested during the relevant periods in 3 tranches: (i) one-third of which shall be vested after 24 months of the Date of Acceptance; (ii) another one-third of which shall be vested after 36 months of the Date of Acceptance; and (iii) the remaining one-third of which shall be vested after 48 months of the Date of Acceptance.
- (g) Subject to the fulfilment of certain annual performance targets as determined by the Board, the share option granted shall be vested during the relevant periods in 4 tranches: (i) 25% of which shall be vested after 24 months of the Date of Acceptance; (ii) another 25% of which shall be vested after 36 months of the Date of Acceptance; (iii) another 25% of which shall be vested after 48 months of the Date of Acceptance; and (iv) the remaining 25% of which shall be vested after 60 months of the Date of Acceptance.
- (h) The share option granted shall be vested during the relevant periods in 4 tranches: (i) 25% of which shall be vested after 12 months of the Date of Acceptance; (ii) another 25% of which shall be vested after 24 months of the Date of Acceptance; (iii) another 25% of which shall be vested after 36 months of the Date of Acceptance; and (iv) the remaining 25% of which shall be vested after 48 months of the Date of Acceptance.
- (i) The share option granted shall be vested during the relevant periods in 4 tranches: (i) 25% of which shall be vested after 24 months of the Date of Acceptance; (ii) another 25% of which shall be vested after 36 months of the Date of Acceptance; (iii) another 25% of which shall be vested after 48 months of the Date of Acceptance; and (iv) the remaining 25% of which shall be vested after 60 months of the Date of Acceptance.
- (j) The share option granted shall be vested immediately upon the fulfilment of certain vesting conditions including the achievement of certain research and development milestones for certain pharmaceutical products, completion of designated tasks and satisfactory business performance of the relevant entities (subject to the Board's opinion).

For the six months ended 30 June 2021, the Group recognised share-based expenses of HK\$2,844,000 (six months ended 30 June 2020: HK\$749,000).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to be ultimately vested. The impact of the revision of the estimates, if any, is recognised in profit or loss, with a corresponding adjustment to the share options reserve.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

20. RELATED PARTY TRANSACTIONS

- (a) In addition to those related party transactions and balances disclosed elsewhere in the interim condensed consolidated financial statements, the Group had the following transactions with its related parties during the period:

	Notes	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Fellow subsidiaries of the Group:	(i)		
Property sale and consultancy service income paid to the Group	(ii)	21,669	17,397
Purchase from the Group	(ii)	693	39
Healthcare management service income paid to the Group	(ii)	286	–
Rental income paid to the Group	(ii)	–	276
Associate of a fellow subsidiary of the Group:			
Purchases from the Group		1,261	–
Associate of the Group:			
Advisory income paid to the Group		240	–
Sales to the Group		–	33
Joint ventures of the Group:			
Sales to the Group		–	545
The Directors:			
Healthcare management service income paid to the Group	(ii)	–	213
Purchases from the Group	(ii)	–	8
Members of key management personnel of the Group (excluding the Directors):			
Healthcare management service income paid to the Group		20	–
Aesthetic medical service income paid to the Group		26	–
Purchases from the Group		3	–
Other related parties:	(i)		
Purchase from the Group	(ii)	537	–
Healthcare management service income paid to the Group	(ii)	73	–
Aesthetic medical service income paid to the Group	(ii)	21	–

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

20. RELATED PARTY TRANSACTIONS *(Continued)*

- (a) In addition to those related party transactions and balances disclosed elsewhere in the interim condensed consolidated financial statements, the Group had the following transactions with its related parties during the period: *(Continued)***

Notes:

- (i) The related parties are (i) a company owned and controlled by one of the Directors; (ii) an entity of which one of the Directors is a member of key management personnel; or (iii) a close member of the family of one of the Directors.
- (ii) The related party transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(b) Other transactions with related parties:

- (i) As at 30 June 2021, certain of the Group's bank loans were secured by a personal guarantee provided by Mr. Zhou Xuzhou, who is the Director and the controlling shareholder of the Company (31 December 2020: a personal guarantee provided by Mr. Zhou Xuzhou and certain properties owned by a fellow subsidiary of the Group).
- (ii) During the six months ended 30 June 2020, the Company granted 28,002,000 and 14,322,000 share options to the Directors and the key management personnel of the Group (other than the Directors) at an exercise price of HK\$0.33 each (six months ended 30 June 2021: N/A).

(c) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Short term employee benefits	4,850	3,976
Post-employment benefits	113	128
Equity-settled share based-payments	1,651	359
Total compensation paid to key management personnel	6,614	4,463

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

21. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2021 (31 December 2020: Nil).

22. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Contracted, but not provided for:		
Capital contribution to a joint venture	3,246	3,207
Capital contribution to an associate	10,822	10,688
Capital contribution to an unlisted long-term investment	–	14,251
Acquisition of equity interest of an unlisted long-term investment	–	7,126

23. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issued by the Board on 27 August 2021.