



美瑞健康国际产业集团

MEILLEURE HEALTH INTERNATIONAL INDUSTRY GROUP

(stock code : 2327)

2022

中期報告

一份專注

兩倍用心

三倍高效

十重保障

百倍體驗

終身受益

Incorporated in Bermuda with limited liability

*Interim
Report*

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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
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance

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
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

COMPANY WEBSITE

www.meilleure.com.cn

STOCK CODE

2327

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The Board is pleased to present the unaudited interim results of the Group for the six months ended 30 June 2022.

FINANCIAL REVIEW

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

	Six months ended 30 June	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	64,614	141,120
Gross profit	44,068	62,146
Gross profit margin	68.2%	44.0%
Other income and (losses)/gains, net	(6,523)	10,974
Total operating expenses (<i>Note</i>)	17,212	22,251
Finance costs	4,890	4,340
Profit before tax	13,715	58,228
Profit after tax	10,383	43,255
Profit attributable to owners of the Company	10,562	43,190

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

Revenue

Revenue for the six months ended 30 June 2022 was HK\$64.6 million (six months ended 30 June 2021: HK\$141.1 million), mainly generated by (i) sale of healthcare-related products; (ii) sale of construction materials; (iii) rental income; (iv) property sales and consultancy service income; (v) healthcare management service income; (vi) aesthetic medical service income; and (vii) sale of CBD downstream products.

Revenue decreased by approximately 54.2% from HK\$141.1 million for the six months ended 30 June 2021 to HK\$64.6 million for the six months ended 30 June 2022. The decrease in revenue of HK\$76.5 million was mainly due to (i) decreases in sale of construction materials as well as property sales and consultancy service income of HK\$65.8 million and HK\$17.9 million respectively, as a result of the overall downturn in the real estate market of mainland China; and (ii) a decrease in sale of CBD downstream products of HK\$22.2 million, resulting from the prohibition of the use of industrial hemp in all cosmetics in mainland China. Such decreases were partially offset by an increase in sale of healthcare-related products of HK\$33.8 million, mainly benefiting from the sale of skincare products under the Group's brand "Jixiaojian" launched in the second half of 2021.

Gross Profit and Gross Profit Margin

The Group's gross profit for the six months ended 30 June 2022 was HK\$44.1 million (six months ended 30 June 2021: HK\$62.1 million), representing a decrease of 29.0% compared to that for the six months ended 30 June 2021. The gross profit margin for the six months ended 30 June 2022 increased to 68.2% from 44.0% for the six months ended 30 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

The decrease in gross profit of HK\$18.0 million was mainly due to (i) decreases in gross profits in the agency service business and the trading business of HK\$16.8 million and HK\$10.9 million respectively, as a result of the overall downturn in the real estate market of mainland China; and (ii) a decrease in gross profit in industrial hemp business of HK\$18.8 million, resulting from the prohibition of the use of industrial hemp in all cosmetics in mainland China. Such decreases were partially offset by an increase in gross profit in the healthcare-related business of HK\$27.5 million, mainly benefiting from the sale of skincare products under the Group's brand "Jixiaojian" launched in the second half of 2021.

In addition, the increase in gross profit margin was mainly due to a decrease in the proportion of the revenue derived from the trading business to the Group's total revenue for the six months ended 30 June 2022 compared to that for the six months ended 30 June 2021, while the trading business has a lower gross profit margin compared to other business segments of the Group.

Other Income and (Losses)/Gains, Net

Such an item changed from other income and net gains of HK\$11.0 million for the six months ended 30 June 2021 to other income and net losses of HK\$6.5 million for the six months ended 30 June 2022. Such change is primarily due to an unfavourable financial impact arising from fair value changes on investments at FVTPL as a result of adverse market conditions, which changed from a fair value gain of HK\$7.6 million for the six months ended 30 June 2021 to a fair value loss of HK\$17.6 million for the six months ended 30 June 2022. The unfavourable financial impact was partially offset by (i) an increase in interest income of HK\$3.1 million; (ii) a decrease in exchange losses of HK\$2.7 million; and (iii) an increase in government grants of HK\$2.5 million.

Total Operating Expenses

Total operating expenses for the six months ended 30 June 2022 were HK\$17.2 million (six months ended 30 June 2021: HK\$22.3 million), representing a decrease of HK\$5.1 million or 22.9% compared to that for the six months ended 30 June 2021. Such decrease was mainly due to (i) a favourable financial impact arising from equity-settled share options expense, which changed from the recognition of such expense of HK\$2.8 million for the six months ended 30 June 2021 to reversal of such expense of HK\$0.1 million for the six months ended 30 June 2022; and (ii) effective expenses control of the Group for the six months ended 30 June 2022.

Finance Costs

Finance costs for the six months ended 30 June 2022 were HK\$4.9 million (six months ended 30 June 2021: HK\$4.3 million), representing an increase of HK\$0.6 million or 14.0% compared to that for the six months ended 30 June 2021. Such an increase was mainly due to an increase in interest on bank loans of HK\$0.4 million, primarily resulting from an increase in the average balance in bank borrowings during the six months ended 30 June 2022 compared to that during the six months ended 30 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit After Tax

Profit after tax for the six months ended 30 June 2022 was HK\$10.4 million (six months ended 30 June 2021: HK\$43.3 million), representing a decrease of HK\$32.9 million or 76.0% as compared to that for the six months ended 30 June 2021. Such a decrease was mainly due to:

- (i) an unfavourable financial impact arising from fair value changes on investments at FVTPL, which changed from a fair value gain of HK\$7.6 million for the six months ended 30 June 2021 to a fair value loss of HK\$17.6 million for the six months ended 30 June 2022; and
- (ii) decreases in gross profits in the industrial hemp business, the agency service business and the trading business of HK\$18.8 million, HK\$16.8 million and HK\$10.9 million respectively.

Such decreases were partially offset by (i) an increase in gross profit in the healthcare-related business of HK\$27.5 million; and (ii) a decrease in income tax expense of HK\$11.6 million resulting from a decrease in profit before tax.

BUSINESS REVIEW

Healthcare-related Business

The revenue derived from the healthcare-related business for the six months ended 30 June 2022 was HK\$37.9 million, representing an increase of 3.2 times compared to HK\$9.1 million for the six months ended 30 June 2021. The profit derived from this segment for the six months ended 30 June 2022 was HK\$27.5 million, representing an increase of 8.8 times compared to HK\$2.8 million for the six months ended 30 June 2021. Such an increase was mainly due to a rise in gross profit of HK\$27.5 million, mainly benefiting from the sale of skincare products under the Group's brand "Jixiaojian" launched in the second half of 2021.

Trading Business

The revenue derived from the trading business for the six months ended 30 June 2022 was HK\$11.7 million, representing a decrease of 84.9% compared to HK\$77.5 million for the six months ended 30 June 2021. The profit derived from this segment for the six months ended 30 June 2022 was HK\$9.3 million, representing a decrease of 41.5% compared to HK\$15.9 million for the six months ended 30 June 2021. Such a decrease was mainly due to a decline in gross profit of HK\$10.9 million, mainly resulting from the overall downturn in the real estate market of mainland China. Such a decrease was partially offset by an increase in other income and gains, net of HK\$4.0 million, primarily resulting from an increase in government grants during the six months ended 30 June 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Agency Service Business

The revenue derived from the agency service business for the six months ended 30 June 2022 was HK\$3.8 million, representing a decrease of 82.5% compared to HK\$21.7 million for the six months ended 30 June 2021. The result for this segment changed from a profit of HK\$16.4 million for the six months ended 30 June 2021 to a loss of HK\$0.1 million for the six months ended 30 June 2022. The change was mainly due to a decrease in gross profit of HK\$16.8 million resulting from the overall downturn in the real estate market of mainland China.

Property Investment and Leasing Business

The revenue from the property investment and leasing business for the six months ended 30 June 2022 was HK\$10.9 million, representing an increase of 5.8% compared to HK\$10.3 million for the six months ended 30 June 2021. The profit derived from this segment for the six months ended 30 June 2022 was HK\$16.6 million, representing a decrease of approximately 17.0% compared to HK\$20.0 million for the six months ended 30 June 2021, which was mainly due to a decrease in fair value gains on investment properties of HK\$3.5 million.

Property Development Business

The Group has a 100% interest in a 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 sq.m. Advantageously located just 6.5 kilometres from Melbourne's central business district, the site provides a gross floor area of approximately 18,752 sq.m. to be developed into 109 residential units of townhouses.

During the six months ended 30 June 2022, the project was still in progress. Up to the date of this Interim Report, the project's civil works have already been completed. Based on the construction schedule, the pre-sale of the project is expected to commence in the near future, which will rapidly realise the value of the land reserve, deliver leasing business growth for the Group and boost brand value.

Industrial Hemp Business

The revenue derived from the industrial hemp business for the six months ended 30 June 2022 was HK\$0.3 million, representing a decrease of 98.7% compared to HK\$22.5 million for the six months ended 30 June 2021. The result for this segment changed from a profit of HK\$11.6 million for the six months ended 30 June 2021 to a loss of HK\$2.1 million for the six months ended 30 June 2022. The change was mainly due to a decline in gross profit of HK\$18.8 million, resulting from the prohibition of the use of industrial hemp in all cosmetics in mainland China. Such a decrease was partially offset by a decrease in operating expenses of HK\$6.0 million during the six months ended 30 June 2022, resulting from effective expenses control in this segment during the six months ended 30 June 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL POSITION

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
NON-CURRENT ASSETS		
Investment properties	580,112	593,647
Investments at FVTPL	69,020	81,688
Investments in joint ventures	63,561	73,044
Investments in associates	47,909	52,219
Goodwill	18,500	18,500
Others	44,466	42,228
Total Non-Current Assets	823,568	861,326
CURRENT ASSETS		
Bank and cash balances	138,855	272,591
Prepayments, deposits and other receivables	395,575	126,553
Properties held for sale under development	250,934	259,064
Trade receivables	89,979	91,580
Investments at FVTPL	18,461	107,795
Investment properties held for sale	–	5,978
Others	10,169	12,107
Total Current Assets	903,973	875,668
Total Assets	1,727,541	1,736,994
LIABILITIES		
Bank borrowings	248,337	168,699
Deferred tax liabilities	74,230	77,700
Accruals and other payables	20,133	30,886
Contract liabilities	4,528	4,303
Others	26,282	24,761
Total Liabilities	373,510	306,349
Net Assets	1,354,031	1,430,645

Non-current assets of the Group as at 30 June 2022 were HK\$823.6 million (31 December 2021: HK\$861.3 million), representing a decrease of HK\$37.7 million, which was mainly due to (i) a decrease in investment properties of HK\$13.5 million; (ii) a decrease in investments at FVTPL of HK\$12.7 million; and (iii) a decrease in investment in joint ventures of HK\$9.4 million. Current assets were HK\$904.0 million (31 December 2021: HK\$875.7 million), representing an increase of HK\$28.3 million, which was mainly due to an increase in prepayments, deposits and other receivables of HK\$269.0 million, which was partially offset by (i) a decrease in bank and cash balances of HK\$133.7 million; (ii) a decrease in investments at FVTPL of HK\$89.3 million; (iii) a decrease in properties held for sale under development of HK\$8.1 million; and (iv) a decrease in investment properties held for sale of HK\$6.0 million.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2022, the Group's total liabilities were HK\$373.5 million (31 December 2021: HK\$306.3 million), representing an increase of HK\$67.2 million, which was mainly due to an increase in bank borrowings of HK\$79.6 million, which was partially offset by a decrease in accruals and other payables of HK\$10.8 million.

NET ASSET VALUE

As at 30 June 2022, the Group's total net assets amounted to HK\$1,354.0 million (31 December 2021: HK\$1,430.7 million), representing a decrease of HK\$76.7 million, mainly due to the repurchase of shares of HK\$35.2 million, and exchange losses arising from the translation of foreign operations of HK\$52.6 million. Such decreases were partially offset by the profit for the six months ended 30 June 2022 of HK\$10.4 million.

LIQUIDITY AND FINANCIAL RESOURCES

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Net cash generated from/(used in) operating activities	68,017	(64,250)
Net cash (used in)/generated from investing activities	(242,652)	118,883
Net cash generated from/(used in) financing activities	48,603	(22,047)
Net (decrease)/increase in cash and cash equivalents	(126,032)	32,586
Effect of foreign exchange rate changes	(7,704)	(1,306)
Cash and cash equivalents at beginning of period	272,591	233,467
Cash and cash equivalents at end of period	138,855	264,747

As at 30 June 2022, the total cash and cash equivalents of the Group were HK\$138.9 million (31 December 2021: HK\$272.6 million), of which approximately 91.7% was denominated in RMB, 3.1% was in AUD, 3.0% was in HKD, 1.4% was in JPY, 0.5% was in CHF, and 0.3% was in USD (31 December 2021: 55.8% was in AUD, 28.4% was in HKD, 14.2% was in RMB, 0.9% was in JPY, 0.6% was in USD, and 0.1% was in CHF).

Net cash generated from operating activities for the six months ended 30 June 2022 was HK\$68.0 million, mainly contributed to net cash generated from the Group's daily operation during the six months ended 30 June 2022.

Net cash used in investing activities was HK\$242.7 million, which was mainly attributable to short-term interest-bearing loans advanced to certain independent third parties of HK\$345.6 million, which were partially offset by (i) the net cash inflow generated from investments in financial products of HK\$86.4 million; and (ii) repayment of short-term interest-bearing loans advanced to certain independent third parties of HK\$19.2 million.

Net cash generated from financing activities was HK\$48.6 million, which mainly represented a net amount of (i) proceeds received from new bank borrowings of HK\$95.9 million; (ii) payments for shares repurchase of HK\$35.2 million; (iii) repayment of bank borrowings of HK\$6.6 million; and (iv) payment of loan interest of HK\$4.7 million.

As at 30 June 2022, the total bank borrowings of the Group were HK\$248.3 million (31 December 2021: HK\$168.7 million), which are mainly used as the working capital of the Group. The Group has no unutilised banking facilities as at 30 June 2022 and 31 December 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Floating rate RMB bank loans	119,483	131,892
Fixed rate RMB bank loans	128,854	36,807
	248,337	168,699

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

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Within 1 year	69,462	58,337
Between 1 year and 2 years	32,334	21,106
Between 2 years and 5 years	86,437	57,420
Over 5 years	60,104	31,836
	248,337	168,699

Based on the Group's steady cash flow, coupled with sufficient bank and cash balances and the remaining unutilised net proceeds raised from placing of shares in prior years and considering the potential impact of the outbreak of the COVID-19 pandemic on the Group's operations, the Group has adequate liquidity and financial resources to meet its future capital expenditures, daily operations and working capital requirements in the next financial year.

CAPITAL STRUCTURE OF THE GROUP

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

TREASURE POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the six months ended 30 June 2022. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

MANAGEMENT DISCUSSION AND ANALYSIS

PLACING OF NEW SHARES UNDER GENERAL MANDATE

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

As at 30 June 2022, the net proceeds have been used in the following manner:

Intended use of the net proceeds	Unutilised net proceeds as at 31 December 2021 <i>HK\$ million</i>	Actual amount used during the Reporting Period <i>HK\$ million</i>	Unutilised net proceeds as at 30 June 2022 <i>HK\$ million</i>
To be used as general working capital of the Group	186.5	(54.6)	131.9
To be invested in the industrial hemp CBD extraction and application businesses	3.9	(1.8)	2.1
Total	190.4	(56.4)	134.0

As at 30 June 2022, the unutilised net proceeds of approximately HK\$18.5 million have been used for the subscription of financial products, which will be redeemed depending on the Group's funding needs. The remaining unutilised net proceeds of approximately HK\$115.5 million were kept in bank accounts of the Group and used as general working capital. It is expected that the unutilised net proceeds of HK\$134.0 million as at 30 June 2022 will be fully utilised by 31 December 2024.

The Company does not have any intention to change the purposes of the unutilised net proceeds as set out in the announcement of the Company dated 1 April 2019 and will gradually utilise the unutilised amount of the net proceeds in accordance with the intended purposes mentioned above.

GEARING RATIO

The Group's gearing ratio, expressed as the percentage of net debt (includes bank borrowings, trade payables, contract liabilities, accruals and other payables and amounts due to related parties, less bank and cash balances) over the sum of equity attributable to owners of the Company and net debt, was 9.5% (31 December 2021: -4.5%).

As at 30 June 2022, the Group had net debt of HK\$141.4 million (31 December 2021: negative net debt of HK\$61.1 million), while the equity attributable to owners of the Company amounted to HK\$1,351.5 million (31 December 2021: HK\$1,428.0 million).

CAPITAL EXPENDITURE

During the six months ended 30 June 2022, the expenditure on purchasing property, plant and equipment amounted to HK\$4.4 million (six months ended 30 June 2021: HK\$0.7 million).

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENTS

As at 30 June 2022, the Group had capital commitments of HK\$10.7 million (31 December 2021: HK\$11.5 million) in respect of capital contributions payable to an associate and an unlisted long-term investment (31 December 2021: (i) capital contribution payable to an associate; and (ii) acquisition of property, plant and equipment), which are contracted but not provided for in the interim condensed consolidated financial statements.

CHARGES ON GROUP ASSETS

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

	30 June 2022	31 December 2021
	HK\$'000	HK\$'000
Investment properties	461,360	355,214
Restricted deposit	866	369
	462,226	355,583

CONTINGENT LIABILITIES

As at 30 June 2022 and 31 December 2021, the Group did not have any significant contingent liabilities.

GENERAL DESCRIPTION OF THE GROUP'S INVESTMENT STRATEGIES

With continued accelerations of the legalisation of industrial hemp in overseas markets in recent years, cannabinoids, with CBD as their representative product, will have increasingly broad applications in healthcare and consumer goods fields. In addition, standing at the new starting point of the era with the synergy effects of "Healthy China 2030" and "14th Five-Year Plan", the Group is profoundly optimistic about the future development of the healthcare industry. The Group adheres to the corporate vision of "using technology and expertise to serve more people's health and beauty needs". Therefore, the Group manages its investment portfolio with a primary objective to capture market opportunities in the healthcare industry, including but not limited to the increasingly wider health applications of industrial hemp and cell therapy, as well as the continuous growth in the market scale of medical aesthetics.

On the other hand, in order to preserve liquidity and enhance interest yields, the Group had allocated certain resources to fund investments and various investments 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 businesses.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2022 and up to the date of this Interim Report.

MATERIAL LENDING TRANSACTIONS

Business model and credit risk assessment policy

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

Through the business and social networks of the management of the Company, the Group identify and be referred potential customers, which would be corporate customers and individual customers. The Group would then assess the credit of such potential customers based on its credit policy and procedure. Details of the credit risk assessment policy and other relevant internal controls are set out in note 5 to the consolidated financial statements of the annual report of the Group for the year ended 31 December 2021, which was published on 29 April 2022.

Major terms of loan receivables

Details of loans receivables are as follows:

Customers	Maturity date	Security pledged	Interest rate per annum	30 June 2022	
				Carrying amount HK\$'000	% of total loan receivables
Borrower A	On or before 31 December 2022	Nil	12.5%	40,000	12.6%
Borrower B	On or before 31 December 2022	Nil	7.3%	46,856	14.6%
Borrower C	On or before 31 December 2022	Nil	8.0%	46,856	14.6%
Borrower D	On or before 18 July 2022	Nil	3.0%	70,284	22.0%
Borrower E	On or before 31 December 2022	Nil	6.0%	57,399	17.9%
Borrower F	On or before 20 December 2022	Nil	6.0%	58,570	18.3%
				319,965	100%

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

Impairment and write-off of loan receivables

Based on the result of the credit assessment on loan receivables, the Group has recorded no impairment loss and no write-off for loan receivables for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS HELD

As at 30 June 2022, the investment portfolio of the Group amounted to HK\$198.9 million (31 December 2021: HK\$315.0 million) as recorded in the interim condensed consolidated statement of financial position under various categories, including:

- investments in associates and joint ventures, which are accounted for by using the equity method;
- investments at FVTPL; and
- derivative financial instruments.

There was no single investment in the Group's investment portfolio that was considered as a significant investment, given that none of the investments has a carrying amount accounting for more than 5% of the Group's total assets as at 30 June 2022.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Saved as disclosed in the section headed "Capital Commitments" above, there were no other plans authorised by the Board for material investments or additions of capital assets as at 30 June 2022.

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 2022. As at 30 June 2022 and 31 December 2021, 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 2022, the Group had approximately 123 employees (31 December 2021: 138 employees).

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

RECENT DEVELOPMENT

Judgment and Perseverance

With the development of the social economy in China, more people are pursuing high-quality and healthy life, which has enriched their health awareness. The “8th Five-Year Plan” focused on serving the public’s health, while the “11th Five-Year Plan” focused on being highly concerned about public health. Until the “13th Five-Year Plan” and the “14th Five-Year Plan” were released, public health has been placed in the strategic position of priority development, in which public health is of great significance to China. According to “Healthy China 2030”, the scale of the health industry in China will experience significant expansion by 2030, of which the total scale will reach RMB16 trillion.

At the same time, the GDP per capita of the PRC in 2021 was RMB80,976¹, equivalent to US\$12,551 at the average annual exchange rate, exceeding the world per capita GDP level. According to the World Bank’s indicators, the PRC’s GNI per capita in 2021 was US\$12,400, close to the GNI per capita threshold of US\$12,700 of the high-income countries. The national gross domestic product improvement has objectively provided economic support for developing healthcare consumption. Pursuing health and anti-ageing have become popular demands.

Therefore, standing at the historical period with the synergy effects of “Healthy China 2030” and “14th Five-Year Plan” in 2022, the Group is profoundly optimistic about the future development of the healthcare industry. We believe in the power of time and maintain ourselves as long-termists in the industry. During the Reporting Period, the Group adhered to the corporate vision of “using technology and expertise to serve more people’s health and beauty needs”, integrated production and investment, and delved into the health management and skin management sectors. Focusing on consumer medicine, we have facilitated the development of health management sector through health applications of cell therapy and cannabinoid. Meanwhile, the Group continued to conduct in-depth research on skin health and its related services and developed product and business model integrating skincare products with efficacy and cosmetic medicine for skin health management by making full use of its advantages in R&D, brand and channel in terms of skin health management.

OVERVIEW OF OPERATIONS

Healthcare-related Business Segment – Cell Treatment and Health Management Business

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

Thanks to several supportive policies on the cell industry released by the Chinese government at various levels during the Reporting Period, cellular technology’s clinical research and application have entered the phase of rapid development, and the Group’s cell therapy business has ushered in rapid growth. At the level of the central government, cell therapy has been included in China’s “13th Five-Year Plan”, “14th Five-Year Plan” and “Healthy China 2030”, respectively. On 10 May 2022, based on the “14th Five-Year Plan”, the National Development and Reform Commission of China issued the “14th Five-Year Plan for Bioeconomy Development” to accelerate the development of the biopharmaceutical industry, growing a bigger and stronger bioeconomy. In addition, “stem cell research and organ repair” was again listed by the Ministry of Science and Technology of the PRC as the “14th Five-year”

¹ Source: “Statistical Communiqué of the PRC on the 2021 National Economic and Social Development” published by the National Bureau of Statistics

MANAGEMENT DISCUSSION AND ANALYSIS

(2021- 2026) National Key R&D Program. The State Council of China issued the “Implementation Opinions on Comprehensively Strengthening Drug Regulatory Capacity”, focusing on supporting cellular drugs and accelerating the R&D of new products. At the level of local government, the Standing Committee of the Shenzhen Municipal People’s Congress issued the “Cell and Genetic Industry Promotion Regulations of Shenzhen Special Economic Zone (Draft for Comment)” on 12 November 2021. On 26 January 2022, the “Opinions on Several Special Measures to Relax Market Access in Shenzhen’s Construction of a Pilot Demonstration Zone of Socialism with Chinese Characteristics” was jointly issued by the National Development and Reform Commission of China and the Ministry of Commerce of China to support Shenzhen’s efforts in stem-cell therapy, immunotherapy and other new medical products, and to explore technology R&D. On 6 June 2022, “Opinions on the Development and Expansion of Strategic Emerging Industrial Clusters and Cultivation and Development of Future Industries” was released by Shenzhen, focusing on the cultivation and development of “20+8” industrial clusters, while “cells and genes”, as one of the big future industries for key cultivation and development, will further benefit from policies.

As the leading enterprise in Shenzhen’s local cell treatment industry, Wingor Bio has powerful R&D innovation strength and leading professional technology in the industry after nine years of engagement in the cell therapy industry. During the Reporting Period, Wingor Bio was recognised by the Ministry of Science and Technology of China as a “Science and Technology-based Small and Medium-Sized Enterprise”, a “Professional, Specialised and New Small and Medium-sized Enterprise in Shenzhen” by the Shenzhen Municipal Bureau of Industry and Information Technology, and the first batch of “synthetic biology” enterprises by the Shenzhen Guangming District Science and Technology Innovation Bureau.

In terms of R&D, Wingor Bio has completed the preclinical research of the stem cell drug WG103 with Investigational New Drug (IND) application on the progress during the Reporting Period. In terms of technology, Wingor Bio has applied for core patents in respect of the core product “human umbilical cord-derived mesenchymal stem cells” covering sample collection, sample processing, sample preparation, and sample transportation required for its chemistry, manufacturing and control (CMC), with a total of 8 related patents applied in the first half of 2022.

During the Reporting Period, Mei Ai Kang made several achievements. It cooperated with the Fifth Medical Centre of the General Hospital of the Chinese People’s Liberation Army, the Fourth People’s Hospital of Nanning, Shanghai Public Health Clinical Centre and Yunnan Provincial Infectious Disease Hospital to conduct clinical studies, and it overcame the adverse effect brought forth by the COVID-19 epidemic. It enrolled 17 cases in the study, improved clinical proposals, and detailed the experimental process for the convenience of application for treatment technology in future. Mei Ai Kang is currently applying for a relevant patent cluster related to the project’s core technology, and a patent for a self-transfusion injector has been approved. Meanwhile, the related patents of cell processing are currently in the process of application review. For the ongoing research project to expand the scope of treatment indications, the program modification has been completed, of which the clinical research is about to commence.

In terms of downstream products and services as well as high-end health management, the Group replicated the successful business model of our clinic in Shenzhen in the most promising cities across the country. Our clinic in Nanjing commenced service in March 2021.

With the gradually loosened and progressive policies, the Group will continue to leverage its strengths in the industry chain to strengthen exploration and investments in the cell treatment field and derivative industries of cellular technology, achieve breakthroughs in R&D, clinical research and downstream markets, and expand external cooperation to establish an endogenous association between the health management business and other business segments, so as to lay the foundation for more robust endogenous growth.

MANAGEMENT DISCUSSION AND ANALYSIS

Industrial Hemp Business Segment

In terms of domestic business, the Group further developed the industrial hemp industry chain by investing in the establishment of Meiray Vap in 2020 and taking a strategic stake in Mason Vap, which is a leader in atomisation technology, in 2021, to realise R&D, production and sales of high-quality CBD atomisers. At the same time, based on the insight and analysis of the global industrial hemp market, the Group continued to build and invest in CBD health consumption brands in multiple countries and different fields against the backdrop of accelerated legalisation of industrial hemp in the world.

In terms of overseas business, at the end of 2020, the United Nations Commission on Narcotic Drugs (CND) decided to lower 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 several countries around the world. As early as 2019, the Group established its subsidiary Green Gold Health SA in Switzerland and organised a local professional team to expand CBD markets in Europe. In 2021, the high-end CBD health consumption brand independently developed and produced in Switzerland, AlpReleaf, was formally launched into the markets in Europe. AlpReleaf products, based on high-quality CBD as the core technology, have launched a series of products such as soothing, sleep aid and muscle soreness, aiming at high-end customers who pursue superior quality of life. The products have been officially certified by the European Union and the United Kingdom and are available for sale in 22 European countries.

As of the end of the Reporting Period, the Group continuously made deployment in the downstream application in the industrial hemp industry chain and created an 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.

Healthcare-related Business Segment – Skin Health Management Business

With the iteration of the four factors: people, cognition, channels and technology, the beauty economy is rising, bringing revolutionary opportunities to the trillion-scale traditional beauty industry. Technological development has driven the iteration of skincare methods, where more effective skincare methods such as light aesthetic medicine are winning with efficacy. The number of Chinese consumers of aesthetic medicine is estimated to exceed 20 million in 2022. At the same time, the proportion of non-surgical users of aesthetic medicine continues to increase, from 72.6% to 83.1%². Shenzhen, as the leading special economic zone in China, has initiated favourable policies related to skin health during the Reporting Period. On 26 July 2022, “Several Measures for Shenzhen to Promote the High-Quality Development of Big Health Industry Clusters” was released by Shenzhen, which stated to focus on supporting the health service industries such as medical beauty and cosmetics, as well as the health manufacturing industries for providing support such as medical beauty equipment and high-end cosmetics.

With that in mind, based on La Clinique De Paris’s 40 years of anti-ageing experience and operations and management concepts, the Group made full use of its advantages in product R&D, medical care team, operation management, brand and channel for skin health management. Through strenuous R&D, Jixiaojian was launched as a highlighted brand combining medical aesthetics and skincare in the second half of 2021.

² Source: “2021 Medical Beauty Industry White Paper” published by Xinyang Data Research Institute* (新氧數據顏究院) on 14 December 2021

* For identification purposes only

MANAGEMENT DISCUSSION AND ANALYSIS

Adhering to the philosophy of “Extremely Professional, Ultra Effective and Zero Routines”, Jixiaojian is a light aesthetic medicine brand dedicated to facial rejuvenation and a streamlined skincare product portfolio, pioneering the integration of the two fields: aesthetic medicine and effective skincare. Jixiaojian is committed to providing a more cost-effective and streamlined integrated skincare solution for users through “60% light aesthetic medicine” with “40% effective streamlined and effective skincare”.

In terms of aesthetic medical beauty, the world’s first flagship store of our light medical beauty brand “Jixiaojian” held its grand opening during the Reporting Period, during which the turnover of prepaid packages for aesthetic medical beauty exceeded RMB1 million in the first month. “Jixiaojian × Super Photon”, the exclusive project launched by the flagship store “Jixiaojian”, provides an integrated skincare solution for the whole process of super photon aesthetic medical beauty project before, during and after surgery by using photoelectric repair series from Jixiaojian, which was widely recognised and recommended by customers. In terms of aesthetic medical devices, the Group has reached a strategic cooperation relationship with Lumenis, a world-renowned laser beauty leader, and has become its clinical demonstration base.

In the field of skincare products, a research and development team with professional technical elites was gathered by the Group to establish the “Jixiaojian Supramolecular Research Centre”. The Group has obtained 13 patents in respect of skincare products, honoured with the title of National High-tech Enterprise. Meanwhile, the Group has established close cooperative relations with BAFS and Ashland, internationally renowned raw material companies, and launched the first product line of the brand Jixiaojian — photoelectric repair series.

As at the end of the Reporting Period, the Group continued to increase investment and planning in the field of skin health management, kept optimising products and services, expanded external cooperation, and strived to create a scientific skincare brand that combines online and offline integration, aesthetic medicine and effective skincare. Besides, it is committed to recalibrating the skincare habits of the new generation and reshaping the landscape of the skincare industry with the help of this skincare revolution arising from the iteration of people, cognition and technology.

PROSPECTS

Looking back on the first half of 2022, under the residual effect of the COVID-19 epidemic and multiple changes caused by various challenges, the Group promoted innovation and upgrading to turn crisis into opportunity. Looking forward to the second half of 2022, we as humankind will continue to face the dual challenge of significant changes unseen in a century and the COVID-19 epidemic, and the international situation is confronted with both risks and opportunities.

Regarding assets, during the Reporting Period, the Group had current assets of HK\$904.0 million, including bank and cash balances of HK\$138.9 million and redeemable investments at FVTPL of HK\$18.5 million. As for the business, the Group continued to explore health management. Cell pharmaceutical and cannabinoid health-related businesses have maintained a good growth momentum with a comprehensive business layout. The innovative skin health management products and business models with great potential, as well as an extensive arrangement of upstream and downstream related aesthetic medical devices, reagents and functional skin care, will help seek new growth points for the Group. As a result of these favourable factors, the Group has laid a solid foundation for its long-term development and gained competitive advantages, which has given the Group full confidence to deal with the uncertain economic situation. The Group is completely confident in future business development and even expansion under the trying times.

OTHER INFORMATION

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

SHARE OPTION SCHEME

Particulars of the share option scheme of the Company are set out in note 20 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 at the 2020 SGM. The 2019 Share Option Scheme became effective on 28 June 2019, being the date on which 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 2019 Share Option Scheme. The 2019 Share Option Scheme is subject to the requirements under Chapter 17 of 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 2019 Share Option Scheme during the six months ended 30 June 2022:

Category of participants	Date of grant (Note 1)	Exercise period	Exercise price HK\$	Number of share options					Outstanding as at 30.6.2022	Closing price per share immediately before the date of grant HK\$
				Outstanding as at 01.01.2022	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled 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	-	-	(2,500,500)	-	7,501,500	0.32
Ms. Zhou Wen Chuan	24.6.2020 (Note 3)	24.6.2021 – 23.6.2030 (Note 5)	0.33	18,000,000	-	-	(4,500,000)	-	13,500,000	0.345
Total for Directors				28,002,000	-	-	(7,000,500)	-	21,001,500	
(b) EMPLOYEES										
In aggregate	12.5.2020 (Note 2)	12.5.2021 – 11.5.2030 (Note 4)	0.33	3,507,000	-	-	(2,004,000)	-	1,503,000	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	-	-	(501,000)	-	1,503,000	0.32
	12.5.2020 (Note 2)	12.5.2021 – 11.5.2030 (Note 8)	0.33	6,528,000	-	-	(300,000)	-	6,228,000	0.32
	12.5.2020 (Note 2)	12.5.2022 – 11.5.2030 (Note 9)	0.33	2,016,000	-	-	(657,000)	-	1,359,000	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				18,051,000	-	-	(6,462,000)	-	11,589,000	
(c) OTHERS (Note 11)										
In aggregate	12.5.2020 (Note 2)	12.5.2021 – 11.5.2030 (Note 4)	0.33	5,004,000	-	-	(1,251,000)	-	3,753,000	0.32
	12.5.2020 (Note 2)	12.5.2022 – 11.5.2030 (Note 6)	0.33	1,998,000	-	-	(666,000)	-	1,332,000	0.32
	12.5.2020 (Note 2)	12.5.2021 – 11.5.2030 (Note 8)	0.33	6,277,500	-	-	(4,267,500)	-	2,010,000	0.32
	12.5.2020 (Note 2)	12.5.2022 – 11.5.2030 (Note 9)	0.33	804,000	-	-	(300,000)	-	504,000	0.32
	12.5.2020 (Note 2)	12.5.2020 – 11.5.2030 (Note 10)	0.33	6,006,000	-	-	(1,002,000)	-	5,004,000	0.32
Total for Others				20,089,500	-	-	(7,486,500)	-	12,603,000	
Total for Scheme				66,142,500	-	-	(20,949,000)	-	45,193,500	

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 2019 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 2019 Share Option Scheme. At the 2020 SGM, 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 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; (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 the 2020 SGM; (ii) another 25% of which shall be vested after 24 months of the date of the 2020 SGM; (iii) another 25% of which shall be vested after 36 months of the date of the 2020 SGM; and (iv) the remaining 25% of which shall be vested after 48 months of the date of the 2020 SGM.
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).

OTHER INFORMATION

11. As of 30 June 2022, there were a total of 12,603,000 share options granted to 12 grantees, who are non-employees of the Group, pursuant to the 2019 Share Option Scheme (the **"Share Option(s)"**). The 12 grantees can be divided into two categories. Details of the number of the Share Options granted to each category of grantees and the Board's reasons for granting the Share Options to each category of grantees are as follows:

(i) Directors and senior management of invested entities

As of 30 June 2022, there were a total of 11,601,000 share options granted to 11 directors and senior management, namely Ms. Jiang Shu (姜舒), Mr. Peng Shijian (彭世健), Mr. Tian Liangrui (田良銳), Ms. Wu Chengqin (吳成琴), Mr. Jiang Xiong (江雄), Mr. Cen Piaoshang (岑飄尚), Mr. Zhang Jinfeng (張金鋒), Mr. Cheng Jianfeng (程建峰), Mr. Zheng Jun (鄭俊), Mr. Dai Wei (戴蔚) and Mr. Jin Lei (金磊), of two invested entities of the Group, namely Wingor Bio and Meiray Vap. These directors and senior management, who are all PRC nationals, include key management personnel who oversee the operations of the invested entities.

To the best of the knowledge, information and belief of the Directors, these 11 directors and senior management of Wingor Bio and Meiray Vap are third parties independent of the Company and its connected persons.

The Group invested in Wingor Bio by approximately RMB55,278,000 in February 2019. When granting share options in May 2020, the then size of the investment in Wingor Bio as calculated by the investment cost of Wingor Bio divided by the Group's total assets as at 31 December 2019 was 3.53%, which the Board considered to be significant. In addition, the Group then had a 45% stake in Wingor Bio and hence, the business performance of Wingor Bio could have a significant impact on the business performance of the Group. Wingor Bio was engaged in the R&D of stem cell products and the provision of health management consulting and medical treatment services. The Group and Wingor Bio might explore cross-selling opportunities, which would generate synergy for both parties. As such, the Company then considers Wingor Bio to be an important investment with significant strategic value.

The Group invested in Meiray Vap by RMB1,800,000 in December 2019. When granting share options in May 2020, the then size of the investment in Meiray Vap as calculated by the investment cost of Meiray Vap divided by the Group's total assets as at 31 December 2019 was 0.1%. Notwithstanding the relatively small size of this investment in money terms, this investment was then important for the Group. The business of Meiray Vap was mainly the manufacturing and sales of vapour equipment, and the Company then considered that vapour equipment had great potential and would be one of the business focuses of the Group in the future. In particular, the Group then intended to explore the opportunities associated with CBD vapour equipment and intended to sell CBD vapour equipment to overseas markets. Therefore, the Company then believed that the Group's investment in Meiray Vap would bring strategic value to the Group.

Both Wingor Bio and Meiray Vap are accounted for in the Company's accounts using the equity method of accounting.

Given the importance of Wingor Bio and Meiray Vap to the Group and the key roles and responsibilities performed by the 11 grantees in Wingor Bio and Meiray Vap, the Board considers that it is desirable to grant Share Options to these grantees to incentivise them to improve their performance efficiency and align their interests with those of the Group.

Of the 11,601,000 share options granted to these grantees, the vesting and exercise of an aggregate of 10,089,000 share options granted to two directors of the invested entities are subject to the satisfaction of certain performance targets of Wingor Bio and Meiray Vap, respectively, including annual performance targets for the years ended/ending 31 December 2020, 2022 and 2023 of Wingor Bio and Meiray Vap and the achievement of certain R&D milestones for certain pharmaceutical products developed by Wingor Bio. Such pharmaceutical products are stem cell products, and the successful R&D and commercialisation of these products mark a significant breakthrough in the stem cell field. They could significantly improve the financial performance of Wingor Bio, thereby improving the financial performance of the Group. These performance targets tie the performance of the invested entities with the benefits to be received by these directors, thereby motivating them to improve the performance of the invested entities.

OTHER INFORMATION

Of the 11,601,000 share options, 1,512,000 share options granted to nine directors and senior management of the invested entities (the “**Nine Directors and Senior Management**”) are not subject to the satisfaction of any performance targets. The Nine Directors and Senior Management are employees of one of the two invested entities of the Group, and they are all members of the team led by a director of that invested entity (the “**Director of the Invested Entity**”) who is among the two directors that are subject to the performance targets. Given that performance targets have been set for the Director of the Invested Entity and these Nine Directors and Senior Management assist the work of the Director of the Invested Entity and taking into account the small number of Share Options granted to these Nine Directors and Senior Management, the Board has decided not to set any performance targets for the Nine Directors and Senior Management.

Although the Share Options granted to the Nine Directors and Senior Management are not subject to any performance targets, such Share Options will incentivise them to improve their performance efficiency for the benefit of the invested entity and, eventually, for the benefit of the Group, given the Group's stake in the invested entity. Meanwhile, as performance targets have been set for the Director of the Invested Entity, the Company believes that the Director of the Invested Entity will urge the Nine Directors and Senior Management to improve their performance so as to assist him in achieving the performance targets. Therefore, the grant of Share Options to the Nine Directors and Senior Management can achieve the purpose of the 2019 Share Option Scheme.

(ii) Management consultant

As of 30 June 2022, there were a total of 1,002,000 share options granted to a management consultant of the Group, Mr. Wei Jing (魏靖), who provides management consultancy services to the Group by the Board. The management consultant is a PRC national who lives in China.

Prior to his engagement as a management consultant of the Group, he worked as a management personnel of the Group. During such time, he was responsible for project procurement, business development, management of working teams and assisting the Chief Executive Officer in the accomplishment of strategic plans of the Company.

To the best of the knowledge, information and belief of the Directors, the management consultant is a third party independent of the Company and its connected persons.

The management consultant has expertise and skills in respect of the business operations of the Group, including strategic planning, financial management and control, financing, marketing, team management, internal coordination, and government relations. He has played an important role in enabling the Group to achieve smooth operations. The Board considers that it is desirable to grant Share Options to him as rewards for his past contributions to the Group and as incentives to retain him and to motivate him to improve his performance for the benefit of the Group and to align his interest with that of the Group.

No performance target is set for the management consultant. As the management consultant is responsible for overseeing certain aspects of the business operations of the Group, the Board considers that setting a performance target for him is not as meaningful as for employees of the Group. Notwithstanding this, the Board considers that the grant of Share Options to the management consultant is fair and reasonable to the Company and its shareholders as a whole, given that the management consultant's contributions and potential contributions to the Group and considering the fact that the size of the grant is relatively insignificant given the management consultant's roles and duties in the Group and the fact that the Share Options will be vested in four equal instalments in four years' time. Additionally, the Share Options will help align the interests of the management consultant with those of the Company and its shareholders.

The grant of Share Options to the management consultant can also meet the purposes of the 2019 Share Option Scheme, notwithstanding no performance target is set. The Share Options can serve as a reward for the management consultant's past contributions. As the Share Options granted to him will vest on him in four equal instalments in the next four years, the grant of Share Options will also help retain his services. It can align his interests with those of the Company and its shareholders; therefore, it can also serve as an incentive for the management consultant to improve his performance for the benefit of the Group.

The total number of shares of the Company issuable pursuant to the 2019 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 INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

The Directors and chief executive of the Company who held offices as at 30 June 2022 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 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 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)	128,186,470 (L)	2,124,122,291 (L)	2,252,308,761 (L)	54.84%
	–	978,785,130 (S)	978,785,130 (S)	23.83%
Dr. Zeng Wentao (Note 3)	75,000,000 (L)	–	75,000,000 (L)	1.83%
Ms. Zhou Wen Chuan (Note 3)	31,938,000 (L)	–	31,938,000 (L)	0.78%
Dr. Mao Zhenhua (Note 4)	–	113,890,000 (L)	113,890,000 (L)	2.77%

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, a company incorporated in Hong Kong with limited liability. Zhongchengxin (HK) Investment Services Limited is wholly owned by Zhongchengxin Investment Group Company Limited*(中誠信投資集團有限公司), a company established in the PRC with limited liability. Zhongchengxin Investment Group Company Limited is owned as to 80% by Hubei East Asia Enterprise Company Limited*(湖北東亞實業有限公司), a company established in the PRC with limited liability. Hubei East Asia Enterprise Company Limited is owned as to 80% by Wuhan Huabing Real Estate Company Limited*(武漢華兵置業有限公司), a company established in the PRC with limited liability. Huabing Real Estate Company Limited is owned as to 99% by Dr. Mao Zhenhua, a Non-Executive Director.

*For identification purposes 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>	7,501,500 (L)
Ms. Zhou Wen Chuan <i>(Note 2)</i>	13,500,000 (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 2019 Share Option Scheme, details of which are set out in the sub-section headed "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 2022.

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

As at 30 June 2022, the Company had been notified by the following persons (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 GMs 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)	23.48%
		479,132,130 (S)	11.66%
U-Home Group Investment Limited <i>(Note 3)</i>	Beneficial owner	499,653,000 (L)	12.17%
		499,653,000 (S)	12.17%

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) 499,653,000 (S)	12.17% 12.17%
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) 499,653,000 (S)	12.17% 12.17%
Yee Sheng Enterprises Company Limited (Note 3)	Interest in controlled corporation	499,653,000 (L) 499,653,000 (S)	12.17% 12.17%
Kambert Enterprises Limited (Note 3)	Interest in controlled corporation	499,653,000 (L) 499,653,000 (S)	12.17% 12.17%
U-Home Property (Group) Limited (Note 3)	Interest in controlled corporation	499,653,000 (L) 499,653,000 (S)	12.17% 12.17%
Zhongjia U-Home Investment Limited (Note 4)	Beneficial owner	660,296,761 (L)	16.07%
Shunda Investment Limited (Notes 2, 3, 4)	Interest in controlled corporation	2,124,122,291 (L) 978,785,130 (S)	51.72% 23.83%
Mr. Zhou Xuzhou (Notes 2, 3, 4)	Interest in controlled corporation Beneficial owner	2,124,122,291 (L) 978,785,130 (S) 128,186,470 (L)	51.72% 23.83% 3.12%
Haitong UT Leasing HK Limited	Person having a security interest in share	978,785,130 (L)	23.83%

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. Kambert Enterprises Limited and Mr. Zhou Xuzhou owned 100 ordinary shares and 1,000 non-voting deferred shares of Yee Sheng Enterprises Company Limited, respectively. 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 purposes 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 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 2022.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than disclosed in the sub-sections headed "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 2022 or up to the date of this Interim Report were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors 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

During the six months ended 30 June 2022, the Company repurchased a total of 80,916,000 shares on the Stock Exchange at an aggregate consideration (before expenses) of HK\$35,093,040. All the repurchased shares were subsequently cancelled. The Directors believe that the repurchases of shares would lead to an enhancement of the net assets value per share and/or earnings per share.

Particulars of the repurchases are as follows:

Month of repurchase	Total number of shares repurchased	Purchase price per share		Aggregate consideration (before expenses)
		Highest HK\$	Lowest HK\$	HK\$
2022				
January	29,586,000	0.48	0.425	13,343,880
February	33,240,000	0.475	0.45	15,388,950
April	3,960,000	0.405	0.345	1,538,520
May	8,784,000	0.38	0.32	2,994,150
June	5,346,000	0.36	0.325	1,827,540
	<u>80,916,000</u>			<u>35,093,040</u>

Saved as disclosed above, during the six months ended 30 June 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

OTHER INFORMATION

CORPORATE GOVERNANCE

The Company has adopted the principles and complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules during the six months ended 30 June 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions. Specific enquiries have 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 2022.

AUDIT COMMITTEE

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 2022 and this Interim Report.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Save as elsewhere disclosed in this Interim Report, there were no important events affecting the Group after 30 June 2022 and up to the date of this Interim Report.

CHANGES IN DIRECTORS' AND CHIEF EXECUTIVE'S INFORMATION

Save as disclosed in the section headed "Biography of Directors and Senior Management" on pages 27 to 29 of this Interim Report, there were no other changes in the information of any Directors after the date of the annual report of the Group for the year ended 31 December 2021 that are required to be disclosed pursuant to paragraphs (a) to (e) and paragraph (g) of Rule 13.51(2) of the Listing Rules have to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

APPRECIATION

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

By Order of the Board

Zhou Wen Chuan

Executive Director and Chief Executive Officer

Hong Kong, 26 August 2022

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Zhou Xuzhou, aged 66, was appointed as an Executive Director on 30 August 2013, was appointed as the chairman of the Board on 23 September 2013 and was re-designated as a Co-Chairman on 20 June 2019. He is the chairman of the Nomination Committee and a member of the Strategic Committee.

Mr. Zhou obtained a master's degree from Wuhan University in 1985. Mr. Zhou is primarily responsible for leading the strategic planning and financial planning of the Group. Mr. Zhou is the father of Ms. Zhou Wen Chuan.

Dr. Zeng Wentao, aged 59, was appointed as an Independent Non-Executive Director on 18 October 2017, was re-designated as an Executive Director on 27 May 2019 and was appointed as a Co-Chairman 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 has been 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 the 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 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 39, was appointed as an Executive Director on 30 August 2013 and the Chief Executive Officer on 23 September 2013.

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

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTOR

Dr. Mao Zhenhua, aged 58, 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 the Renmin University of China, chairman of the Institute of Economic Research of the 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 the 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 estate and industries.

Dr. Mao is currently an independent non-executive director of China Infrastructure & Logistics Group Ltd. (a company listed on the Stock Exchange, stock code: 1719), China Bohai Bank Co., Ltd. (a company listed on the Stock Exchange, stock code: 9668), Airstar Bank Limited and Gravitation Fintech HK Limited. He has been a professor of Business School at the University of Hong Kong since 2022.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Gao Guanjiang, aged 69, 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 Wuhan University with a PhD in Economics. Mr. Gao has over 24 years of experience in commercial banking, investment banking, business administration and securities and finance.

Professor Chau Chi Wai, Wilton, aged 60, 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's degree in business administration, a bachelor's degree in laws and a bachelor's 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 at the Chinese University of Hong Kong and an adjunct professor of Shenzhen Finance Institute. Professor Chau is currently an independent non-executive director of China Three Gorges International Limited and Digital Hollywood Interactive Limited (a company listed on the Stock Exchange, stock code: 2022). Professor Chau has over 30 years of experience in direct investment and venture capital.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Wu Peng, aged 40, 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's degree in information systems in July 2004 and a doctoral degree (with supply chain management as a 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 Centre 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 research on the production and operation processes 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 researching green supply chain management. During this period, from November 2010 to April 2012, Mr. Wu was also a postdoctoral researcher at The Martin Centre for Architectural and Urban Studies of the 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. Mr. Wu is currently an independent director of LightInTheBox Holding Co., Ltd. (a company listed on the New York Stock Exchange, stock code: LITB).

SENIOR MANAGEMENT

Mr. Li Shu Pai, aged 46, was appointed as the Chief Financial Officer and the Company Secretary on 30 July 2019. He has over 19 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 (a company listed on the Stock Exchange, stock code: 765). Also, Mr. Li had been a chief financial officer and joint company secretary of Chutian Dragon Corporation Limited. Before that, Mr. Li served as a chief financial officer of R2Game Co., Limited and earlier the deputy chief financial officer of Beijing Tong Ren Tang Chinese Medicine Company Limited (a company listed on the Stock Exchange, 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's degree in business administration and obtained his executive master's degree in business and administration from the Hong Kong University of Science and Technology. He is a fellow member of the HKICPA and a fellow member of the Association of Chartered Certified Accountants.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	5	64,614	141,120
Cost of goods sold and service rendered		(20,546)	(78,974)
Gross profit		44,068	62,146
Fair value gains on investment properties	13	7,788	11,313
Gain on deemed partial disposal of investment in a joint venture		–	6,522
Gain on deemed partial disposal of investment in an associate		–	343
Other income and (losses)/gains, net		(6,523)	10,974
Selling and distribution expenses		(3,171)	(3,155)
Administrative expenses		(14,041)	(19,096)
Impairment losses of receivables, net		(191)	(398)
Finance costs	6	(4,890)	(4,340)
Share of losses of associates		(1,916)	(2,270)
Share of losses of joint ventures		(7,409)	(3,811)
Profit before tax		13,715	58,228
Income tax expense	7	(3,332)	(14,973)
Profit for the period	8	10,383	43,255
Attributable to:			
Owners of the Company		10,562	43,190
Non-controlling interests		(179)	65
		10,383	43,255
Earnings per share	10		
Basic		HK0.26 cents	HK1.01 cents
Diluted		HK0.26 cents	HK1.00 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Profit for the period	8	10,383	43,255
Other comprehensive (loss)/income:			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value changes of equity investments at FVTOCI		-	(8,671)
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(52,617)	3,864
Share of other comprehensive loss of an associate		(67)	(18)
		(52,684)	3,846
Other comprehensive loss for the period, net of tax		(52,684)	(4,825)
Total comprehensive (loss)/income for the period		(42,301)	38,430
Attributable to:			
Owners of the Company		(42,182)	38,288
Non-controlling interests		(119)	142
		(42,301)	38,430

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Notes</i>	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	11	6,886	3,325
Right-of-use assets	12	6,476	2,353
Investment properties	13	580,112	593,647
Goodwill		18,500	18,500
Other intangible assets		50	67
Investments in associates		47,909	52,219
Investments in joint ventures		63,561	73,044
Investments at FVTPL		69,020	81,688
Derivative financial assets		214	225
Prepayments, deposits and other receivables	15	14,862	22,881
Deferred tax assets		15,978	13,377
		823,568	861,326
Current assets			
Inventories		9,303	11,424
Properties held for sale under development		250,934	259,064
Trade receivables	14	89,979	91,580
Prepayments, deposits and other receivables	15	395,575	126,553
Investments at FVTPL		18,461	107,795
Current tax assets		–	314
Restricted deposit		866	369
Bank and cash balances		138,855	272,591
		903,973	869,690
Investment properties held for sale		–	5,978
		903,973	875,668

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Notes</i>	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Current liabilities			
Trade payables	16	59	87
Contract liabilities		4,528	4,303
Accruals and other payables		17,518	24,507
Amounts due to related parties		7,207	7,530
Bank borrowings	17	69,462	58,337
Lease liabilities	12	1,646	672
Derivative financial liabilities		299	3
Current tax liabilities		12,201	15,421
		112,920	110,860
Net current assets			
		791,053	764,808
Total assets less current liabilities			
		1,614,621	1,626,134
Non-current liabilities			
Accruals and other payables		2,615	6,379
Bank borrowings	17	178,875	110,362
Lease liabilities	12	4,870	1,048
Deferred tax liabilities		74,230	77,700
		260,590	195,489
NET ASSETS			
		1,354,031	1,430,645
Capital and reserves			
Share capital	18	41,067	42,141
Treasury shares	19	(2,459)	(15,209)
Reserves		1,312,939	1,401,110
Equity attributable to owners of the Company		1,351,547	1,428,042
Non-controlling interests		2,484	2,603
TOTAL EQUITY			
		1,354,031	1,430,645

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	(Unaudited)												
	Attributable to owners of the Company												
	Share capital	Treasury shares	Share premium account	Contributed surplus account	Share-based payment reserve	Statutory surplus reserve	Equity investment 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	HK\$'000
As 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
Equity-settled share option arrangements	-	-	-	-	2,844	-	-	-	-	-	2,844	-	2,844
Share of reserve of an associate	-	-	-	-	-	-	-	2	-	-	2	-	2
Release of equity investment revaluation reserve upon disposal and deemed disposal of equity investments at FVTOCI	-	-	-	-	-	-	16,092	-	-	(16,092)	-	-	-
Changes in equity for the period	-	-	-	-	2,844	-	7,421	2	3,769	27,098	41,134	142	41,276
As 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
As at 1 January 2022	42,141	(15,209)	623,597	409,712	6,310	24,668	-	556	44,593	291,674	1,428,042	2,603	1,430,645
Total comprehensive loss for the period	-	-	-	-	-	-	-	-	(52,744)	10,562	(42,182)	(119)	(42,301)
Equity-settled share option arrangements	-	-	-	-	(142)	-	-	-	-	-	(142)	-	(142)
Share of reserve of an associate	-	-	-	-	-	-	-	1,078	-	-	1,078	-	1,078
Repurchase of shares (Note 19(a))	-	(35,249)	-	-	-	-	-	-	-	-	(35,249)	-	(35,249)
Cancellation of shares (Notes 18 and 19(a))	(1,074)	47,999	(46,925)	-	-	-	-	-	-	-	-	-	-
Transfer from retained profits	-	-	-	-	-	355	-	-	-	(355)	-	-	-
Changes in equity for the period	(1,074)	12,750	(46,925)	-	(142)	355	-	1,078	(52,744)	10,207	(76,495)	(119)	(76,614)
As at 30 June 2022	41,067	(2,459)	576,672	409,712	6,168	25,023	-	1,634	(8,151)	301,881	1,351,547	2,484	1,354,031

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	68,017	(64,250)
Deferred considerations received in respect of disposals of subsidiaries in prior years	–	27,600
Deferred consideration received in respect of partial disposal of investment in an associate in prior years	3,596	2,390
Advances of loans to third parties	(345,619)	(145,596)
Repayment of loans from third parties	19,176	–
Interest received	1,834	125
Dividend received from investments at FVTPL	306	1,075
Purchases of property, plant and equipment	(596)	(650)
Proceeds from disposal of property, plant and equipment	6	–
Purchases of investments at FVTPL (non-current)	(8,414)	(21,808)
Consideration received in respect of redemption of unlisted fund investment in prior years	–	212,011
Decrease in current portion of investments at FVTPL	86,412	43,736
Increase in restricted deposit	(525)	–
Settlement of derivative contracts	1,172	–
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(242,652)	118,883
Proceeds from bank borrowings	95,880	–
Repayment of bank borrowings	(6,592)	(16,729)
Interest paid	(4,739)	(4,271)
Repayment of lease liabilities	(697)	(1,047)
Payments of shares repurchase	(35,249)	–
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	48,603	(22,047)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(126,032)	32,586
Effect of foreign exchange rate changes	(7,704)	(1,306)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	272,591	233,467
CASH AND CASH EQUIVALENTS AT END OF PERIOD	138,855	264,747
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	138,855	264,747

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. GENERAL INFORMATION

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

The principal activities of the Group are operations of healthcare-related business and industrial hemp 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 HKICPA and the applicable disclosure required by the Listing Rules.

These interim condensed consolidated financial statements should be read in conjunction with the 2021 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 2021.

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 2022. HKFRSs comprise Hong Kong Financial Reporting Standards; HKASs; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's interim condensed consolidated financial statements and amounts reported for the current period and prior years.

4. 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 2022

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 as at 30 June 2022 (Unaudited):

Description	Fair value measurements using:			Total 2022 HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Recurring fair value measurements:				
<i>Financial assets at FVTPL</i>				
– Investments at FVTPL				
– Investments in financial products	–	18,461	–	18,461
– Listed equity investment	38,217	–	–	38,217
– Unlisted equity investments	–	8,223	22,580	30,803
– Derivative financial assets				
– Call options	–	–	214	214
<i>Financial liabilities at FVTPL</i>				
– Derivative financial liabilities				
– Steel futures contracts	(299)	–	–	(299)
Total recurring fair value measurements	37,918	26,684	22,794	87,396

Disclosures of level in fair value hierarchy as at 31 December 2021 (Audited):

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 FVTPL</i>				
– Investments at FVTPL				
– Investments in financial products	–	107,795	–	107,795
– Listed equity investment	52,180	–	–	52,180
– Unlisted equity investments	–	–	29,508	29,508
– Derivative financial assets				
– Call options	–	–	225	225
<i>Financial liabilities at FVTPL</i>				
– Derivative financial liabilities				
– Steel futures contracts	(3)	–	–	(3)
Total recurring fair value measurements	52,177	107,795	29,733	189,705

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

4. FAIR VALUE MEASUREMENTS *(Continued)*

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

Description	Unlisted equity investments (classified as financial assets at FVTPL) HK\$'000	Derivative financial assets – Call options (classified as financial assets at FVTPL) HK\$'000	2022 Total HK\$'000
As at 1 January	29,508	225	29,733
Total gains or losses recognised in profit or loss (#)	(5,723)	–	(5,723)
Exchange differences	(1,205)	(11)	(1,216)
As at 30 June	22,580	214	22,794
(#) Include gains or losses for assets held at end of reporting period	(5,723)	–	(5,723)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Investments in financial products classified as financial assets at FVTPL	Market price of investments in financial products	18,461	107,795
Unlisted equity investments classified as financial assets at FVTPL	Recent transaction prices of similar deals	8,223	–

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 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Unlisted equity investments classified as financial assets at FVTPL	Valuation multiples	Average price-to-sales multiple of peers	30 June 2022: 1.1 to 9.0 (31 December 2021: 0.54 to 11.53)	Increase	22,580	29,508
		Average price-to-earnings multiple of peers	30 June 2022: 7.4 to 23.4 (31 December 2021: 8.36 to 22.1)	Increase		
		Discount for lack of marketability	30 June 2022: 15% to 20% (31 December 2021: 30%)	Decrease		
Derivative financial assets – Call options (classified as financial assets at FVTPL)	Black-Scholes option pricing model	Expected volatility	30 June 2022: 43% (31 December 2021: 43%)	Increase	214	225

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

5. REVENUE AND SEGMENT INFORMATION

The Group has six (six months ended 30 June 2021: six) reportable segments as follows:

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

The Group's other operating segment includes holding investments in enterprises engaging in businesses other than the above reportable segments. The Group's other operating segment does not meet any of the quantitative thresholds for determining reportable segments. The information of the other operating segment is included in the 'other segment' column.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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 2022 (Unaudited)

	Healthcare-related business HK\$'000	Trading business HK\$'000	Agency service business HK\$'000	Property investment and leasing business HK\$'000	Property development business HK\$'000	Industrial hemp business HK\$'000	Other segment HK\$'000	Total HK\$'000
Revenue from external customers	37,968	11,743	3,767	10,872	-	264	-	64,614
Segment profit/(loss)	27,469	9,314	(38)	16,556	32	(2,085)	(5)	51,243
Fair value losses on investments at FVTPL								(17,595)
Fair value gains on derivative financial instruments								869
Share of losses of associates								(1,916)
Share of losses of joint ventures								(7,409)
Finance costs								(4,890)
Unallocated income								2,522
Unallocated expense								(9,109)
Profit before tax								13,715

For the six months ended 30 June 2021 (Unaudited)

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Healthcare-related business	190,246	192,649
Trading business	461,846	303,162
Agency service business	47,720	25,601
Property investment and leasing business	621,348	610,293
Property development business	255,513	412,177
Industrial hemp business	79,237	99,762
Total assets of reportable segments	1,655,910	1,643,644
Total assets of other segment	8,434	–
Deferred tax assets	15,978	13,377
Current tax assets	–	314
Unallocated corporate assets	47,219	79,659
Consolidated total assets	1,727,541	1,736,994

Segment liabilities

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Healthcare-related business	22,483	14,844
Trading business	130,134	42,045
Agency service business	720	923
Property investment and leasing business	130,460	146,995
Property development business	1,608	3,514
Industrial hemp business	972	2,080
Total liabilities of reportable segments	286,377	210,401
Deferred tax liabilities	74,230	77,700
Current tax liabilities	12,201	15,421
Unallocated corporate liabilities	702	2,827
Consolidated total liabilities	373,510	306,349

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Revenue

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Sale of healthcare-related products	33,841	20
Healthcare management service income	2,388	6,249
Aesthetic medical service income	1,739	633
Healthcare-related products sale agency service income	–	2,222
Sale of construction materials	11,743	77,523
Property sales and consultancy service income	3,767	21,669
Sale of CBD downstream products	264	22,528
Revenue from contracts with customers	53,742	130,844
Rental income	10,872	10,276
Total revenue	64,614	141,120

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Disaggregation of revenue from contracts with customers

For the six months ended 30 June 2022 (Unaudited)

Segments	Healthcare-related business <i>HK\$'000</i>	Trading business <i>HK\$'000</i>	Agency service business <i>HK\$'000</i>	Industrial hemp business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Major products/services					
Sale of healthcare-related products	33,841	-	-	-	33,841
Healthcare management services	2,388	-	-	-	2,388
Aesthetic medical services	1,739	-	-	-	1,739
Sale of construction materials	-	11,743	-	-	11,743
Property sales and consultancy services	-	-	3,767	-	3,767
Sale of CBD downstream products	-	-	-	264	264
Total	37,968	11,743	3,767	264	53,742
Geographical markets					
PRC	37,968	11,743	3,767	89	53,567
Others	-	-	-	175	175
Total	37,968	11,743	3,767	264	53,742
Timing of revenue recognition					
At a point in time	35,580	11,743	3,767	264	51,354
Over time	2,388	-	-	-	2,388
Total	37,968	11,743	3,767	264	53,742

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

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

For the six months ended 30 June 2021 (Unaudited)

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

6. FINANCE COSTS

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> <i>(Unaudited)</i>
Interest on bank loans	4,739	4,271
Interest on lease liabilities	151	69
	4,890	4,340

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Current income tax expense		
– PRC Enterprise Income Tax	5,885	10,738
– Australia withholding tax on interest income	663	965
Deferred income tax (credit)/expense	(3,216)	3,270
	3,332	14,973

Enterprise Income Tax of the PRC has been provided at the rate of 25% on the estimated assessable profits arising from the PRC for the both periods, except for certain group entities operating in PRC, which are taxed at preferential tax rates. Group entities operating in PRC that are qualified as small and thin-profit enterprises with assessable profits of RMB1 million or less, the assessable profits are taxed at the effective rate of 2.5% (six months ended 30 June 2021: N/A). Where the assessable profits exceed RMB1 million but do not exceed RMB3 million (inclusive), the RMB1 million portion will be taxed at the effective rate of 2.5% (six months ended 30 June 2021: N/A), whereas the excess portion will be taxed at the effective rate of 10% (six months ended 30 June 2021: N/A). In addition, group entities operating in the PRC that are qualified as high and new technology enterprises are subject to income tax at a preferential tax rate of 15% (six months ended 30 June 2021: N/A).

Australia corporate income tax has been provided at the rate of 30% on the estimated assessable profits arising from Australia for the both periods.

A group entity, which is a non-tax resident enterprise in Australia, is subject to Australia withholding tax at the tax rate of 10% (six months ended 30 June 2021: 10%) on the gross interest income arising from its loans provided to another group entity, which is a tax resident enterprise in Australia.

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits arising from Hong Kong for the both periods, 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 2021: 8.25%) and the remaining assessable profits are taxed at the rate of 16.5% (six months ended 30 June 2021: 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 2022

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	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Impairment losses on trade receivables, net	191	398
Gain on deemed partial disposal of investment in a joint venture	–	(6,522)
Gain on deemed partial disposal of investment in an associate	–	(343)
Fair value losses/(gains) on investments at FVTPL	17,595	(7,606)
Fair value gains on derivative financial instruments	(869)	–
Net foreign exchange losses	3,448	6,157
Loss on written off of property, plant and equipment	–	4
Gain on lease termination	–	(191)
(Reversal of)/provision for equity-settled share options expense	(142)	2,844

9. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

10. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Earnings		
Profit attributable to owners of the Company used in the basic and diluted earnings per share calculation	10,562	43,190
	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Number of shares		
Issued ordinary shares as at 1 January	4,214,086,636	4,271,752,636
Effect of share repurchased	(89,425,233)	–
Weighted average number of ordinary shares used in basic earnings per share calculation	4,124,661,403	4,271,752,636
Effect of dilutive potential ordinary shares arising from share options	2,490,091	27,197,240
Weighted average number of ordinary shares used in diluted earnings per share calculation	4,127,151,494	4,298,949,876

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired items of property, plant and equipment with a cost of HK\$4,441,000 (six months ended 30 June 2021: HK\$650,000), and no items of property, plant and equipment were written off during the six months ended 30 June 2022 (six months ended 30 June 2021: items of property, plant and equipment with a net carrying amount of HK\$4,000 were written off).

In addition, during the six months ended 30 June 2022, the Group disposed of items of property, plant and equipment with a net carrying amount of HK\$6,000 for cash proceeds of HK\$6,000, not resulting in any gain or loss on disposal (six months ended 30 June 2021: N/A).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

12. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

During the six months ended 30 June 2022, the Group entered into a new lease agreement for the use of a leased property for 5 years. On the lease commencement, the Group recognised HK\$5,541,000 of right-of-use assets and HK\$5,541,000 of lease liabilities respectively (six months ended 30 June 2021: N/A).

13. INVESTMENT PROPERTIES

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Carrying amount		
As at 1 January 2022/1 January 2021	593,647	559,685
Fair value gains	7,788	15,190
Transfer from investment properties held for sale	5,840	–
Exchange differences	(27,163)	18,772
Carrying amount		
As at 30 June 2022/31 December 2021	580,112	593,647

14. TRADE RECEIVABLES

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

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
0 to 30 days	35,201	11,194
31 to 90 days	4,807	15,555
Over 90 days	49,971	64,831
	89,979	91,580

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Loan receivables (<i>Note a</i>)	319,965	–
Prepayments	44,589	76,275
Consideration receivables in relation to:		
– Partial disposal of investment in an associate	15,359	19,556
– Partial disposal of investment in a joint venture	6,433	6,652
Performance bond receivable	16,400	17,177
Loan interest income receivables (<i>Note a</i>)	7,228	–
Other tax receivables	3,214	4,469
Other receivables	1,306	1,067
Deposits paid	294	321
Bid bond receivable	–	24,538
Deposits paid for acquisition of property, plant and equipment	–	3,936
	414,788	153,991
Provision for loss allowance	(4,351)	(4,557)
	410,437	149,434
Analysed as:		
Current assets	395,575	126,553
Non-current assets	14,862	22,881
	410,437	149,434

Note:

- (a) As at 30 June 2022, loan receivables with carrying amounts of HK\$279,965,000 (31 December 2021: Nil) are denominated in RMB, unsecured and bear fixed interest rates ranging from 3% to 8% per annum. The remaining loan receivables of HK\$40,000,000 (31 December 2021: Nil) are denominated in HKD, unsecured and bear a fixed interest rate of 12.5% per annum. The entire amount of principals and interests shall be received in full in the second half of 2022.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

16. TRADE PAYABLES

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

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
0 to 90 days	29	40
Over 90 days	30	47
	59	87

17. BANK BORROWINGS

During the six months ended 30 June 2022, the Group obtained a bank loan amounting to HK\$95,880,000 as additional working capital and made repayment of bank borrowings of HK\$6,592,000. The new loan was denominated in RMB, bearing a fixed interest rate of 4.45% per annum and repayable by instalments commencing from 2022 to 2032.

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

18. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
As at 1 January 2021, 31 December 2021, 1 January 2022 and 30 June 2022	10,000,000,000	100,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
As at 1 January 2021	4,271,752,636	42,718
Cancellation of shares	(57,666,000)	(577)
As at 31 December 2021 and 1 January 2022	4,214,086,636	42,141
Cancellation of shares (<i>Note 19(a)</i>)	(107,394,000)	(1,074)
As at 30 June 2022	4,106,692,636	41,067

19. TREASURY SHARES

	Number of shares	Amount HK\$'000
As at 1 January 2021	–	–
Repurchase of shares	91,350,000	40,678
Cancellation of shares	(57,666,000)	(25,469)
As at 31 December 2021 and 1 January 2022	33,684,000	15,209
Repurchase of shares (<i>Note a</i>)	80,916,000	35,249
Cancellation of shares (<i>Note a</i>)	(107,394,000)	(47,999)
As at 30 June 2022	7,206,000	2,459

Note:

- (a) During the six months ended 30 June 2022, the Group repurchased a total of 80,916,000 ordinary shares listed on the Stock Exchange. The total amount paid to repurchase these ordinary shares was approximately HK\$35,249,000. As of 30 June 2022, 107,394,000 shares repurchased during the current and prior reporting periods had been cancelled. Upon the cancellation of the 107,394,000 ordinary shares repurchased, the issued share capital of the Company was reduced by the par value of approximately HK\$1,074,000, and the premium paid on the repurchase of these cancelled shares of HK\$46,925,000, including transaction costs, was deducted from the share premium of the Company.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

20. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The 2019 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 2019 Share Option Scheme and other schemes of the Company at any time shall not exceed 30% 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 2019 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 GM.

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 GM.

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 2019 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 at 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 at 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 2022

20. 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 31/12/2021	Forfeited during the period	Outstanding as at 30/6/2022
Directors	12.5.2020 (Note b)	12.5.2021 – 11.5.2030 (Note d)	0.33	10,002,000	(2,500,500)	7,501,500
	24.6.2020 (Note c)	24.6.2021 – 23.6.2030 (Note e)	0.33	18,000,000	(4,500,000)	13,500,000
Employees	12.5.2020 (Note b)	12.5.2021 – 11.5.2030 (Note d)	0.33	3,507,000	(2,004,000)	1,503,000
	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	(501,000)	1,503,000
	12.5.2020 (Note b)	12.5.2021 – 11.5.2030 (Note h)	0.33	6,528,000	(300,000)	6,228,000
	12.5.2020 (Note b)	12.5.2022 – 11.5.2030 (Note i)	0.33	2,016,000	(657,000)	1,359,000
	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	(1,251,000)	3,753,000
	12.5.2020 (Note b)	12.5.2022 – 11.5.2030 (Note f)	0.33	1,998,000	(666,000)	1,332,000
	12.5.2020 (Note b)	12.5.2021 – 11.5.2030 (Note h)	0.33	6,277,500	(4,267,500)	2,010,000
	12.5.2020 (Note b)	12.5.2022 – 11.5.2030 (Note i)	0.33	804,000	(300,000)	504,000
	12.5.2020 (Note b)	12.5.2020 – 11.5.2030 (Note j)	0.33	6,006,000	(1,002,000)	5,004,000
Total for Scheme				66,142,500	(20,949,000)	45,193,500
Exercisable at the end of the period				15,394,500		14,875,500
Weighted average exercise price (HK\$)				0.33	0.33	0.33

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

20. 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 2019 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 2019 Share Option Scheme. At the 2020 SGM, 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 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; (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 the 2020 SGM; (ii) another 25% of which shall be vested after 24 months of the date of the 2020 SGM; (iii) another 25% of which shall be vested after 36 months of the date of the 2020 SGM; and (iv) the remaining 25% of which shall be vested after 48 months of the date of the 2020 SGM.
- (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 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).

For the six months ended 30 June 2022, the Group recognised a reversal of equity-settled share options expenses of HK\$142,000 (six months ended 30 June 2021: equity-settled share options expenses of HK\$2,844,000).

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 2022

21. 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	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Fellow subsidiaries of the Group:	(i)		
Purchases from the Group	(ii)	11,752	693
Property sale and consultancy service income paid to the Group	(ii)	3,767	21,669
Healthcare management service income paid to the Group	(ii)	–	286
Associate of a fellow subsidiary of the Group:			
Purchases from the Group		–	1,261
Associate of the Group:			
Advisory income paid to the Group		226	240
The Directors:			
Aesthetic medical service income paid to the Group	(ii)	23	–
Members of key management personnel of the Group (excluding the Directors):			
Aesthetic medical service income paid to the Group		25	26
Healthcare management service income paid to the Group		24	20
Purchases from the Group		4	3
Other related parties:	(i)		
Aesthetic medical service income paid to the Group	(ii)	13	21
Healthcare management service income paid to the Group	(ii)	15	73
Purchases from the Group	(ii)	–	537

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

21. 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) companies 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:**

As at 30 June 2022 and 31 December 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.

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

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Short-term employee benefits	5,187	4,850
Post-employment benefits	191	113
Equity-settled share based-payments	458	1,651
Total compensation paid to key management personnel	5,836	6,614

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

22. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2022 (31 December 2021: Nil).

23. CAPITAL COMMITMENTS

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

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Contracted, but not provided for:		
Capital contribution to an associate	10,543	11,042
Capital contribution to an unlisted long-term investment	188	–
Acquisition of property, plant and equipment	–	445

24. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issued by the Board on 26 August 2022.

GLOSSARY

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

Term(s)	Definition
"11th Five-Year Plan"	the Outline of the 11th Five-Year Plan for the National Economic and Social Development of the PRC
"13th Five-Year Plan"	the Outline of the 13th Five-Year Plan for the National Economic and Social Development of the PRC
"14th Five-Year Plan"	the Outline of the 14th Five-Year Plan for the National Economic and Social Development of the PRC and the Long-Range Objectives Through the Year 2035
"2019 Share Option Scheme"	the share option scheme adopted by the Company on 20 June 2019 and became effective on 28 June 2019
"2020 SGM"	the SGM held on Wednesday, 24 June 2020
"20+8" industrial clusters"	the 20 strategic emerging industrial clusters and the 8 future industries, which are under the key development of Shenzhen Municipal People's Government
"8th Five-Year Plan"	the Outline of the Ten-year Layout and the 8th Five-Year Plan for the National Economic and Social Development of the PRC
"AlpReleaf"	the Group's brand "AlpReleaf", which launches a variety of high-end CBD health consumption goods in 22 European countries
"AUD"	Australian dollars, the lawful currency of Australia
"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"CBD"	Cannabidiol
"CHF"	Swiss Franc, the lawful currency of Switzerland
"Chief Executive Officer"	the chief executive officer of the Company
"Chief Financial Officer"	the chief financial officer of the Company
"China", "PRC" or "mainland China"	the People's Republic of China and for the purposes of this Interim Report, excluding Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan

GLOSSARY

“Date of Acceptance”	the date of acceptance of the offer of the share options granted under the 2019 Share Option Scheme
“Co-Chairman” or “Co-Chairmen”	the co-chairman/co-chairmen of the Board
“Company”	Meilleure Health International Industry Group Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
“Company Secretary”	the company secretary of the Company
“COVID-19”	2019 novel coronavirus (COVID-19) disease
“Director(s)”	the director(s) of the Company
“Executive Director(s)”	the executive director(s) of the Company
“FVTOCI”	fair value through other comprehensive income
“FVTPL”	fair value through profit or loss
“GDP”	gross domestic product
“GM(s)”	the general meeting(s) of the Company
“GNI”	gross national income
“Group” or “we”	the Company and its subsidiaries
“Healthy China 2030”	the Outline of Healthy China 2030 Plan
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Non-Executive Director(s)”	the independent non-executive director(s) of the Company
“Interim Report”	the interim report of the Company
“JPY”	Japanese Yen, the lawful currency of Japan
“Jixiaojian”	the Group’s brand “Jixiaojian* (肌小簡)”, which launches a variety of light medical aesthetic services targeting the young consumer market with a range of skincare products complementing the treatments to achieve optimum results in the PRC

* For identification purposes only

GLOSSARY

"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Mason Vap"	Shenzhen Mason Vap Technology Co., Ltd.* (深圳市美深威科技有限公司)
"Mei Ai Kang"	Beijing Mei Ai Kang Technology Co., Ltd.* (北京美艾康科技有限公司)
"Meiray Vap"	Shenzhen Meiray Vap Technology Co., Ltd.* (深圳市美深瑞科技有限公司)
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
"Nomination Committee"	the nomination committee of the Company
"Non-Executive Director(s)"	the non-executive director(s) of the Company
"R&D"	research and development
"Remuneration Committee"	the remuneration committee of the Company
"Reporting Period"	the six months ended 30 June 2022
"RMB"	Chinese Yuan Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"SGM(s)"	the special general meeting(s) of the Company
"sq.m."	square meter(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategic Committee"	the strategic committee of the Company
"USD" or "US\$"	United States dollars, the lawful currency of the United States of America
"Wingor Bio"	Shenzhen Wingor Biotechnology Co., Ltd.* (深圳市茵冠生物科技有限公司)
"Vice-Chairman"	the vice-chairman of the Board
"%"	per cent

** For identification purposes only*