美瑞健康国际产业集团
Meilleure Health International Industry Group

MEILLEURE HEALTH INTERNATIONAL INDUSTRY GROUP LIMITED
美瑞健康國際產業集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 2327)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

On behalf of the board of directors (the "Board") of Meilleure Health International Industry Group Limited (the "Company"), I am pleased to present the results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2017 (the "year").

RESULTS

During the year under review, the Group recorded a turnover of HK$68,705,000 (2016: HK$66,658,000), representing an increase of 3.07% as compared with the same period last year. Profit attributable to owners of the parent amounted to approximately HK$80,066,000 (2016 restated: HK$34,380,000). representing an increase of 132.89% as compared with the same period last year.

The revenue derived from the Health Care Related Business for the year was HK$43,036,000 (2016: HK$22,958,000), representing an increase of 87.5% as compared with the period from June to December last year. The profit derived was decreased by 90.15% from HK$2,588,000 for the seven-month ended 31 December 2016 to HK$255,000 for the year ended 31 December 2017. The decrease in profit was mainly due to the set up cost and the pre-operating costs incurred of the Shenzhen clinic. It was a year of the business investment and transformation that the Group has transformed into Health Care Related Business.

The revenue derived from the Agency Service for the year was HK$14,727,000 (2016: HK$6,036,000), representing an increase of 1.44 times as compared with the same period last year. The profit derived was increased by 12.85 times from HK$946,000 for the year ended 31 December 2016 to HK$13,098,000 for the year ended 31 December 2017. The significant increase was mainly resulted from the consultancy and agency business has significantly increased in China.

The revenue from the Property Investment and Leasing Business was increased by 1.46 times from HK$4,004,000 for year ended 31 December 2016 to HK$9,843,000 for the year ended 31 December 2017. The profit derived was increased by 98.03% from HK$53,703,000 for the year ended 31 December 2016 to HK$106,346,000 for the year ended 31 December 2017, mainly due to the increase rental incomes and increase in fair value gain on its investment properties.

DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2017.

DEVELOPMENT AND PROSPECTS

On 21 March 2017, U-Home Group Holdings Limited (HK.2327) convened a special general meeting, and was renamed Meilleure Health International Industry Group Limited. The board of directors of the Company has been committed to seek new opportunities for business and performance growth, and timely expand the Group's scopes of business and investment in health care related business, with the aims of improving the Group's business operation and financial position and enhancing the Company's shareholders' return.

Acquisition of a Subsidiary

On 10 December 2016, U-Home Group Health Service Company Limited ("UHHL"), a wholly owned subsidiary of the Company, and Hong Ling Investment Limited ("Hong Ling") entered into a Sale and Purchase agreement, pursuant to which the Group agreed to purchase and Hong Ling agreed to sell the entire issued shares of Golden Image Investment Limited ("Golden Image") which, through its wholly owned subsidiaries, will hold properties with a total GFA of 19,952.53 sq.m., comprising (i) the 10th and 11th floors at building number 18; (ii) part of the 1st floor, the whole 2nd to 11th floors and one floor of basement at building number 19; and (iii) their corresponding land use rights of 東方紅郡花園 (Dongfanghong County Garden*), which is located at 128 Yue Min Street, Qi Lin Street, Jiangning District, Nanjing, Jiangsu Province, the PRC (the "Properties") at the consideration of RMB250.0 million. The acquisition of Golden Image was completed on 9 May 2017.

Share Premium Reduction

In the annual general meeting held at 24 May 2017, shareholders duly passed a special resolution to adopt a share premium reduction. Accordingly, the share premium of HK$408,621,000 was credited to contributed surplus. According to Bermuda law, the Company can make a distribution out of contributed surplus provided that the Company is, or would after the payment be, able to pay its liabilities as they become due or the realizable value of the Company's assets exceeds its liabilities.

* *For identification purpose only*

BUSINESS REVIEW AND PROSPECTS

Health Care Related Business

The Group is committed to the development of anti-aging and health management business. An anti-aging and health management advisory center (the "Advisory Center") was set up in Shenzhen on 28 October 2017 and has been officially put into operation, introducing international advanced health management ideas to the PRC. Meanwhile, anti-aging and health management were promoted through cooperation with the top service providers in the industry, with an aim to service more high net worth individuals.

The Advisory Center which contributed a relatively small proportion of revenue in 2017 is the flagship clinic in Shenzhen. Its revenue contribution was expected to be reflected in 2018. By diversifying channels and expanding the base of high net worth individuals in 2018, the Group will step up its efforts in its heath and anti-aging education and guidance, thereby pushing forward the development of the industry in the PRC. The Group intended to open another flagship clinic in Nanjing in the second half of 2018.

FUTURE DEVELOPMENT

Investment in Hemp Industry

On 10 February 2018, the Group entered into a Framework Agreement with Global Hemp Investment Group pursuant to which the Group will purchase 20% of the equity interest in 雲南漢素生物科技有限公司(Yunnan Hansu Biotechnology Co., Ltd.), a company established in the PRC. On 16 March 2018, the Group entered into an Equity Transfer Agreement, pursuant to which Hemp Investment Group agreed to transfer the 20% Equity Interest to Wuhu Meilleure at a consideration of RMB60 million, and Wuhu Meilleure agreed to fully settle the consideration for the Acquisition within five business days after completion of the formalities relating to the 20% Equity Interest transfer for the Acquisition, which is expected to take place before 30 April 2018.

Yunnan Hansu Biotechnology Co., Ltd. holds the first hemp processing licence that complies with the GMP standard in the PRC. It is also the largest extraction base of Cannabidiol (CBD) and other cannabinol substance. Currently thirteen effective non-psychoactive ingredients and terpenoids in hemp can be extracted and isolated in the base. Being the only facility where geranyl flavonoids could be extracted from hemps for industrial purposes, it has applied for 17 patents and has been the demonstration project of the anti-drug authority in Yunnan Province. It sets the leading benchmark for the industry in the world, and has great influence in the pricing of international market.

Hemp Investment Group is one of the global leaders in the hemp industry, as well as the pioneer and leading company in the hemp industry of the PRC. It is the only legal investment group in the PRC using the entire industry chain of medical hemp as its business layout, and biopharmaceutics as its direction, covering the entire hemp industry chain from hemp plantation, extraction, and biopharmaceutics with hemp-base active extracts as ingredients. Based on the fact that Hemp Investment Group processes resources of major hemp varieties and full spectrum of licenses in the PRC, it has been in the international leading position in the research and study field of indications for cannabinoid pharmaceutics and has two academician workstations.

The cooperation with Hemp Investment Group is a critical initiative for the Group's strategic investment in medical and healthcare industry. The Board is dedicated to seeking for new business development and business growth opportunities, and expanding operation and investment coverage of the Company when and as appropriate.

The Board is always committed to seeking opportunities for new business and performance growth, as well as for timely expansion of the Company's scope of operation and investments.

The Board and management of the Company will continue to explore new strategic development opportunities, strengthen corporate governance and optimize business portfolio, in order to enhance the corporate value of the Company.

FINANCIAL REVIEW

Liquidity

As at 31 December 2017, cash and cash equivalents of the Group totalled to approximately HK$50,852,000 (2016: HK$55,794,000), of which approximately 8.43% are denominated in Hong Kong dollars, 88.01% in RMB, 1.16% in US dollars, 0.07% in JPY, 1.47% in Euro and 0.86% in AUD. The decrease in cash and cash equivalents is mainly due to the increase in pledged bank deposits.

As at 31 December 2017, the Group had aggregate banking facilities of HK$175,537,000 (2016: HK$100,000,000) of which a short term loan of HK$128,287,000 was utilized (2016: HK$50,000,000). The bank borrowings are mainly used as the settlement of the land cost in Australia and used as working capital of the Group.

Gearing Ratio

As at 31 December 2017, the gearing ratio was 36% (2016 restated: 32%), calculated on net debt divided by the equity attributable to owners of the parent plus net debt. Net debt includes bank borrowings, trade payables, other payables and accruals, amounts due to related parties and obligation arising from a put option to non-controlling shareholders, less cash and cash equivalents. As of 31 December 2017, the Group had the net debt of HK$391,500,000 (2016 restated: HK$266,068,000), while the equity attributable to owners of the parent was amounted to HK$682,380,000 (2016 restated: HK$559,269,000). The higher in gearing ratio is mainly resulted from increase in debt finance.

Capital Commitments

As at 31 December 2017, the Company had no capital commitment (2016: Nil).

Pledge of the Group's Assets

As at 31 December 2017, the bank borrowing amounting to HK$128,287,000 (2016: HK$50,000,000) was secured by the Hong Kong investment property, the commercial properties in Wuhu, the land in Australia of the Group and the bank pledged deposit, at carrying value of HK$53,600,000, HK$160,461,000, HK$230,841,000 and HK$7,506,000 respectively.

Contingent Liabilities

On 1 November 2016, a writ of summons was issued by Feng to LCDPHK and two other defendants, claiming that she has suffered from personal injury, loss and damage which was allegedly caused by the medical negligence and/or breach of contract and/or misrepresentation on the part of LCDPHK and the defendants, and that LCDPHK and the defendants were vicariously liable in the treatment and care given by its employees, servants, agents and/or representatives to Feng (the "Action"). In the Action, Feng claimed against LCDPHK and the defendants for unliquidated damages which amounted to approximately HK$2,316,666 plus interests to be assessed. As at 27 March 2018, the Action was at a preliminary stage of court proceedings as Feng and LCDPHK has not yet file any evidence. The Company was in the process of seeking legal advice from its legal adviser as to the above matter. The directors are of the opinion that as a result of the preliminary stage of the Action, it is difficult to assess the probability that Feng may recover any amount from the Company. In addition, the directors represent that the proceeding was incurred prior to the acquisition of LCDPI, and regarding losses of the claim would be borne by former shareholders of LCDPI as prescribed by the share purchase agreement. Taken into consideration the above conditions, the directors are of the opinion that there is no need to made provision in respect of the claim.

Save as disclosed above, the Group was not liable to any material legal proceedings of which provision for contingent liabilities was required.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2017

	Notes	**2017**	2016
		HK$'000	*HK$'000*
			(Restated)
REVENUE	*4*	**68,705**	66,658
Cost of sales		**(29,102)**	(50,974)
Gross profit		**39,603**	15,684
Fair value gain on investment properties	*9*	**97,886**	46,624
Other income and gains/(losses), net	*4*	**750**	7,394
Selling and distribution expenses		**(2,496)**	(1,120)
Administrative expenses		**(21,365)**	(15,195)
Finance costs		**(10,817)**	(3,499)
PROFIT BEFORE TAX	*6*	**103,561**	49,888
Income tax expense	*7*	**(23,817)**	(14,672)
PROFIT FOR THE YEAR		**79,744**	35,216

	Notes	**2017**	2016
		HK$'000	*HK$'000*
			(Restated)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments:			
Changes in fair value		**1,037**	(992)
Income tax effect on change in fair value		**(252)**	—
		785	(992)
Exchange differences on translation of foreign operations		**53,675**	(15,240)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**54,460**	(16,232)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**134,204**	18,984
Profit attributable to:			
Owners of the parent		**80,066**	34,380
Non-controlling interests		**(322)**	836
		79,744	35,216
Total comprehensive income attributable to:			
Owners of the parent		**134,477**	18,533
Non-controlling interests		**(273)**	451
		134,204	18,984
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic and diluted		**HK2.40 cents**	HK1.27 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2017

	Notes	**31 December 2017 *HK$'000***	31 December 2016 *HK$'000* (Restated)	1 January 2016 *HK$'000* (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		**3,761**	841	2,162
Investment properties	*9*	**583,200**	399,590	168,258
Goodwill	*10*	**82,790**	82,790	—
Other intangible assets		**857**	979	776
Available-for-sale investments		**12,231**	10,383	—
Deposits		**—**	8,112	32,609
Deferred tax assets		**737**	73	—
Total non-current assets		**683,576**	502,768	203,805
CURRENT ASSETS				
Inventories		**816**	1,004	513
Land held for development		**230,841**	199,921	—
Investment property held for sale	*9*	**—**	1,995	—
Trade receivables	*11*	**72,405**	10,785	6,343
Prepayments, deposits and other receivables		**24,941**	17,511	60,543
Tax recoverable		**2,553**	787	—
Pledged bank deposits		**7,506**	—	—
Cash and cash equivalents		**50,852**	55,794	197,347
Total current assets		**389,914**	287,797	264,746
CURRENT LIABILITIES				
Trade payables	*12*	**1,119**	913	2,368
Other payables and accruals		**24,546**	21,538	6,090
Amounts due to related parties		**43,092**	164	2,763
Bank borrowings		**128,287**	50,000	—
Income tax payables		**1,981**	2,095	9,242
Total current liabilities		**199,025**	74,710	20,463
NET CURRENT ASSETS		**190,889**	213,087	244,283
TOTAL ASSETS LESS CURRENT LIABILITIES		**874,465**	715,855	448,088

	Notes	**31 December 2017** **HK$'000**	31 December 2016 HK$'000 (Restated)	1 January 2016 HK$'000 (Restated)
NON-CURRENT LIABILITIES				
Obligation arising from a put option to non-controlling shareholders		**143,854**	137,659	—
Deferred tax liabilities		**38,147**	16,032	—
Other non-current liabilities		**6,005**	—	—
Total non-current liabilities		**188,006**	153,691	—
NET ASSETS		**686,459**	562,164	448,088
EQUITY				
Equity attributable to owners of the parent				
Share capital	*13*	**35,998**	29,519	24,600
Equity reserve		**646,402**	529,750	423,496
		682,400	559,269	448,096
Non-controlling interests		**4,059**	2,895	(8)
Total equity		**686,459**	562,164	448,088

1. GENERAL INFORMATION

MEILLEURE HEALTH INTERNATIONAL INDUSTRY GROUP LIMITED (the "Company") is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and 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 Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

- Health Care Related Business
- Agency Service
- Property Investment and Leasing Business
- Property Development
- Trading of health care products

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, and equity linked investments, which have been measured at fair value. These financial statements are presented in Hongkong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

3. ADOPTION OF HKFRSs

Changes in Accounting Policies and Disclosures

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 included in *Annual Improvements to HKFRSs 2014-2016 Cyc*le	*Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12*

None of the above amendments to HKFRSs has had a significant financial effect on these financial statements.

4. REVENUE, OTHER INCOME AND GAINS/LOSSES, NET

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts; gross rental income received and receivable and the value of services rendered.

An analysis of revenue, other income and net gains/losses, net is as follows:

	2017	2016
	HK$'000	*HK$'000*
Revenue		
Sales of health care products and chemical materials	**1,099**	33,660
Service fee income	**14,727**	6,036
Rental income	**9,843**	4,004
Anti-aging and health related income	**43,036**	22,958
	68,705	66,658
Other income		
Interest income	**2,970**	1,272
Others	**1,398**	536
	4,368	1,808
Gains/losses, net		
Gain on bargain purchase	**—**	4,643
Impairment losses of trade receivables	**(3,482)**	—
Others	**(136)**	943
	(3,618)	5,586
	750	7,394

5. OPERATING SEGMENT INFORMATION

For the year ended 31 December 2017, the Group has four (2016: four) reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

(a) Health Care Related Business — Anti-aging health management services and sales of medicines;

(b) Agency Service — Real estate agency and construction materials trading service;

(c) Property Investment and Leasing Business;

(d) Property Development — Development of residential properties.

(e) Trading of health care products.

Information regarding the Group's reportable segments including the reconciliations to revenue, profit before tax, total assets, total liabilities and other segment information are as follows:

Year ended 31 December 2017

	Trading of health care products	Agency service	Property development	Property investment and leasing	Health care related business	Corporate	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:							
Sales to external customers	1,099	14,727	—	9,843	43,036	—	68,705
Segment result	458	13,098	—	106,346	255	—	120,157
Reconciliation:							
Unallocated interest income							2,782
Unallocated gains							41
Secretary fee							(1,944)
Auditor's remuneration							(1,505)
Legal and professional fees							(1,290)
Corporate and other unallocated expense							(3,863)
Finance costs							(10,817)
Profit before tax							103,561
Segment assets	917	90,989	238,741	600,905	138,066	956	1,070,574
Reconciliation:							
Tax recoverable							2,553
Other corporate assets							363
Total assets							1,073,490

Year ended 31 December 2017

	Trading of health care products *HK$'000*	Agency service *HK$'000*	Property development *HK$'000*	Property investment and leasing *HK$'000*	Health care related business *HK$'000*	Corporate *HK$'000*	Total *HK$'000*
Segment liabilities	**377**	**31,240**	**78,287**	**28,145**	**21,283**	**83,845**	**243,177**
Reconciliation:							
Obiligation arising from a put option to non-controlling shareholders							**143,854**
Total liabilities							**387,031**
Other segment information:							
Finance costs	**—**	**—**	**—**	**(3,000)**	**(169)**	**(7,648)**	**(10,817)**
Depreciation and amortisation	**—**	**(357)**	**—**	**—**	**(540)**	**—**	**(897)**
Impairment losses	**—**	**—**	**—**	**—**	**(3,482)**	**—**	**(3,482)**
Fair value change on investment properties	**—**	**—**	**—**	**97,886**	**—**	**—**	**97,886**
Capital expenditure*	**—**	**—**	**11,669**	**284,269**	**3,813**	**—**	**299,751**

* Capital expenditure consists of additions to property, plant and equipment, investment properties, intangible assets and land held for development.

Year ended 31 December 2016

	Trading of health care products and chemical materials *HK$'000*	Agency service *HK$'000*	Property development *HK$'000*	Property investment and leasing *HK$'000* (Restated)	Health care related business *HK$'000*	Corporate *HK$'000*	Total *HK$'000* (Restated)
Segment revenue:							
Sales to external customers	33,660	6,036	—	4,004	22,958	—	66,658
Segment result	1,518	946	(341)	53,703	2,588	(3,079)	55,335
Reconciliation:							
Unallocated gains							152
Gain on a bargain purchase							4,643
Secretary fee							(2,581)
Auditor's remuneration							(868)
Legal and professional fees							(522)
Corporate and other unallocated expenses							(2,772)
Finance costs							(3,499)
Profit before tax							49,888
Segment assets	10,295	23,079	199,922	447,429	101,098	2,544	784,367
Reconciliation:							
Tax recoverable							590
Other corporate assets							5,608
Total assets							790,565

Year ended 31 December 2016

	Trading of health care products HK$'000	Agency service HK$'000	Property development HK$'000	Property investment and leasing HK$'000 (Restated)	Health care related business HK$'000	Corporate HK$'000	Total HK$'000 (Restated)
Segment liabilities	266	2,433	52,996	15,406	16,269	3,372	90,742
Reconciliation:							
Obiligation arising from a put option to non-controlling shareholders							137,659
Total liabilities							228,401
Other segment information:							
Finance costs	—	—	—	(3,492)	(7)	—	(3,499)
Depreciation and amortisation	(4)	(1,751)	—	(21)	(327)	—	(2,103)
Fair value change on investment properties	—	—	—	46,624	—	—	46,624
Capital expenditure*	—	—	—	212,490	1,729	—	214,219

* Capital expenditure consists of additions to property, plant and equipment, investment properties and intangible assets including assets from the acquisition of subsidiaries.

Geographical information

The following table provides an analysis of the Group's revenue from external customers:

(a) Revenue from external customers

	2017 **HK$'000**	2016 HK$'000
Hong Kong	**32,189**	51,845
Mainland China	**36,516**	14,813
	68,705	66,658

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Hong Kong	**140,251**	123,241
Mainland China	**530,357**	360,959
	670,608	484,200

The non-current asset information of continuing operations above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		2017	2016
	Notes	***HK$'000***	*HK$'000*
			(Restated)
Cost of inventories sold		**641**	31,700
Cost of services provided		**28,461**	19,274
Finance costs		**10,817**	3,499
Depreciation		**672**	1,885
Amortisation of intangible assets		**225**	218
		40,816	56,576
Minimum lease payments under operating leases		**4,664**	2,073
Auditor's remuneration		**1,505**	868
Employee benefit expense (including directors' and chief executives' remuneration):			
Wages and salaries		**16,314**	11,272
Pension scheme contributions		**635**	449
		23,118	14,662
Foreign exchange differences, net		**—**	22
Gain on disposal of investment properties		**—**	2,594
Change in fair value of investment properties	*9*	**(97,886)**	(46,624)

7. INCOME TAX

The Group calculates the income tax expense for the year using the tax rates prevailing in the jurisdictions in which the Group operates. Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. PRC profits tax has been provided at the rate of 25% (2016: 25%) on the estimated assessable profits arising in Mainland China during the year.

	2017	2016
	HK$'000	*HK$'000*
Current — PRC		
Corporate income tax ("CIT")	**3,749**	2,697
Current — Hong Kong		
Charge for the year	**838**	652
Overprovision in prior years	**—**	(18)
Deferred tax	**19,230**	11,341
Total tax charge for the year	**23,817**	14,672

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to owners of the parent, and the weighted average number of ordinary shares of 3,330,275,000 (2016: 2,715,380,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2017 and 2016.

The calculations of basic earnings per share are based on:

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Earnings		
Profit attributable to ordinary equity holders	**80,066**	34,380

	Number of shares	
	2017	2016
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**3,330,275,000**	2,715,380,000

9. INVESTMENT PROPERTIES

	2017	2016
	HK$'000	*HK$'000*
		(restated)
Carrying amount at 1 January	**399,590**	168,258
Addition from a business combination	**—**	115,344
Additions	**67,720**	83,291
Disposals	**—**	(3,694)
Net gain from a fair value adjustment	**97,886**	46,624
Classified as held for sale	**—**	(1,995)
Exchange realignment	**18,004**	(8,238)
Carrying amount at 31 December	**583,200**	399,590

10. GOODWILL

	HK$'000
At 1 January 2016 and 31 December 2016:	
Cost	82,790
Accumulated impairment	—
Net carrying amount	82,790
Cost at 1 January 2017, net of accumulated impairment	82,790
Impairment during the year	—
Cost and net carrying amount at 31 December 2017	82,790
At 31 December 2017:	
Cost	82,790
Accumulated impairment	—
Net carrying amount	82,790

11. TRADE RECEIVABLES

	2017	2016
	HKD'000	*HKD'000*
Trade receivables	**75,887**	10,785
Impairment *(note 4)*	**(3,482)**	—
	72,405	10,785

The directors of the Company consider that the fair values of trade receivables are not materially different from their carrying amounts because these amounts have short maturity periods at their inception.

The Group generally allows a credit period of 0 to 180 days (2016: 0 to 180 days) to its trade customers. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aging analysis of the Group's trade receivables as at the end of the reporting period, based on the invoice date and net of impairment provisions, is as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 3 months	**55,867**	8,555
Over 3 months but less than 6 months	**16,471**	2,230
Over 6 months	**67**	—
	72,405	10,785

The movements in provision for impairment of trade receivables are as follows:

	2017	2016
	HK$'000	*HK$'000*
At beginning of year	**—**	—
Impairment losses recognised *(note 4)*	**(3,482)**	—
	(3,482)	—

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$3,482,000 (2016: Nil) with a carrying amount before provision of HK$3,482,000 (2016: Nil). The individually impaired trade receivables relate to receivables overdue.

The aging analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2017	2016
	HK$'000	*HK$'000*
Neither past due nor impaired	**69,376**	4,348
Less than 1 month past due	**1,041**	916
1 to 2 months past due	**880**	5,521
2 to 3 months past due	**1,108**	—
	72,405	10,785

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

12. TRADE PAYABLES

An aging analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 3 month	**1,093**	910
3 to 6 months	**4**	3
6 to 12 months	**—**	—
Over 1 year	**22**	—
	1,119	913

The trade payables are non-interest-bearing and are normally settled on terms of 90 to 180 days.

13. SHARE CAPITAL

Shares

	2017	2016
	HK$'000	*HK$'000*
Authorised:		
10,000,000,000 (2016: 10,000,000,000) ordinary shares of HK$0.01 each	**100,000**	100,000

	2017	2016
	HK$'000	*HK$'000*
Issued and fully paid:		
3,599,752,636 (2016: 2,951,919,718) ordinary shares of HK$0.01 each	**35,998**	29,519

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital
		HK$'000
At 1 January 2016	2,460,000,000	24,600
Issue of consideration shares *(note (a))*	116,619,718	1,166
Issue of subscription shares *(note (b))*	375,300,000	3,753
At 31 December 2016 and 1 January 2017	2,951,919,718	29,519
Issue of consideration shares *(note (c))*	644,298,761	6,444
Issue of scrip shares *(note (d))*	3,534,157	35
At 31 December 2017	3,599,752,636	35,998

Notes:

(a) 116,619,718 shares of the Company were issued in May 2016 upon the completion of the acquision of LCDPI for the partial settlement of the consideration of HK$82,800,000.

(b) On 10 June 2016, the Company entered into subscription agreements with the subscribers pursuant to which the subscribers have conditionally agreedto subscribe for and the Company has conditionally agreed to allot and issue a total of 375,300,000 subscription shares at the subscription price of HK$0.284 per subscription share. The subscription was completed on 4 July 2016 and led to the increase in share capital and share premium of approximately HK$3,753,000 and HK$102,832,000 respectively.

(c) 644,298,761 shares of the Company were issued in May 2017 upon the completion of the acquisition of Golden Image Investment Limited for the partial settlement of the consideration of RMB250,000,000 (approximately to HK$282,087,000).

(d) On 29 August 2017, the Board of directors declared an interim dividend of HK$0.006 for each Share (2016: Nil) for the six months ended 30 June 2017. The shareholders were provided with an option to receive the interim dividend in form of scrip dividend. On 31 October 2017, 3,534,157 (2016: Nil) shares were issued at HK$0.361 (2016: Nil) per share in respect of the interim dividend.

EMPLOYMENT REMUNERATION POLICY

As at 31 December 2017, the Group had approximately 67 employees. The Group's remuneration policies are in line with prevailing market practice and formulated on the basis of the performance and experience of individual employees. Apart from basic salaries, other staff benefits included provident funds and medical schemes.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

CORPORATE GOVERNANCE PRACTICES

The Board considers that good corporate governance practices are crucial to the effective management of the Group. The Company is committed to the transparency, accountability and independence highlighted by the principles of the Code Provisions in accordance with the "Code on Corporate Governance Practices" and the revised version of it which takes effect from 1 April 2012 (the "CG Code") as set out in Appendix 14 of the Listing Rules to protect the rights of shareholders and stakeholders, enhance shareholder value and ensure proper management of corporate assets.

The Board is of the opinion that during the financial year ended 31 December 2017, the Company had applied the CG Code as set out in the Listing Rules.

DIRECTOR'S SECURITIES TRANSACTIONS

The Company has adopted the Model Code of Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors. On specific enquiries made, all directors have confirmed that, for the year ended 31 December 2017, they have complied with the required standard set out in the Model Code.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed with the management, the consolidated financial statements for the year ended 31 December 2017 including the accounting principles and practices adopted by the Group.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been agreed by the Company auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

ANNUAL GENERAL MEETING

The 2018 Annual General Meeting of the Company will be held at 11:30 a.m. on Thursday, 28 June 2018 at Theatre A, 22/F, United Centre, 95 Queensway, Hong Kong and a notice of annual general meeting will be published and dispatched in due course.

CLOSURE OF REGISTER OF MEMBERS TO ASCERTAIN SHAREHOLDERS' ENTITLEMENT TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ("AGM")

The register of members of the Company for the annual general meeting will be closed from Friday, 22 June 2018 to Thursday, 28 June 2018, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attendance at the annual general meeting to be held on Thursday, 28 June 2018, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office in Hong Kong, Tricor Standard Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 21 June 2018.

APPRECIATION

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

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

Hong Kong, 27 March 2018

As at the date of this announcement, the Board comprises Mr. Zhou Xuzhou, Mr. Liu Lailin and Ms. Zhou Wen Chuan as executive Directors, Dr. Mao Zhenhua as non-executive Director and Mr. Gao Guanjiang, Professor Chau Chi Wai, Wilton and Mr. Zeng Wentao as independent non-executive Directors.