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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 2022**

**ANNUAL RESULTS**

The Board is pleased to announce the results of the Group for the year ended 31 December 2022 together with the comparative figures for the year ended 31 December 2021 as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
<b>Revenue</b>	4	<b>119,894</b>	253,031
Cost of goods sold and service rendered		<u><b>(53,133)</b></u>	<u>(152,102)</u>
<b>Gross profit</b>		<b>66,761</b>	100,929
Fair value gains on investment properties	11	<b>13,581</b>	15,190
Gain on partial disposals of investment in a joint venture		–	1,508
Gain on disposal of investment in a joint venture		<b>3,746</b>	–
Gain on deemed disposals of investments in associates/ an associate		<b>6,209</b>	343
Gain on deemed disposals of investment in a joint venture		–	12,993
Loss on disposal of investment at FVTPL		<b>(520)</b>	–
Other income and (losses)/gains, net	5	<b>(3,654)</b>	21,869
Selling and distribution expenses		<b>(6,007)</b>	(5,268)
Administrative expenses		<b>(29,682)</b>	(37,394)
Reversal of impairment losses/(impairment losses) of receivables, net		<b>1,172</b>	(5,013)
Finance costs	6	<b>(11,447)</b>	(8,385)
Share of losses of associates		<b>(2,723)</b>	(4,372)
Share of losses of joint ventures		<u><b>(12,051)</b></u>	<u>(6,696)</u>
<b>Profit before tax</b>		<b>25,385</b>	85,704
Income tax expense	7	<u><b>(7,605)</b></u>	<u>(25,248)</u>
<b>Profit for the year</b>	8	<u><b>17,780</b></u>	<u>60,456</u>
<b>Attributable to:</b>			
Owners of the Company		<b>17,822</b>	60,323
Non-controlling interests		<u><b>(42)</b></u>	<u>133</u>
		<u><b>17,780</b></u>	<u>60,456</u>
<b>Earnings per share</b>	10		
Basic		<u><b>HK0.43 cents</b></u>	<u>HK1.42 cents</u>
Diluted		<u><b>HK0.43 cents</b></u>	<u>HK1.41 cents</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	2022 HK\$'000	2021 HK\$'000
<b>Profit for the year</b>	8	<u>17,780</u>	<u>60,456</u>
<b>Other comprehensive income/(loss):</b>			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value changes of equity investments at FVTOCI, net of tax		5,348	(8,671)
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations:			
– Subsidiaries		(83,021)	9,615
– Associates and joint ventures		(7,849)	4,076
Share of other comprehensive income/(loss) of an associate		3	(3)
		<u>(90,867)</u>	<u>13,688</u>
<b>Other comprehensive (loss)/income for the year, net of tax</b>		<u>(85,519)</u>	<u>5,017</u>
<b>Total comprehensive (loss)/income for the year</b>		<u><b>(67,739)</b></u>	<u><b>65,473</b></u>
<b>Attributable to:</b>			
Owners of the Company		(67,645)	65,211
Non-controlling interests		(94)	262
		<u><b>(67,739)</b></u>	<u><b>65,473</b></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>6,291</b>	3,325
Right-of-use assets		<b>5,154</b>	2,353
Investment properties	<i>11</i>	<b>560,149</b>	593,647
Goodwill		<b>18,500</b>	18,500
Other intangible assets		<b>44</b>	67
Investments in associates		<b>9,740</b>	52,219
Investments in joint ventures		<b>57,356</b>	73,044
Investments at FVTPL		<b>55,163</b>	81,688
Equity investments at FVTOCI		<b>46,213</b>	–
Derivative financial assets		<b>314</b>	225
Prepayments, deposits and other receivables	<i>14</i>	<b>10,141</b>	22,881
Deferred tax assets		<b>20,179</b>	13,377
		<b>789,244</b>	861,326
<b>Current assets</b>			
Inventories		<b>6,514</b>	11,424
Properties held for sale under development	<i>12</i>	<b>256,519</b>	259,064
Trade receivables	<i>13</i>	<b>101,354</b>	91,580
Prepayments, deposits and other receivables	<i>14</i>	<b>341,134</b>	126,553
Investments at FVTPL		–	107,795
Current tax assets		–	314
Restricted deposit		–	369
Bank and cash balances		<b>210,987</b>	272,591
		<b>916,508</b>	869,690
Investment properties held for sale	<i>11</i>	<b>5,509</b>	5,978
		<b>922,017</b>	875,668
<b>Current liabilities</b>			
Trade payables	<i>15</i>	<b>43</b>	87
Contract liabilities		<b>5,518</b>	4,303
Accruals and other payables		<b>29,488</b>	24,507
Amounts due to related parties		<b>6,901</b>	7,530
Bank borrowings		<b>78,235</b>	58,337
Lease liabilities		<b>1,710</b>	672
Derivative financial liabilities		–	3
Current tax liabilities		<b>15,043</b>	15,421
		<b>136,938</b>	110,860
<b>Net current assets</b>		<b>785,079</b>	764,808
<b>Total assets less current liabilities</b>		<b>1,574,323</b>	1,626,134

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
<b>Non-current liabilities</b>			
Accruals and other payables		230	6,379
Bank borrowings		165,204	110,362
Lease liabilities		3,980	1,048
Deferred tax liabilities		77,824	77,700
		<hr/>	<hr/>
		247,238	195,489
		<hr/>	<hr/>
<b>NET ASSETS</b>		<b>1,327,085</b>	1,430,645
		<hr/> <hr/>	<hr/> <hr/>
<b>Capital and reserves</b>			
Share capital	16	40,945	42,141
Treasury shares		(231)	(15,209)
Reserves		1,283,862	1,401,110
		<hr/>	<hr/>
Equity attributable to owners of the Company		1,324,576	1,428,042
Non-controlling interests		2,509	2,603
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		<b>1,327,085</b>	1,430,645
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## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*For the year ended 31 December 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, trading of construction materials and photovoltaic components, provision of real estate agency services, property investment and leasing, and development of residential properties.

In the opinion of the Directors, as at 31 December 2022, Shunda Investment Limited, a company incorporated in the British Virgin Islands, is the ultimate parent of the Company; and Mr. Zhou Xuzhou, a Co-Chairman and the Executive Director, is the ultimate controlling party of the Company.

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

In the current year, 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 (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); 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 consolidated financial statements and amounts reported for the current year and prior years.

The Group has not early applied any new or revised HKFRSs that is not yet effective for the current accounting year.

The application of the new or revised HKFRSs that have been issued but are not yet effective and have not been early adopted by the Group will not have material impacts on the consolidated financial statements of the Group.

### 3. SEGMENT INFORMATION

The Group has four (2021: six) reportable segments as follows:

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

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

During the year ended 31 December 2022, in view of the change of business strategy of the Group in accordance to the performance of the strategic business units, the Group has reorganised its internal reporting structure resulting in changes to the composition of its reportable segments. Prior period segment disclosures have been re-presented to conform with the current year's presentation.

Segment profits or losses do not include interest income, reversal of/(provision for) equity-settled share options expense, finance costs as well as other unallocated head office and corporate income and expenses. Segment assets do not include deferred tax assets, current tax assets as well as other unallocated head office and corporate assets. Segment liabilities do not include deferred tax liabilities, current tax liabilities as well as other unallocated head office and corporate liabilities.

## Segment revenues and results

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

	<b>Healthcare- related business <i>HK\$'000</i></b>	<b>Trading business <i>HK\$'000</i></b>	<b>Property- related business <i>HK\$'000</i></b>	<b>Equity investment business <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
<b>For the year ended 31 December 2022</b>					
Revenue from external customers	<b>53,784</b>	<b>37,127</b>	<b>28,983</b>	<b>–</b>	<b>119,894</b>
Segment profit/(loss)	<b>25,774</b>	<b>859</b>	<b>31,464</b>	<b>(32,065)</b>	<b>26,032</b>
Interest income					<b>26,907</b>
Reversal of equity-settled share options expense					<b>862</b>
Finance costs					<b>(11,447)</b>
Unallocated income					<b>185</b>
Unallocated expenses					<b>(17,154)</b>
Profit before tax					<b>25,385</b>

	Healthcare- related business <i>HK\$ '000</i>	Trading business <i>HK\$ '000</i>	Property- related business <i>HK\$ '000</i>	Equity investment business <i>HK\$ '000</i>	Total <i>HK\$ '000</i>
<b>For the year ended</b>					
<b>31 December 2021</b>					
<b>(Re-presented)</b>					
Revenue from external customers	52,697	149,055	51,279	–	253,031
Segment profit	19,018	17,540	52,471	18,181	107,210
Interest income					12,449
Provision for equity-settled share options expense					(2,031)
Finance costs					(8,385)
Unallocated income					2
Unallocated expenses					(23,541)
Profit before tax					85,704

## Segment assets and liabilities

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

### *Segment assets*

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Re-presented)
Healthcare-related business	69,630	60,855
Trading business	388,929	303,260
Property-related business	923,559	1,048,071
Equity investment business	187,595	231,458
	<hr/>	<hr/>
Total assets of reportable segments	1,569,713	1,643,644
	<hr/>	<hr/>
Deferred tax assets	20,179	13,377
Current tax assets	–	314
Unallocated corporate assets	121,369	79,659
	<hr/>	<hr/>
Consolidated total assets	<u>1,711,261</u>	<u>1,736,994</u>

### *Segment liabilities*

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Re-presented)
Healthcare-related business	31,376	16,924
Trading business	126,759	42,045
Property-related business	130,914	151,432
	<hr/>	<hr/>
Total liabilities of reportable segments	289,049	210,401
	<hr/>	<hr/>
Deferred tax liabilities	77,824	77,700
Current tax liabilities	15,043	15,421
Unallocated corporate liabilities	2,260	2,827
	<hr/>	<hr/>
Consolidated total liabilities	<u>384,176</u>	<u>306,349</u>

## Other segment information

The following is an analysis of other segment information:

	Healthcare- related business <i>HK\$'000</i>	Trading business <i>HK\$'000</i>	Property- related business <i>HK\$'000</i>	Equity investment business <i>HK\$'000</i>	Reportable segment total <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated total <i>HK\$'000</i>
<b>For the year ended</b>							
<b>31 December 2022</b>							
Depreciation and amortisation	(2,969)	–	(90)	–	(3,059)	(793)	(3,852)
Fair value gains on investment properties	–	–	13,581	–	13,581	–	13,581
Loss on written off of inventories	(2)	–	–	–	(2)	–	(2)
Impairment losses of trade receivables, net	(69)	(170)	–	–	(239)	–	(239)
Reversal of impairment losses of other receivables	–	–	–	1,411	1,411	–	1,411
Additions to segment non-current assets*	4,820	–	–	–	4,820	7	4,827
<b>As at 31 December 2022</b>							
Investments in associates	–	–	–	9,740	9,740	–	9,740
Investments in joint ventures	–	–	–	57,356	57,356	–	57,356

	Healthcare- related business <i>HK\$'000</i>	Trading business <i>HK\$'000</i>	Property- related business <i>HK\$'000</i>	Equity investment business <i>HK\$'000</i>	Reportable segment total <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated total <i>HK\$'000</i>
<b>For the year ended</b>							
<b>31 December 2021</b>							
<b>(Re-presented)</b>							
Depreciation and amortisation	(2,632)	(11)	(6)	–	(2,649)	(927)	(3,576)
Fair value gains on investment properties	–	–	15,190	–	15,190	–	15,190
Gain on lease termination	193	–	–	–	193	–	193
Loss on written off of property, plant and equipment	(10)	–	–	–	(10)	–	(10)
Loss on non-substantial modification of other receivables	–	–	–	(676)	(676)	–	(676)
Impairment losses of trade receivables, net	(89)	(830)	–	–	(919)	–	(919)
Impairment losses of other receivables	(1,236)	–	–	(2,858)	(4,094)	–	(4,094)
Additions to segment non-current assets*	2,366	–	278	–	2,644	–	2,644
<b>As at 31 December 2021</b>							
<b>(Re-presented)</b>							
Investments in associates	–	–	–	52,219	52,219	–	52,219
Investments in joint ventures	–	–	–	73,044	73,044	–	73,044

This segment information has been included in the measures of segment results or assets.

\* Additions to segment non-current assets consist of additions to property, plant and equipment and intangible assets.

## Geographical information

	Revenue		Non-current assets	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
PRC	<b>118,066</b>	249,693	<b>657,180</b>	742,295
Hong Kong	–	–	<b>13</b>	798
Others	<b>1,828</b>	3,338	<b>41</b>	62
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Consolidated total	<b>119,894</b>	253,031	<b>657,234</b>	743,155
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

In presenting the geographical information, revenue is based on the locations of the customers and non-current asset is based on the locations of the assets.

## 4. REVENUE

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sale of healthcare-related products	<b>44,647</b>	11,889
Healthcare management service income	<b>4,934</b>	11,717
Aesthetic medical service income	<b>3,824</b>	2,588
Sale of CBD downstream products	<b>379</b>	26,503
Sale of construction materials	<b>33,518</b>	146,763
Sale of photovoltaic components	<b>2,221</b>	–
Healthcare-related products sale agency service income	<b>1,388</b>	2,292
Property sales and consultancy service income	<b>7,274</b>	31,845
	<hr/>	<hr/>
Revenue from contracts with customers	<b>98,185</b>	233,597
Rental income	<b>21,709</b>	19,434
	<hr/>	<hr/>
Total revenue	<b>119,894</b>	253,031
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## 5. OTHER INCOME AND (LOSSES)/GAINS, NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Other income</b>		
Interest income	26,907	12,449
Dividend income from investments at FVTPL	300	1,086
Government grants	2,611	472
COVID-19-related rent concessions	7	21
Others	517	1,194
	<hr/>	<hr/>
	30,342	15,222
	<hr/>	<hr/>
<b>(Losses)/Gains, net</b>		
Fair value (losses)/gains on investments at FVTPL		
– Designated as such upon initial recognition	(28,670)	16,892
Gain on lease termination	–	193
Fair value gains on derivative financial instruments	239	184
Gain on disposal of property, plant and equipment	2	–
Loss on written off of inventories	(2)	–
Loss on written off of property, plant and equipment	–	(10)
Loss on non-substantial modification of other receivables	–	(676)
Net foreign exchange losses	(5,565)	(9,936)
	<hr/>	<hr/>
	(33,996)	6,647
	<hr/>	<hr/>
	(3,654)	21,869
	<hr/> <hr/>	<hr/> <hr/>

## 6. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on bank loans	11,113	8,277
Interest on lease liabilities	334	108
	<hr/>	<hr/>
	11,447	8,385
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## 7. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax – PRC		
Provision for the year	9,981	14,069
Over-provision in prior years	(294)	(336)
Current tax – Hong Kong		
Provision for the year	–	12
Withholding tax on interest income – Australia		
Provision for the year	1,136	1,724
Over-provision in prior years	–	(955)
Deferred tax	(3,218)	10,734
	<u>7,605</u>	<u>25,248</u>

Hong Kong Profits Tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising from Hong Kong for the year, 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% (2021: 8.25%), and the remaining assessable profits are taxed at the rate of 16.5% (2021: 16.5%).

Enterprise Income Tax of the PRC has been provided at the rate of 25% (2021: 25%) on the estimated assessable profits arising from the PRC for the year, 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% (2021: 2.5%). 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% (2021: 2.5%), whereas the excess portion will be taxed at the effective rate of 10% (2021: 10%). 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% (2021: 15%).

Australia corporate income tax has been provided at the rate of 30% (2021: 30%) on the estimated assessable profits for arising from Australia for the year.

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

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 years.

## 8. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging/(crediting) the following:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Amortisation of other intangible assets	58	30
Depreciation of property, plant and equipment	1,428	1,040
Depreciation of right-of-use assets	2,366	2,506
Gain on lease termination	–	(193)
Gain on disposal of property, plant and equipment	(2)	–
Loss on written off of property, plant and equipment	–	10
Loss on written off of inventories	2	–
Gain on partial disposals of investment in a joint venture	–	(1,508)
Gain on disposal of investment in a joint venture	(3,746)	–
Gain on deemed disposals of investments in associates/an associate	(6,209)	(343)
Gain on deemed disposals of investment in a joint venture	–	(12,993)
Loss on disposal of investment at FVTPL	520	–
Fair value gains on investment properties	(13,581)	(15,190)
Auditor's remuneration:		
Audit services	1,200	1,150
Non-audit services	100	300
	<u>1,300</u>	<u>1,450</u>
Cost of inventories sold	33,279	132,622
Loss on non-substantial modification of other receivables	–	676
(Reversal of impairment losses)/impairment losses of receivables, net:		
Trade receivables	239	919
Other receivables	(1,411)	4,094
	<u>(1,172)</u>	<u>5,013</u>
Staff costs, including directors' emoluments:		
Salaries, bonus and allowances	18,851	26,844
(Reversal of)/provision for equity-settled share options expense	(862)	2,031
Retirement benefits scheme contributions	940	1,477
	<u>18,929</u>	<u>30,352</u>

## 9. DIVIDENDS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Proposed 2022 final dividend of HK1.6 cents (2021: Nil) per share	<u>65,513</u>	<u>—</u>

The Board recommend the payment of a 2022 final dividend of HK1.6 cents per share, totalling of approximately HK\$65,513,000. Such dividend is subjected to approval by the shareholders at the forthcoming annual general meeting. These consolidated financial statements do not reflect this dividend payable.

## 10. EARNINGS PER SHARE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Earnings</b>		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	<u>17,822</u>	<u>60,323</u>
	2022	2021
<b>Number of shares</b>		
Issued ordinary shares at 1 January	4,214,086,636	4,271,752,636
Effect of share repurchased	<u>(104,698,701)</u>	<u>(14,509,134)</u>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	4,109,387,935	4,257,243,502
Effect of dilutive potential ordinary shares arising from share options	<u>584,402</u>	<u>9,019,623</u>
Weighted average number of ordinary shares used in diluted earnings per share calculation	<u>4,109,972,337</u>	<u>4,266,263,125</u>

## 11. INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES HELD FOR SALE

	Investment properties <i>HK\$'000</i>	Investment properties held for sale <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 January 2021	559,685	5,786	565,471
Fair value gains	15,190	–	15,190
Exchange differences	18,772	192	18,964
	<hr/>	<hr/>	<hr/>
As at 31 December 2021 and 1 January 2022	<b>593,647</b>	<b>5,978</b>	<b>599,625</b>
Fair value gains	<b>13,581</b>	–	<b>13,581</b>
Exchange differences	<b>(47,079)</b>	<b>(469)</b>	<b>(47,548)</b>
	<hr/>	<hr/>	<hr/>
As at 31 December 2022	<b>560,149</b>	<b>5,509</b>	<b>565,658</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
		<b>2022</b>	2021
		<i>HK\$'000</i>	<i>HK\$'000</i>
Analysed as:			
Current assets		<b>5,509</b>	5,978
Non-current assets		<b>560,149</b>	593,647
		<hr/>	<hr/>
		<b>565,658</b>	599,625
		<hr/> <hr/>	<hr/> <hr/>

## 12. PROPERTIES HELD FOR SALE UNDER DEVELOPMENT

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Cost</b>		
As at 1 January	<b>259,064</b>	245,344
Capitalised expenditure	<b>13,626</b>	27,147
Exchange differences	<b>(16,171)</b>	(13,427)
	<hr/>	<hr/>
As at 31 December	<b>256,519</b>	259,064
	<hr/> <hr/>	<hr/> <hr/>

### 13. TRADE RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	103,992	94,114
Provision for loss allowance	(2,638)	(2,534)
	<u>101,354</u>	<u>91,580</u>

The Group generally allows a credit period of 0 to 180 days (2021: 0 to 180 days) to its customers in trading business and agency service business. Overdue balances are reviewed regularly by the management of the Group. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 30 days	17,696	11,194
31 to 90 days	8,859	15,555
Over 90 days	74,799	64,831
	<u>101,354</u>	<u>91,580</u>

Reconciliation of loss allowance for trade receivables:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
As at 1 January	2,534	2,303
Increase in loss allowance for the year	239	919
Amounts written off	–	(734)
Exchange differences	(135)	46
	<u>2,638</u>	<u>2,534</u>

#### 14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loan receivables ( <i>Note a</i> )	239,003	–
Prepayments	56,540	76,275
Consideration receivables in relation to:		
– Partial disposal of investment in an associate	13,971	19,556
– Partial disposal of investment in a joint venture	6,288	6,652
Loan interest income receivables ( <i>Note a</i> )	17,610	–
Performance bond receivable	15,830	17,177
Other receivables	3,010	1,067
Other tax receivables	1,679	4,469
Deposits paid	188	321
Bid bond receivable	–	24,538
Deposits paid for acquisition of property, plant and equipment	–	3,936
	<hr/>	<hr/>
	354,119	153,991
Provision for loss allowance ( <i>Note b</i> )	<b>(2,844)</b>	<b>(4,557)</b>
	<hr/>	<hr/>
	<b>351,275</b>	<b>149,434</b>
	<hr/> <hr/>	<hr/> <hr/>
Analysed as:		
Current assets	341,134	126,553
Non-current assets	10,141	22,881
	<hr/>	<hr/>
	<b>351,275</b>	<b>149,434</b>
	<hr/> <hr/>	<hr/> <hr/>

*Notes:*

- (a) As at 31 December 2022, loan receivables with carrying amounts of HK\$199,003,000 (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 fixed interest rate of 12.5% per annum. The principals and interests of HK\$186,445,000 were subsequently received in full in or before February 2023. The remaining balance of principals and interests is still within credit term and shall be received in full in the year of 2023.
- (b) The movements in the loss allowance for other receivables during the year are as follows:

	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
As at 1 January	4,557	383
(Decrease)/increase in loss allowance for the year	<b>(1,411)</b>	4,094
Exchange differences	<b>(302)</b>	80
	<hr/>	<hr/>
As at 31 December	<b>2,844</b>	4,557
	<hr/> <hr/>	<hr/> <hr/>

## 15. TRADE PAYABLES

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

	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 90 days	<b>16</b>	40
Over 90 days	<b>27</b>	47
	<hr/>	<hr/>
	<b>43</b>	87
	<hr/> <hr/>	<hr/> <hr/>

## 16. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.01 each		
As at 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 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	(119,538,000)	(1,196)
As at 31 December 2022	<u>4,094,548,636</u>	<u>40,945</u>

## 17. CAPITAL COMMITMENTS

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Contracted, but not provided for:		
Capital contribution to an associate	10,176	11,042
Capital contribution to an unlisted long-term investment	187	—
Acquisition of property, plant and equipment	—	445
	<u>10,363</u>	<u>11,487</u>

## **EXTRACT FROM CO-CHAIRMAN’S STATEMENT**

The followings are extracted from the sections headed “Recent Development”, “Overview of Operations” and “Prospects” of the co-chairman’s statement as written by one of the co-chairmen of the Board:

### **RECENT DEVELOPMENT**

#### **Perseverance and Innovation**

With the improvement of living standards and material abundance, people’s demand for physical and mental health has become increasingly prominent, and health topics have frequently become the focus of the internet. This is not only a chain reaction of public health emergencies, but also closely related to the health problems, which commonly faced by modern urban dwellers. As “Healthy China” has become a national strategy, the health industry has turned into a new important engine of economic growth, ushering in new development opportunities. According to “Healthy China 2030”, the scale of China’s health industry will expand significantly, the market size of which will reach RMB16 trillion by 2030.

The health industry is related to people’s livelihood and the gross national happiness index. The support given to the health industry at the national level has been increasing year by year, providing a favorable external environment for the development of the health industry. Pursuant to the “2022 Fiscal Balance” released by the Ministry of Finance, the total expenditure on health in China in 2022 amounted to RMB2,254.2 billion, representing a year-on-year increase of 17.8%. At the same time, China’s huge population, increasing per capita disposable income, and rising health awareness also provided the health industry with great potential. According to the National Bureau of Statistics, the per capita disposable income of residents in China increased by 2.9% year-on-year in 2022, of which the per capita health care expenditure amounted to RMB2,120, an increase of 0.2% year-on-year. Climate change, population ageing, and sub-health problems brought by modern lifestyles have all become intrinsic factors that drove up the demand. New business models and innovative technologies are emerging every now and then, bringing new growth to the industry. The three-year COVID-19 epidemic has not only changed people’s lifestyles, but also profoundly affected the way people think about health. The health industry is ushering in the best development period.

2023 stands at a critical point in the post-epidemic era when the fight against the COVID-19 epidemic has achieved decisive victory alongside recovering economy. The Group continues to be profoundly optimistic about the prosperous development of the healthcare industry and insists on a stable and long-term development path, maintaining ourselves as a long-termist 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, the Group has facilitated the development of health management sector through health applications of cell therapy. Meanwhile, the Group continued to conduct in-depth research on skin health and its related services and developed products and business model integrating skincare products with efficacy and cosmetic medicine for skin health management by making full use of its advantages in R&D, brand and channel in terms of skin health management.

## **OVERVIEW OF OPERATIONS**

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

The Group made its deployment in the field of cell therapy through the strategic acquisition of equity interest 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 30 January 2022, the Ministry of Industry and Information Technology and nine other departments have jointly issued the “14th Five-Year Plan for the Development of the Pharmaceutical Industry”, which proposed to focus on the development of new biopharmaceutical products and industrialisation technologies such as cell therapy and gene therapy drugs. On 1 June 2022, the State Food and Drug Administration of China released three guiding principles for cell and gene therapy, including “Guiding Principles for Pharmacological Research and Evaluation of In Vitro Gene Modification Systems (Trial)”, “Guiding Principles for Pharmacological Research and Evaluation of Immune Cell Therapy Products (Trial)” and “Guiding Principles for Pharmacological Research and Evaluation of In Vivo Gene Therapy Products (Trial)”. At the level of local government, 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. On 26 July 2022, the Shenzhen Development and Reform Commission issued “Several Measures for Shenzhen to Promote the High-Quality Development of Big Health Industry Clusters”, proposing to build a new high ground for the gene and immune cell therapy industry and to facilitate the development of new businesses such as stem cells.

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 as a “Science and Technology-based Small and Medium-Sized Enterprise” in China for the fifth consecutive year, 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 science and technology-based enterprises in Shenzhen Guangming District in 2022, and received the honor of “Shenzhen Enterprise Innovation Record” for the second consecutive time.

In terms of R&D, during the Reporting Period, the Investigational New Drug (IND) application for “human umbilical cord mesenchymal stem cell injection”, a class I biologic product independently developed by Wingor Bio, was approved by the Center for Drug Evaluation. In terms of technology, during the Reporting Period, a number of patents, including stem cell exosome technology, filed by Wingor Bio, were accepted and authorised by the China National Intellectual Property Administration. Up to now, the Company has applied for more than 50 patents, including nearly ten international patents. In terms of the formulation of enterprise-related policies, during the Reporting Period, the “Shenzhen Economic Zone Cell and Gene Industry Promotion Ordinance”, in which Wingor Bio participated in the legislative work, was passed by the Standing Committee of the Shenzhen Municipal People’s Congress, and the “Regulation on Informed Consent to Stem Cell Donors”, which Wingor Bio participated in drafting, was also officially issued.

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 for 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 ran the clinics in Shenzhen and Nanjing as the main operation centers and adhered to the original successful business philosophy and business model, providing international high-end health management services based on functional medicine theories.

With the continuous introduction of relevant policies and regulations of China’s cell therapy industry, the industry has entered a period of positive and rapid development. The Group will continue to take advantage of the industrial chain network, deepen its planning in the field of cell therapy research and development and its application, and explore the commercialisation path of cell therapy products, so as to realise the synergistic development between the health management business and other segments.

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

In recent years, under the influence of social media and e-commerce such as Douyin, Kuaishou and Xiaohongshu, the “beauty economy” has risen, and the public’s awareness and willingness to consume light aesthetic medicine have continued to rise. At the same time, the steady growth of China’s per capita disposable income has laid a solid foundation for light aesthetic medicine consumption, leading to the continued expansion of the light aesthetic medicine market.

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.

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 promoted the concept of “Smart Skin Care”, combined the “treatment” of cosmetic medicine and “prevention” of skincare products, and launched the combination of “60% light aesthetic medicine + 40% effective streamlined and effective skincare”, providing a more cost-effective and streamlined integrated skincare solution for users. Meanwhile, the Group has established close cooperative relations with BAFS and Ashland, internationally renowned raw material companies, and successively launched multiple product lines of the brand Jixiaojian — photoelectric repair series, skin repair series, revitalising series and more.

The world’s first flagship store of our light medical beauty brand “Jixiaojian” held its grand opening during the Reporting Period. “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 the 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 R&D, 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.

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

## **Overseas Business**

The Group implemented international business strategies and set up overseas localised operation teams to expand its business. In terms of the industrial hemp business, as early as 2019, the Group established its subsidiary in Switzerland and organised a local professional team to expand the markets in Europe. In 2021, the high-end CBD health consumption brand independently developed and produced in Switzerland, AlpReleaf, was formally launched into the markets in Europe. AlpReleaf products, based on high-quality CBD as the core technology, have launched a series of products such as soothing, sleep aid and muscle soreness, aiming to provide users with a better quality of life. The products have been officially certified by the European Union and the United Kingdom and are available for sale in 22 European countries. During the Reporting Period, AlpReleaf has been actively expanding its offline channels and strengthening its brand influence while continuously consolidating its advantages of online channels.

For the business in Australia, during the Reporting Period, the Group made new progress in the real estate sector with the opening of the first phase of the Group's boutique townhouse project, Yarrabend, in Australia. The townhouse project was developed and wholly owned by the Group, in collaboration with Glenvill Group, a leading Australian developer, Burbank, a top architectural firm, and Rowthelowman, a renowned design firm. It is located on the banks of the Yarra River in Melbourne with convenient transportation and mature commercial facilities.

As of the end of the Reporting Period, the Group's overseas business has steadily advanced in a high-quality manner and has significantly contributed to and supported the Group's performance. In the future, the Group will continue to promote its international business strategies, deepen its brand building, improve its pipeline matrix, and actively cultivate new business growth points, so as to expand and optimise its overseas business and build a sustainable and healthy source of revenue growth.

## **PROSPECTS**

Looking ahead to 2023, we are welcoming a brand-new era after three years of the COVID-19 epidemic. The international environment is quietly changing, and the overall Chinese economy is gradually improving. While the new changes present new opportunities, new threats and challenges emerge as well.

For the Group, regarding assets, the Group had current assets of HK\$922.0 million, including bank and cash balances of HK\$211.0 million as at 31 December 2022. As for the business, the Group continues to explore the healthcare field. The innovative skin health management products and business models are beginning to bear fruit, and the Group will continue to improve its results through the extensive arrangement of upstream and downstream related aesthetic medical devices, reagents and functional skin care. Besides, the trading and leasing business is expected to improve continuously as the Chinese economy begins to rebound. Meanwhile, the scale of the overseas business will grow steadily with constant expansion of pipelines and continuous improvement on brand building, creating a stable new growth point in the long run. These favorable factors have accumulated a strong momentum and laid the groundwork for the Group's long-term development, which gave the Group sufficient strength and confidence to cope with new challenges and to seize new opportunities in the post-epidemic era. The Group is confident of and optimistic about its future business development.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

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

	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	<b>119,894</b>	253,031
Gross profit	<b>66,761</b>	100,929
Gross profit margin	<b>55.7%</b>	39.9%
Other income and (losses)/gains, net	<b>(3,654)</b>	21,869
Total operating expenses ( <i>Note</i> )	<b>35,689</b>	42,662
Finance costs	<b>11,447</b>	8,385
Profit before tax	<b>25,385</b>	85,704
Profit after tax	<b>17,780</b>	60,456
Profit attributable to owners of the Company	<b>17,822</b>	60,323

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

## Revenue

Revenue for the year ended 31 December 2022 was HK\$119.9 million (2021: HK\$253.0 million), mainly generated by (i) sale of healthcare-related products; (ii) sale of construction materials; (iii) sale of photovoltaic components; (iv) rental income; (v) property sales and consultancy service income; (vi) healthcare management service income; (vii) healthcare-related products sale agency service income; (viii) aesthetic medical service income; and (ix) sale of CBD downstream products.

Revenue decreased by approximately 52.6% from HK\$253.0 million for the year ended 31 December 2021 to HK\$119.9 million for the year ended 31 December 2022. The decrease in revenue of HK\$133.1 million was mainly due to (i) decreases in sale of construction materials as well as property sales and consultancy service income of HK\$113.3 million and HK\$24.5 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\$26.1 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\$32.8 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 year ended 31 December 2022 was HK\$66.8 million (2021: HK\$100.9 million), representing a decrease of 33.8% compared to 2021. The gross profit margin for the year ended 31 December 2022 increased to 55.7% from 39.9% for the year ended 31 December 2021.

The decrease in gross profit of HK\$34.1 million was mainly due to decreases in gross profits in the property-related business and the trading business of HK\$20.0 million and HK\$18.1 million respectively, as a result of the overall downturn in the real estate market of mainland China.

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 year ended 31 December 2022 compared to 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\$21.9 million for the year ended 31 December 2021 to other income and net losses of HK\$3.7 million for the year ended 31 December 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\$16.9 million for the year ended 31 December 2021 to a fair value loss of HK\$28.7 million for the year ended 31 December 2022. The unfavourable financial impact was partially offset by (i) an increase in interest income of HK\$14.5 million; (ii) a decrease in exchange losses of HK\$4.4 million; and (iii) an increase in government grants of HK\$2.1 million.

## **Total Operating Expenses**

Total operating expenses for the year ended 31 December 2022 were HK\$35.7 million (2021: HK\$42.7 million), representing a decrease of HK\$7.0 million or 16.4% compared to 2021. Such a 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\$2.0 million for the year ended 31 December 2021 to reversal of such expense of HK\$0.9 million for the year ended 31 December 2022; and (ii) effective expenses control of the Group for the year ended 31 December 2022.

## **Finance Costs**

Finance costs for the year ended 31 December 2022 were HK\$11.4 million (2021: HK\$8.4 million), representing an increase of HK\$3.0 million or 35.7% compared to 2021. Such an increase was mainly due to an increase in interest on bank loans of HK\$2.8 million, primarily resulting from an increase in the average balance in bank borrowings in 2022 compared to 2021.

## **Profit After Tax**

Profit after tax for the year ended 31 December 2022 was HK\$17.8 million (2021: HK\$60.5 million), representing a decrease of HK\$42.7 million or 70.6% compared to 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\$16.9 million for the year ended 31 December 2021 to a fair value loss of HK\$28.7 million for the year ended 31 December 2022; and
- (ii) decreases in gross profits in the property-related business and the trading business of HK\$20.0 million and HK\$18.1 million respectively.

Such decreases were partially offset by (i) an increase in interest income of HK\$14.5 million resulting from an increase in average balance in loan receivables in 2022 compared to 2021; and (ii) a decrease in income tax expense of HK\$17.6 million resulting from a decrease in profit before tax.

## **BUSINESS REVIEW**

### **Healthcare-related Business**

The revenue derived from the healthcare-related business for the year ended 31 December 2022 was HK\$53.8 million, representing an increase of 2.1% compared to HK\$52.7 million for the year ended 31 December 2021. The profit derived from this segment for the year ended 31 December 2022 was HK\$25.8 million, representing an increase of 35.8% compared to HK\$19.0 million for the year ended 31 December 2021. Such an increase was mainly due to (i) a rise in gross profit of HK\$3.9 million, primarily benefiting from a rise in the sale of skincare products under the Group's brand "Jixiaojian" launched in the second half of 2021, which was partially offset by a decline in sale of CBD downstream products, resulting from the prohibition of the use of industrial hemp in all cosmetics in mainland China; and (ii) a decrease in operating expenses of HK\$3.5 million, resulting from effective expenses control in this segment during the year ended 31 December 2022.

### **Trading Business**

The revenue derived from the trading business for the year ended 31 December 2022 was HK\$37.1 million, representing a decrease of 75.1% compared to HK\$149.0 million for the year ended 31 December 2021. The profit derived from this segment for the year ended 31 December 2022 was HK\$0.9 million, representing a decrease of approximately 94.9% compared to HK\$17.5 million for the year ended 31 December 2021, which was mainly due to a decline in gross profit of HK\$18.1 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\$2.3 million, primarily resulting from an increase in government grants in 2022.

## **Property-related Business**

The revenue derived from the property-related business for the year ended 31 December 2022 was HK\$29.0 million, representing a decrease of 43.5% compared to HK\$51.3 million for the year ended 31 December 2021. The profit derived from this segment for the year ended 31 December 2022 was HK\$31.4 million, representing a decrease of approximately 40.2% compared to HK\$52.5 million for the year ended 31 December 2021, which was mainly due to (i) a decrease in gross profit of HK\$20.0 million resulting from the overall downturn in the real estate market of mainland China; and (ii) a decrease in fair value gains on investment properties of HK\$1.6 million.

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 year ended 31 December 2022, the project was still in progress. Up to the date of this announcement, the project's civil works have already been completed. The pre-sale of the project is commenced in November 2022, which will rapidly realise the value of the land reserve, deliver leaping business growth for the Group and boost brand value.

## **Equity Investment Business**

The result for this segment changed from a profit of HK\$18.2 million for the year ended 31 December 2021 to a loss of HK\$32.1 million for the year ended 31 December 2022. The change was mainly due to (i) 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\$16.9 million for the year ended 31 December 2021 to a fair value loss of HK\$28.7 million for the year ended 31 December 2022; and (ii) an increase in share of losses of joint ventures of HK\$5.4 million.

## REVIEW OF FINANCIAL POSITION

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current Assets</b>		
Investment properties	560,149	593,647
Investments at FVTPL	55,163	81,688
Investments in joint ventures	57,356	73,044
Investments in associates	9,740	52,219
Prepayments, deposits and other receivables	10,141	22,881
Goodwill	18,500	18,500
Equity investments at FVTOCI	46,213	—
Others	31,982	19,347
	<hr/>	<hr/>
Total Non-current Assets	789,244	861,326
	<hr/>	<hr/>
<b>Current Assets</b>		
Bank and cash balances	210,987	272,591
Properties held for sale under development	256,519	259,064
Prepayments, deposits and other receivables	341,134	126,553
Trade receivables	101,354	91,580
Investments at FVTPL	—	107,795
Others	12,023	18,085
	<hr/>	<hr/>
Total Current Assets	922,017	875,668
	<hr/>	<hr/>
Total Assets	1,711,261	1,736,994
	<hr/>	<hr/>
<b>Liabilities</b>		
Bank borrowings	243,439	168,699
Deferred tax liabilities	77,824	77,700
Accruals and other payables	29,718	30,886
Contract liabilities	5,518	4,303
Others	27,677	24,761
	<hr/>	<hr/>
Total Liabilities	384,176	306,349
	<hr/>	<hr/>
Net Assets	1,327,085	1,430,645
	<hr/> <hr/>	<hr/> <hr/>

Non-current assets of the Group as at 31 December 2022 were HK\$789.2 million (2021: HK\$861.3 million), representing a decrease of HK\$72.1 million, which was mainly due to (i) a decrease in investment in associates of HK\$42.5 million; (ii) a decrease in investment properties of HK\$33.5 million; (iii) a decrease in investments at FVTPL of HK\$26.5 million; and (iv) a decrease in investment in joint ventures of HK\$15.6 million, which was partially offset by an increase in equity investments at FVTOCI of HK\$46.2 million. Current assets were HK\$922.0 million (2021: HK\$875.7 million), representing an increase of HK\$46.3 million, which was mainly due to an increase in prepayments, deposits and other receivables of HK\$214.6 million, which was partially offset by (i) a decrease in investments at FVTPL of HK\$107.8 million; (ii) a decrease in bank and cash balances of HK\$61.6 million and (iii) a decrease in properties held for sale under development of HK\$2.6 million.

As at 31 December 2022, the Group's total liabilities were HK\$384.2 million (2021: HK\$306.3 million), representing an increase of HK\$77.9 million mainly due to an increase in bank borrowings of HK\$74.7 million.

## NET ASSET VALUE

As at 31 December 2022, the Group's total net assets amounted to HK\$1,327.1 million (2021: HK\$1,430.7 million), representing a decrease of HK\$103.6 million, mainly due to exchange losses arising from the translation of foreign operations of HK\$90.9 million, and the repurchase of shares of HK\$37.0 million. Such decreases were partially offset by the profit for the year ended 31 December 2022 of HK\$17.8 million and fair value gains of equity investments at FVTOCI, net of HK\$5.3 million.

## LIQUIDITY AND FINANCIAL RESOURCES

	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash generated from/(used in) operating activities	<b>43,151</b>	(83,270)
Net cash (used in)/generated from investing activities	<b>(134,758)</b>	161,564
Net cash generated from/(used in) financing activities	<b>41,932</b>	(38,220)
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	<b>(49,675)</b>	40,074
Effect of foreign exchange rate changes	<b>(11,929)</b>	(950)
Cash and cash equivalents as at 1 January	<b>272,591</b>	233,467
	<hr/>	<hr/>
Cash and cash equivalents as at 31 December	<b>210,987</b>	272,591
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2022, the total cash and cash equivalents of the Group were HK\$211.0 million (2021: HK\$272.6 million), of which approximately 62.3% was in RMB, 18.6% was in USD, 17.5% was in HKD, 1.0% was denominated in AUD, 0.4% was in CHF and 0.2% was in EUR (2021: approximately 55.8% was denominated 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 year ended 31 December 2022 was HK\$43.2 million, which was mainly used to satisfy the Group's working capital required for daily operation during the year ended 31 December 2022.

Net cash used in investing activities was HK\$134.8 million, which was mainly attributable to short-term interest-bearing loans advanced to certain independent third parties of HK\$515.4 million, which were partially offset by (i) repayment of short-term interest-bearing loans advanced to certain independent third parties of HK\$268.3 million; (ii) the net cash inflow generated from investments in financial products of HK\$103.4 million; and (iii) receipt of loan interest of HK\$6.3 million.

Net cash generated from financing activities was HK\$41.9 million, which mainly represented a net amount of (i) proceeds received from new bank borrowings of HK\$141.2 million; (ii) repayment of bank borrowings of HK\$49.7 million; (iii) payments for shares repurchase of HK\$37.0 million; and (iv) payment of loan interest of HK\$11.1 million.

As at 31 December 2022, the total bank borrowings of the Group were HK\$243.4 million (2021: HK\$168.7 million), which are mainly used as working capital of the Group. The Group has no unutilised banking facilities as at 31 December 2022 and 2021.

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

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Floating rate RMB bank loan	<b>107,981</b>	131,892
Fixed rate RMB bank loan	<b>135,458</b>	36,807
	<hr/>	<hr/>
	<b>243,439</b>	168,699
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	<b>78,235</b>	58,337
In the second year	<b>31,279</b>	21,106
In the third to fifth years, inclusive	<b>84,292</b>	57,420
Beyond five years	<b>49,633</b>	31,836
	<hr/>	<hr/>
	<b>243,439</b>	168,699
	<hr/> <hr/>	<hr/> <hr/>

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, 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 year ended 31 December 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.

## 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 31 December 2022, the net proceeds have been used in the following manner:

<b>Intended use of the net proceeds</b>	<b>Unutilised net proceeds as at 31 December 2021</b> <i>HK\$ million</i>	<b>Actual amount used during the Reporting Period</b> <i>HK\$ million</i>	<b>Unutilised net proceeds as at 31 December 2022</b> <i>HK\$ million</i>
To be used as general working capital of the Group	186.5	(164.2)	22.3
To be invested in the industrial hemp CBD extraction and application businesses	3.9	(2.7)	1.2
<b>Total</b>	<b>190.4</b>	<b>(166.9)</b>	<b>23.5</b>

As at 31 December 2022, the unutilised net proceeds of approximately HK\$23.5 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\$23.5 million as at 31 December 2022 will be fully utilised by 31 December 2023.

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 5.3% (2021: -4.5%).

As at 31 December 2022, the Group had net debt of HK\$74.6 million (2021: negative net debt of HK\$61.1 million), while the equity attributable to owners of the Company amounted to HK\$1,324.6 million (2021: HK\$1,428.0 million).

## CAPITAL EXPENDITURE

During the year ended 31 December 2022, the expenditure on purchasing intangible assets, namely computer systems, was HK\$40,000 (2021: HK\$35,000), while the expenditure on purchasing property, plant and equipment amounted to HK\$4,787,000 (2021: HK\$2,609,000).

## CAPITAL COMMITMENTS

As at 31 December 2022, the Group had capital commitments of HK\$10.4 million (2021: HK\$11.5 million) in respect of capital contribution payable to an associate and an unlisted long-term investment (2021: (i) capital contributions payable to an associate; and (ii) acquisition of property, plant and equipment), which are contracted but not provided for in the consolidated financial statements.

## CHARGES ON GROUP ASSETS

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

	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Investment properties	<b>452,828</b>	355,214
Restricted deposit	—	369
	<hr/> <b>452,828</b> <hr/>	<hr/> 355,583 <hr/>

## **CONTINGENT LIABILITIES**

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

## **GENERAL DESCRIPTION OF THE GROUP'S INVESTMENT STRATEGIES**

With continued acceleration of the legalisation of industrial hemp in the overseas markets in recent years, cannabinoids, with CBD as their representative product, will have increasingly broad applications in the healthcare and consumer goods fields. In addition, standing at a critical point in the post-epidemic era when the fight against the COVID-19 epidemic has achieved a decisive victory alongside a recovering economy. The Group continues to be profoundly optimistic about the prosperous 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.

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.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

Saved as disclosed elsewhere in this announcement, there was no material acquisition or disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2022 and up to the date of this announcement.

## **MATERIAL LENDING TRANSACTIONS**

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

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

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

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

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

**(ii) Assessment and Approval Processes**

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

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

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

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

Last but not least, the Corporate Treasury Department would conduct regular reviews and carry out follow-up actions (on a monthly and continuing basis) in respect of overdue amounts to minimise the Group's exposure to credit risk and follow up closely with its customers as to the deadlines for payment of interest on the loans. Ageing analysis of the debtors is prepared on a monthly basis and is closely monitored to minimise any credit risk associated with these debtors. The Corporate Treasury Department will report the status of the loan portfolio to Ms. Zhou on a monthly basis, such that Ms. Zhou may closely monitor the loan portfolio to oversight the credit risk. Ms. Zhou would report to the Board and discuss actions to be taken in case of any abnormal situations.

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

## Major terms of loan receivables

Details of loans receivables are as follows:

Customers	Maturity date	Security pledged	Interest rate per annum	As at 31 December 2022	
				Carrying amount <i>HK\$'000</i>	% of total loan receivables
Borrower A	On or before 31 December 2022 ( <i>Note 1</i> )	Nil	12.5%	40,000	16.8%
Borrower B	On or before 31 December 2022 ( <i>Note 1</i> )	Nil	8.0%	45,228	18.9%
Borrower C	On or before 31 December 2022 ( <i>Note 1</i> )	Nil	6.0%	49,751	20.8%
Borrower D	On or before 31 December 2022 ( <i>Note 1</i> )	Nil	6.0%	33,921	14.2%
Borrower E	On or before 23 October 2023 ( <i>Note 2</i> )	Nil	3.0%	11,307	4.7%
Borrower F	On or before 26 December 2023 ( <i>Note 2</i> )	Nil	6.0%	58,796	24.6%
				239,003	100%

*Notes:*

1. The principals and interests of HK\$186,445,000 were subsequently received in full in or before February 2023.
2. The principals and interests are still within credit term and shall be received in full in the year of 2023.
3. 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 year ended 31 December 2022 (2021: Nil).

## **SIGNIFICANT INVESTMENTS HELD**

As at 31 December 2022, the investment portfolio of the Group amounted to HK\$168.8 million (2021: HK\$315.0 million) as recorded in the consolidated statement of financial position under various categories, including:

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

There was no single investment in the Group’s investment portfolio that was considered a significant investment, given that none of the investments has a carrying amount accounting for more than 5% of the Group’s audited total assets as at 31 December 2022.

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

Saved as disclosed in the section “Capital Commitments” above, there were no other plans authorised by the Board for material investments or additions of capital assets as at 31 December 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 year ended 31 December 2022. As at 31 December 2022 and 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 31 December 2022, the Group had approximately 97 employees (2021: 138 employees). Staff costs (including Directors' emoluments) charged to profit or loss amounted to HK\$18.9 million (2021: HK\$30.4 million) for the year ended 31 December 2022.

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 Directors). Apart from base salaries, other staff benefits included pension 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.

## **EVENTS AFTER THE REPORTING PERIOD**

The Directors are not aware of any event having a significant effect on the Group after the end of the Reporting Period and up to the date of this announcement.

## **FINAL DIVIDEND**

The Directors have resolved to recommend the payment of a final dividend of HK1.6 cents per share (2021: Nil).

Subject to the approval of shareholders at the forthcoming annual general meeting, the final dividend will be payable on Tuesday, 22 August 2023 to shareholders whose names appear on the register of members of the Company on Tuesday, 8 August 2023.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 20 June 2023 to Tuesday, 27 June 2023, both days inclusive. In order to determine the identity of members who are entitled to attend and vote at the annual general meeting to be held on Tuesday, 27 June 2023, completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 19 June 2023.

Subject to the approval of shareholders at the annual general meeting, the proposed final dividend will be payable to shareholders whose names appear on the register of members of the Company after the close of business at 4:30 p.m. on Tuesday, 8 August 2023 and the register of members of the Company will be closed from Monday, 7 August 2023 to Tuesday, 8 August 2023, both days inclusive, during which no transfer of shares of the Company will be registered. In order to be entitled to the proposed final dividend, completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Standard Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 4 August 2023.

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

During the year ended 31 December 2022, the Company repurchased a total of 86,646,000 shares on the Stock Exchange at an aggregate consideration (before expenses) of HK\$36,846,480. 85,854,000 shares repurchased by the Company 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:

<b>Month of repurchase</b>	<b>Total number of shares repurchased</b>	<b>Purchase price per share</b>		<b>Aggregate consideration (before expenses) HK\$</b>
		<b>Highest HK\$</b>	<b>Lowest HK\$</b>	
January	29,586,000	0.480	0.425	13,343,880
February	33,240,000	0.475	0.450	15,388,950
April	3,960,000	0.405	0.345	1,538,520
May	8,784,000	0.380	0.320	2,994,150
June	5,346,000	0.360	0.325	1,827,540
July	4,938,000	0.345	0.275	1,522,620
October	792,000	0.310	0.285	230,820
	86,646,000			36,846,480

Saved as disclosed above, during the year ended 31 December 2022, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Board considers that good corporate governance practices are crucial to the effective management of the Group. The Company is committed to transparency, accountability and independence highlighted by the principles of the code provisions in the Corporate Governance Code and Corporate Governance Report (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 2022, the Company had adopted the principles and complied with all the applicable code provisions of the CG Code as set out in Appendix 14 of the Listing Rules.

## **COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES**

The Company has adopted 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 2022, they have complied with the required standard set out in the Model Code.

## **REVIEW OF ACCOUNTS**

The Audit Committee has reviewed with the management of the Group the consolidated financial statements of the Group for the year ended 31 December 2022, including the accounting principles and practices adopted by the Group.

## **SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Group’s auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by ZHONGHUI ANDA CPA Limited 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 HKICPA, and consequently, no assurance has been expressed by ZHONGHUI ANDA CPA Limited on this announcement.

## **ANNUAL GENERAL MEETING**

Notice of the annual general meeting of the Company will be published and dispatched to the Company's shareholders in the manner required by the Listing Rules in due course.

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

This annual results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.meilleure.com.cn](http://www.meilleure.com.cn)). The annual report for the year ended 31 December 2022 containing all the information required by Appendix 16 of the Listing Rules will be dispatched to the shareholders of the Company and available on the same websites in due course.

## **DEFINITIONS**

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

“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
““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
“2022 Fiscal Balance”	2022 national fiscal revenue and expenditure for 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
“China”, “PRC” or “mainland China”	the People’s Republic of China and for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“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
“Corporate Treasury Department”	the corporate treasury department of the Group
“COVID-19”	2019 novel coronavirus (COVID-19) disease
“Director(s)”	the director(s) of the Company
“Executive Director(s)”	the executive director(s) of the Company
“FVTOCI”	fair value through other comprehensive income
“FVTPL”	fair value through profit or loss
“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
“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
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mei Ai Kang”	Beijing Mei Ai Kang Technology Co., Ltd.*(北京美艾康科技有限公司)
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
“R&D”	research and development
“Remuneration Committee”	the remuneration committee of the Company
“Reporting Period”	the year ended 31 December 2022
“RMB”	Chinese Yuan Renminbi, the lawful currency of the PRC
“sq.m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“USD”	United States dollars, the lawful currency of the United States of America
“Wingor Bio”	Shenzhen Wingor Biotechnology Co., Ltd.* (深圳市茵冠生物科技有限公司)
“%”	per cent

## **APPRECIATION**

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

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

Hong Kong, 30 March 2023

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

*\* For identification purposes only*