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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

RESULTS

The Board is pleased to announce the unaudited interim results of the Group for the six months ended 30 June 2024, together with the comparative figures for the six months ended 30 June 2023 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2024

		Six months ended 30 June	
		2024	2023
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	4	30,033	74,838
Cost of goods sold and service rendered		<u>(14,640)</u>	<u>(37,889)</u>
Gross profit		15,393	36,949
Fair value (losses)/gains on investment properties	10	(20,429)	122
Gain on partial disposals of investments at FVTPL		–	2,427
Other income and gains, net		32,599	6,671
Selling and distribution expenses		(4,800)	(5,333)
Administrative expenses		(11,089)	(10,244)
Reversal of impairment losses/(Impairment losses) of receivables, net		4,222	(882)
Finance costs	5	(6,151)	(5,790)
Share of losses of associates		(104)	(138)
Share of losses of joint ventures		<u>(1,616)</u>	<u>(2,636)</u>
Profit before tax		8,025	21,146
Income tax (credit)/expense	6	<u>205</u>	<u>(3,414)</u>
Profit for the period	7	<u>8,230</u>	<u>17,732</u>
Attributable to:			
Owners of the Company		8,465	18,160
Non-controlling interests		<u>(235)</u>	<u>(428)</u>
		<u>8,230</u>	<u>17,732</u>
Earnings per share	9		
Basic and diluted		<u>HK0.21 cents</u>	<u>HK0.44 cents</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Six months ended 30 June	
		2024	2023
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Profit for the period	7	<u>8,230</u>	<u>17,732</u>
Other comprehensive loss:			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value changes of equity investments at FVTOCI, net of tax		<u>(613)</u>	<u>(8,747)</u>
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations:			
— Subsidiaries		(25,353)	(43,133)
— Associates and joint ventures		<u>(1,383)</u>	<u>(2,942)</u>
		<u>(26,736)</u>	<u>(46,075)</u>
Other comprehensive loss for the period, net of tax		<u>(27,349)</u>	<u>(54,822)</u>
Total comprehensive loss for the period		<u><u>(19,119)</u></u>	<u><u>(37,090)</u></u>
Attributable to:			
Owners of the Company		(18,905)	(36,627)
Non-controlling interests		<u>(214)</u>	<u>(463)</u>
		<u><u>(19,119)</u></u>	<u><u>(37,090)</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		30 June 2024	31 December 2023
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment		3,257	3,894
Right-of-use assets		108	332
Investment properties	<i>10</i>	564,232	598,509
Goodwill		18,500	18,500
Investment in associates		5,845	5,706
Investment in a joint venture		51,089	53,449
Investments at FVTPL		45,067	28,099
Equity investments at FVTOCI		23,087	24,470
Derivative financial assets		857	877
Prepayments, deposits and other receivables	<i>12</i>	221,330	17,748
Deferred tax assets		31,471	26,845
		<hr/> 964,843	<hr/> 778,429
Current assets			
Inventories		3,351	4,354
Properties held for sale under development		260,752	262,485
Trade receivables	<i>11</i>	60,019	101,533
Prepayments, deposits and other receivables	<i>12</i>	357,496	432,026
Restricted bank deposit	<i>13</i>	11,826	12,073
Bank and cash balances		6,643	106,309
		<hr/> 700,087	<hr/> 918,780

		30 June 2024	31 December 2023
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Current liabilities			
Trade payables	14	10	20
Contract liabilities		16,940	10,158
Accruals and other payables		24,325	26,577
Dividend payable		16,375	—
Amounts due to related parties		7,898	12,245
Bank borrowings		161,288	159,298
Lease liabilities		148	450
Current tax liabilities		9,070	15,246
		<u>236,054</u>	<u>223,994</u>
Net current assets		<u>464,033</u>	<u>694,786</u>
Total assets less current liabilities		<u>1,428,876</u>	<u>1,473,215</u>
Non-current liabilities			
Accruals and other payables		225	229
Bank borrowings		128,655	137,315
Deferred tax liabilities		80,558	81,350
		<u>209,438</u>	<u>218,894</u>
NET ASSETS		<u>1,219,438</u>	<u>1,254,321</u>
Capital and reserves			
Share capital	15	40,938	40,938
Treasury shares		(335)	(335)
Reserves		1,178,883	1,213,552
		<u>1,219,486</u>	<u>1,254,155</u>
Equity attributable to owners of the Company		1,219,486	1,254,155
Non-controlling interests		(48)	166
TOTAL EQUITY		<u>1,219,438</u>	<u>1,254,321</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
NET CASH GENERATED FROM/(USED IN)		
OPERATING ACTIVITIES	109,286	(83,276)
Capital injected to an associate	(381)	–
Deferred considerations received in respect of disposal of investment properties held for sale in prior years	93	–
Deferred considerations received in respect of partial disposals of investment in an associate in prior years	435	3,978
Advances of loan to a related party	(230,051)	–
Advances of loans to third parties	(141,335)	(254,359)
Repayment of loan from a related party	12,611	–
Repayment of loans from third parties	146,771	177,017
Interest received	10,148	14,783
Dividend received from investments at FVTPL	458	994
Purchases of property, plant and equipment	(44)	(344)
Proceeds from partial disposals of investments at FVTPL	–	15,040
Purchases of investments at FVTPL	–	(188)
Increase in restricted deposit	–	(1,910)
Settlement of derivative contracts	–	20
NET CASH USED IN INVESTING ACTIVITIES	(201,295)	(44,969)
Proceeds from bank borrowings	12,503	–
Repayment of bank borrowings	(12,426)	(7,514)
Interest paid	(6,141)	(5,697)
Repayment of lease liabilities	(304)	(768)
Payment of shares cancellation	–	(1)
NET CASH USED IN FINANCING ACTIVITIES	(6,368)	(13,980)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(98,377)	(142,225)
Effect of foreign exchange rate changes	(1,289)	(3,519)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	106,309	210,987
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6,643	65,243
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	6,643	65,243

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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 renewable energy products, provision of real estate agency services, property investment and leasing, development of residential properties and provision of procurement services of renewable energy products.

2. BASIS OF PREPARATION

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

These interim condensed consolidated financial statements should be read in conjunction with the 2023 annual consolidated financial statements. The accounting policies and methods of computation used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2023.

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2024. HKFRSs comprise Hong Kong Financial Reporting Standards; HKASs; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's interim condensed consolidated financial statements and amounts reported for the current period and prior years.

4. REVENUE AND SEGMENT INFORMATION

The Group has four (six months ended 30 June 2023: four) 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 renewable energy products, provision of procurement services of renewable energy products 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; and
- (d) equity investment business – management of investment portfolio.

Segment revenues and results

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

For the six months ended 30 June 2024 (Unaudited)

	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>
Revenue from external customers	<u>11,480</u>	<u>10,327</u>	<u>8,226</u>	<u>–</u>	<u>30,033</u>
Segment profit/(loss)	<u>1,100</u>	<u>6,594</u>	<u>(16,022)</u>	<u>16,634</u>	<u>8,306</u>
Interest income					8,936
Provision for equity-settled share options expenses					(109)
Finance costs					(6,151)
Unallocated expenses					<u>(2,957)</u>
Profit before tax					<u>8,025</u>

For the six months ended 30 June 2023 (Unaudited)

	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>
Revenue from external customers	<u>19,751</u>	<u>43,323</u>	<u>11,764</u>	<u>–</u>	<u>74,838</u>
Segment profit/(loss)	<u>5,459</u>	<u>8,850</u>	<u>9,827</u>	<u>(1,640)</u>	<u>22,496</u>
Interest income					9,856
Reversal of equity-settled share options expenses, net					254
Finance costs					(5,790)
Unallocated expenses					<u>(5,670)</u>
Profit before tax					<u>21,146</u>

Segment assets and liabilities

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

Segment assets

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Healthcare-related business	35,392	63,250
Trading business	442,359	411,093
Property-related business	987,320	1,068,344
Equity investment business	165,674	120,902
	<hr/>	<hr/>
Total assets of reportable segments	1,630,745	1,663,589
Deferred tax assets	31,471	26,845
Unallocated corporate assets	2,714	6,775
	<hr/>	<hr/>
Consolidated total assets	<u>1,664,930</u>	<u>1,697,209</u>

Segment liabilities

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Healthcare-related business	35,547	32,465
Trading business	113,433	116,442
Property-related business	189,647	195,200
Equity investment business	4	—
	<hr/>	<hr/>
Total liabilities of reportable segments	338,631	344,107
Deferred tax liabilities	80,558	81,350
Current tax liabilities	9,070	15,246
Unallocated corporate liabilities	17,233	2,185
	<hr/>	<hr/>
Consolidated total liabilities	<u>445,492</u>	<u>442,888</u>

Revenue

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Sale of healthcare-related products	5,668	15,188
Healthcare management service income	1,933	1,226
Aesthetic medical service income	3,273	2,717
Sale of construction materials	8,718	33,087
Sale of renewable energy products	222	418
Procurement service income of renewable energy products	–	9,818
Healthcare-related products sale agency service income	1,387	–
Sale of CBD downstream products	606	620
Property sales and consultancy service income	–	1,470
	<u>21,807</u>	<u>64,544</u>
Revenue from contracts with customers	21,807	64,544
Rental income	8,226	10,294
	<u>30,033</u>	<u>74,838</u>
Total revenue	<u>30,033</u>	<u>74,838</u>

Disaggregation of revenue from contracts with customers

For the six months ended 30 June 2024 (Unaudited)

Segments	Healthcare-related business HK\$'000	Trading business HK\$'000	Total HK\$'000
Major products/services			
Sale of healthcare-related products	5,668	–	5,668
Aesthetic medical services	3,273	–	3,273
Healthcare management services	1,933	–	1,933
Sale of CBD downstream products	606	–	606
Sale of construction materials	–	8,718	8,718
Healthcare-related products sale agency services	–	1,387	1,387
Sale of renewable energy products	–	222	222
	<u>11,480</u>	<u>10,327</u>	<u>21,807</u>
Total	<u>11,480</u>	<u>10,327</u>	<u>21,807</u>
Geographical markets			
PRC	10,874	8,066	18,940
Others	606	2,261	2,867
	<u>11,480</u>	<u>10,327</u>	<u>21,807</u>
Total	<u>11,480</u>	<u>10,327</u>	<u>21,807</u>
Timing of revenue recognition			
At a point in time	9,547	10,327	19,874
Over time	1,933	–	1,933
	<u>11,480</u>	<u>10,327</u>	<u>21,807</u>
Total	<u>11,480</u>	<u>10,327</u>	<u>21,807</u>

For the six months ended 30 June 2023 (Unaudited)

Segments	Healthcare- related business <i>HK\$'000</i>	Trading business <i>HK\$'000</i>	Property- related business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Major products/services				
Sale of healthcare-related products	15,188	–	–	15,188
Aesthetic medical services	2,717	–	–	2,717
Healthcare management services	1,226	–	–	1,226
Sale of CBD downstream products	620	–	–	620
Sale of construction materials	–	33,087	–	33,087
Procurement service of renewable energy products	–	9,818	–	9,818
Sale of renewable energy products	–	418	–	418
Property sales and consultancy services	–	–	1,470	1,470
Total	<u>19,751</u>	<u>43,323</u>	<u>1,470</u>	<u>64,544</u>
Geographical markets				
PRC	19,131	37,857	1,470	58,458
Others	<u>620</u>	<u>5,466</u>	<u>–</u>	<u>6,086</u>
Total	<u>19,751</u>	<u>43,323</u>	<u>1,470</u>	<u>64,544</u>
Timing of revenue recognition				
At a point in time	18,525	43,323	1,470	63,318
Over time	<u>1,226</u>	<u>–</u>	<u>–</u>	<u>1,226</u>
Total	<u>19,751</u>	<u>43,323</u>	<u>1,470</u>	<u>64,544</u>

5. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on bank loans	6,141	5,697
Interest on lease liabilities	10	93
	<u>6,151</u>	<u>5,790</u>

6. INCOME TAX (CREDIT)/EXPENSE

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax expense		
– PRC Enterprise Income Tax	3,474	3,649
– Australia withholding tax on interest income	276	466
Deferred income tax credit	(3,955)	(701)
	<u>(205)</u>	<u>3,414</u>

7. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Reversal of impairment losses)/ impairment losses of receivables, net	(4,222)	882
Impairment losses of inventories	–	291
Gain on partial disposals of investments at FVTPL	–	(2,427)
Fair value (gains)/losses on investments at FVTPL	(17,835)	1,809
Fair value losses on derivative financial instruments	–	632
Net foreign exchange (gains)/ losses	(4,366)	1,753
Loss on written off of prepayment	–	261
Provision for/(reversal of) equity-settled share options expenses	109	(254)

8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

During the six months ended 30 June 2024, the shareholders of the Company had approved the final dividend for the financial year ended 31 December 2023 of HK0.4 cents per share. Such final dividend was recognised as a distribution of approximately HK\$16,375,000 which was paid on 20 August 2024.

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to owners of the Company used in the basic and diluted earnings per share calculation	<u>8,465</u>	<u>18,160</u>
	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares used in basic and diluted earnings per share calculation (<i>Note a</i>)	<u>4,092,562,636</u>	<u>4,109,387,935</u>

Note:

- (a) For the six months ended 30 June 2024 and 2023, as the average market share price of the Company's share was lower than the assumed exercise price including the fair value of any services to be supplied to the Group in the future under the 2019 Share Option Scheme, accordingly, there would be no dilutive impact.

10. INVESTMENT PROPERTIES

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Carrying amount		
As at 1 January 2024/1 January 2023	598,509	560,149
Additions	–	39,750
Disposals	–	(5,688)
Fair value (losses)/gains	(20,429)	20,086
Exchange differences	(13,848)	(15,788)
	<u>598,509</u>	<u>560,149</u>
Carrying amount		
As at 30 June 2024/31 December 2023	<u>564,232</u>	<u>598,509</u>

11. TRADE RECEIVABLES

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

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
0 to 30 days	8,713	25,945
31 to 90 days	35,419	24,456
Over 90 days	15,887	51,132
	<u>60,019</u>	<u>101,533</u>

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Loan receivables (<i>Note</i>)	408,272	203,556
Prepayments	134,465	224,582
Deposits for pre-sale of properties held for sale under development	10,528	4,009
Consideration receivables in relation to:		
– Partial disposals of investment in an associate	9,144	9,805
– Partial disposal of investment in a joint venture	6,174	6,267
Loan interest income receivables (<i>Note</i>)	6,187	5,713
Performance bond receivable	5,372	5,501
Other receivables	4,003	2,434
Other tax receivables	2,854	1,641
Deposits paid	51	183
	587,050	463,691
Provision for loss allowance	(8,224)	(13,917)
	578,826	449,774
Analysed as:		
Current assets	357,496	432,026
Non-current assets	221,330	17,748
	578,826	449,774

Note:

As at 30 June 2024, loan receivables with carrying amounts of HK\$214,880,000 are denominated in RMB, secured by a personal guarantee provided by Mr. Zhou Xuzhou and bear an interest rate at one-year LPR plus 3.05% per annum. The remaining loan receivables with carrying amounts of HK\$193,392,000 are denominated in RMB, unsecured and bear fixed interest rates ranging from 3% to 7% per annum. (31 December 2023: loan receivables with carrying amounts of HK\$203,556,000 are denominated in RMB, unsecured and bear fixed interest rates at 4% per annum). The entire amount of principals and interests shall be received in full in or before 2026.

13. RESTRICTED BANK DEPOSIT

The Group's restricted bank deposit amounted to HK\$11,826,000 as at 30 June 2024 (31 December 2023: HK\$12,073,000) represented a deposit placed with a bank to secure the bank borrowing of the Group in the relevant financial institution.

14. TRADE PAYABLES

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

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
0 to 90 days	6	16
Over 90 days	4	4
	10	20

15. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
As at 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	10,000,000,000	100,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
As at 1 January 2023	4,094,548,636	40,945
Cancellation of shares	(792,000)	(7)
As at 31 December 2023, 1 January 2024 and 30 June 2024	4,093,756,636	40,938

16. CAPITAL COMMITMENTS

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

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Contracted, but not provided for:		
Capital contribution to associates	10,261	10,893

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

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

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue	30,033	74,838
Gross profit	15,393	36,949
Gross profit margin (%)	51.3	49.4
Other income and gains, net	32,599	6,671
Total operating expenses (<i>Note</i>)	15,889	15,577
Finance costs	6,151	5,790
Profit before tax	8,025	21,146
Profit after tax	8,230	17,732
Profit attributable to owners of the Company	8,465	18,160

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

Revenue

Revenue for the six months ended 30 June 2024 was HK\$30.0 million (six months ended 30 June 2023: HK\$74.8 million), mainly generated by (i) healthcare-related business; (ii) trading business; and (iii) property-related business.

Revenue decreased by approximately 59.9% from approximately HK\$74.8 million for the six months ended 30 June 2023 to approximately HK\$30.0 million for the six months ended 30 June 2024. The decrease in revenue of approximately HK\$44.8 million was mainly due to (i) a decrease in sale of construction materials of approximately HK\$24.4 million and sale of healthcare-related products of approximately HK\$9.5 million respectively as a result of adverse market condition; and (ii) a decrease in procurement service income of renewable energy products of approximately HK\$9.8 million, as a result of a decrease in international trade sales.

Gross Profit and Gross Profit Margin

The Group's gross profit for the six months ended 30 June 2024 was approximately HK\$15.4 million (six months ended 30 June 2023: HK\$36.9 million), representing a decrease of approximately 58.3% as compared to that for the six months ended 30 June 2023. The gross profit margin for the six months ended 30 June 2024 increased to approximately 51.3% from approximately 49.4% for the six months ended 30 June 2023.

The decrease in gross profit of approximately HK\$21.5 million was mainly due to (i) a decrease in gross profit of the trading business of HK\$11.5 million, mainly resulting from a decrease in international trade sales; (ii) a decrease in gross profit of the healthcare-related business of HK\$7.2 million, mainly resulting from a decrease in the sale of healthcare-related products; and (iii) a decrease in gross profit of the property-related business of HK\$2.8 million, mainly resulting from a decrease in rental income.

On the other hand, the increase in gross profit margin was mainly due to a decrease in the proportion of the revenue derived from the trading business to the Group's total revenue for the six months ended 30 June 2024 as compared to that for the six months ended 30 June 2023, as the trading business has a lower gross profit margin as compared to that of other business segments of the Group.

Other Income and Gains, Net

Other income and gains, net for the six months ended 30 June 2024 was approximately HK\$32.6 million (six months ended 30 June 2023: HK\$6.7 million), representing an increase of approximately HK\$25.9 million or approximately 386.6% as compared to that for the six months ended 30 June 2023. Such increase was mainly due to (i) a favourable financial impact arising from fair value changes on investments at FVTPL as a result of the increase in revenue from and profit of equity-invested entities, which changed from a fair value loss of approximately HK\$1.8 million for the six months ended 30 June 2023 to a fair value gain of approximately HK\$17.8 million for the six months ended 30 June 2024; and (ii) a positive financial impact arising from foreign exchange rate changes, which changed from an exchange loss of approximately HK\$1.8 million for the six months ended 30 June 2023 to an exchange gain of approximately HK\$4.4 million for the six months ended 30 June 2024.

Total Operating Expenses

Total operating expenses for the six months ended 30 June 2024 were approximately HK\$15.9 million (six months ended 30 June 2023: HK\$15.6 million), representing an increase of approximately HK\$0.3 million or approximately 1.9% as compared to that for the six months ended 30 June 2023. Such increase was mainly due to the increases in commission expenses for the pre-sale of residential property development project in Australia and rental expenses of approximately HK\$2.1 million. Such increase was partially offset by a decrease in marketing and promotion expenses of approximately HK\$1.8 million.

Finance Costs

Finance costs for the six months ended 30 June 2024 were approximately HK\$6.2 million (six months ended 30 June 2023: HK\$5.8 million), representing an increase of approximately HK\$0.4 million or approximately 6.9% as compared to that for the six months ended 30 June 2023. Such increase was mainly due to an increase in interest on bank loans of approximately HK\$0.5 million, primarily resulting from an increase in the average balance in bank borrowings during the six months ended 30 June 2024 as compared to that for the six months ended 30 June 2023.

Profit After Tax

Profit after tax for the six months ended 30 June 2024 was approximately HK\$8.2 million (six months ended 30 June 2023: HK\$17.7 million), representing a decrease of approximately HK\$9.5 million or approximately 53.7% as compared to that for the six months ended 30 June 2023. Such decrease was mainly due to:

- (i) an unfavourable financial impact arising from fair value changes on investment properties, which changed from a fair value gain of approximately HK\$0.1 million for the six months ended 30 June 2023 to a fair value loss of approximately HK\$20.4 million for the six months ended 30 June 2024; and
- (ii) the decrease in gross profit in the trading business and healthcare-related business of HK\$11.5 million and HK\$7.2 million, respectively.

Such decrease was partially offset by (i) a favourable financial impact arising from fair value changes on investments at FVTPL as a result of the increase in revenue from and profit of equity-invested entities, which changed from a fair value loss of approximately HK\$1.8 million for the six months ended 30 June 2023 to a fair value gain of approximately HK\$17.8 million for the six months ended 30 June 2024; (ii) a favorable financial impact arising from the movements of loss allowance for trade and other receivables, which changed from an impairment loss of approximately HK\$0.9 million for the six months ended 30 June 2023 to a reversal of impairment loss of approximately HK\$4.2 million for the six months ended 30 June 2024; and (iii) a decrease in income tax expense of approximately HK\$3.6 million resulting from a decrease in profit before tax and an increase in deferred tax credit.

BUSINESS REVIEW

Healthcare-related Business

The healthcare-related business comprises the sale of healthcare-related products and CBD downstream products and the provision of aesthetic medical services and healthcare management services. The revenue derived from the healthcare-related business for the six months ended 30 June 2024 was approximately HK\$11.5 million, representing a decrease of approximately 41.6% as compared to approximately HK\$19.7 million for the six months ended 30 June 2023. The profit derived from this segment for the six months ended 30 June 2024 was approximately HK\$1.1 million, representing a decrease of approximately 80.0% as compared to approximately HK\$5.5 million for the six months ended 30 June 2023. Such decrease was mainly due to a decrease in gross profit of approximately HK\$7.2 million, primarily resulting from a decrease in the sales order of healthcare-related products, which was partially offset by a decrease in operating expenses of approximately HK\$2.3 million, resulting from effective expenses control in this segment during the six months ended 30 June 2024.

Trading Business

The trading business comprises the sale of construction materials and renewable energy products, healthcare-related products sale agency services and the provision of procurement services of renewable energy products. The revenue derived from the trading business for the six months ended 30 June 2024 was approximately HK\$10.3 million, representing a decrease of approximately 76.2% as compared to approximately HK\$43.3 million for the six months ended 30 June 2023. The profit derived from this segment for the six months ended 30 June 2024 was approximately HK\$6.6 million, representing a decrease of approximately 25% as compared to approximately HK\$8.8 million for the six months ended 30 June 2023, which was mainly due to a decrease in gross profit of approximately HK\$11.5 million, mainly resulting from a decrease in international trade sales. Such decrease was partially offset by (i) a favourable financial impact arising from the movements of loss allowance for trade and other receivables, which changed from an impairment loss of approximately HK\$0.7 million for the six months ended 30 June 2023 to a reversal of impairment loss of approximately HK\$4.5 million for the six months ended 30 June 2024; and (ii) an increase in other income and gains, net of approximately HK\$3.8 million, primarily resulting from an increase in exchange gain during the six months ended 30 June 2024.

Property-related Business

The revenue derived from the property-related business for the six months ended 30 June 2024 was approximately HK\$8.2 million, representing a decrease of approximately 30.5% as compared to approximately HK\$11.8 million for the six months ended 30 June 2023. The result for this segment changed from a profit of approximately HK\$9.8 million for the six months ended 30 June 2023 to a loss of approximately HK\$16.0 million for the six months ended 30 June 2024. The change was mainly due to (i) an unfavourable financial impact arising from fair value changes on investment properties, which changed from a fair value gain of approximately HK\$0.1 million for the six months ended 30 June 2023 to a fair value loss of approximately HK\$20.4 million for the six months ended 30 June 2024; and (ii) a decrease in rental income of approximately HK\$2.1 million.

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

During the six months ended 30 June 2024, the project was still in the progress. Up to the date of this announcement, the project's civil works have already been completed. The pre-sale of the project has commenced in November 2022, which will rapidly realise the value of the land reserve, deliver business growth for the Group and boost brand value.

Equity Investment Business

The result for this segment changed from a loss of approximately HK\$1.6 million for the six months ended 30 June 2023 to a profit of approximately HK\$16.6 million for the six months ended 30 June 2024. Such change was mainly due to a favourable financial impact arising from fair value changes on investments at FVTPL as a result of the increase in revenue from and profit of equity-invested entities, which changed from a fair value loss of approximately HK\$1.8 million for the six months ended 30 June 2023 to a fair value gain of approximately HK\$17.8 million for the six months ended 30 June 2024. Such increase was partially offset by the absence of the gain on partial disposals of investments at FVTPL of approximately HK\$2.4 million.

REVIEW OF FINANCIAL POSITION

	As at	
	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
NON-CURRENT ASSETS		
Investment properties	564,232	598,509
Investment in a joint venture	51,089	53,449
Investments at FVTPL	45,067	28,099
Equity investments at FVTOCI	23,087	24,470
Goodwill	18,500	18,500
Investment in associates	5,845	5,706
Prepayments, deposits and other receivables	221,330	17,748
Others	35,693	31,948
Total Non-current Assets	964,843	778,429
CURRENT ASSETS		
Prepayments, deposits and other receivables	357,496	432,026
Properties held for sale under development	260,752	262,485
Bank and cash balances	6,643	106,309
Trade receivables	60,019	101,533
Restricted bank deposit	11,826	12,073
Others	3,351	4,354
Total Current Assets	700,087	918,780
Total Assets	1,664,930	1,697,209
LIABILITIES		
Bank borrowings	289,943	296,613
Deferred tax liabilities	80,558	81,350
Dividend payable	16,375	—
Accruals and other payables	24,550	26,806
Amounts due to related parties	7,898	12,245
Contract liabilities	16,940	10,158
Current tax liabilities	9,070	15,246
Others	158	470
Total Liabilities	445,492	442,888
Net Assets	1,219,438	1,254,321

Non-current assets of the Group as at 30 June 2024 were approximately HK\$964.8 million (31 December 2023: HK\$778.4 million), representing an increase of approximately HK\$186.4 million, which was mainly due to (i) an increase in prepayments, deposits and other receivables of approximately HK\$203.6 million; and (ii) an increase in investments at FVTPL of approximately HK\$17.0 million. Such increase was partially offset by a decrease in investment properties of approximately HK\$34.3 million. Current assets were approximately HK\$700.1 million (31 December 2023: HK\$918.8 million), representing a decrease of approximately HK\$218.7 million, which was mainly due to a decrease in bank and cash balances of approximately HK\$99.7 million; (ii) a decrease in prepayments, deposits and other receivables of approximately HK\$74.5 million; and (iii) a decrease in trade receivables of approximately HK\$41.5 million.

As at 30 June 2024, the Group's total liabilities were approximately HK\$445.5 million (31 December 2023: HK\$442.9 million), representing an increase of approximately HK\$2.6 million, which was mainly due to (i) an increase in dividend payable of approximately HK\$16.4 million; and (ii) an increase in contract liabilities of approximately HK\$6.8 million. Such increase was partially offset by (i) a decrease in bank borrowings of approximately HK\$6.7 million; (ii) a decrease in current tax liabilities of approximately HK\$6.1 million; (iii) a decrease in amounts due to related parties of approximately HK\$4.3 million; (iv) a decrease in accruals and other payables of approximately HK\$2.2 million; and (v) a decrease in deferred tax liabilities of approximately HK\$0.9 million.

NET ASSET VALUE

As at 30 June 2024, the Group's total net assets amounted to approximately HK\$1,219.4 million (31 December 2023: HK\$1,254.3 million), representing a decrease of approximately HK\$34.9 million, mainly due to (i) exchange losses arising from the translation of foreign operations of HK\$26.7 million; and (ii) dividend recognised as a distribution of approximately HK\$16.4 million. Such decrease was partially offset by the profit for the six months ended 30 June 2024 of approximately HK\$8.2 million.

LIQUIDITY AND FINANCIAL RESOURCES

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from/(used in) operating activities	109,286	(83,276)
Net cash used in investing activities	(201,295)	(44,969)
Net cash used in financing activities	(6,368)	(13,980)
Net decrease in cash and cash equivalents	(98,377)	(142,225)
Effect of foreign exchange rate changes	(1,289)	(3,519)
Cash and cash equivalents at beginning of period	106,309	210,987
Cash and cash equivalents at end of period	6,643	65,243

As at 30 June 2024, the total cash and cash equivalents of the Group were approximately HK\$6.6 million (31 December 2023: HK\$106.3 million), of which approximately 44.4% was denominated in RMB, 31.4% was in HKD, 11.5% was in EUR, 5.6% was in USD, 4.4% was in AUD, and 2.7% was in CHF (31 December 2023: 91.8% was denominated in RMB, 5.6% was in HKD, 1.3% was in EUR, 1.0% was in USD, 0.2% was in CHF and 0.1% was in AUD).

Net cash generated from operating activities for the six months ended 30 June 2024 was approximately HK\$109.3 million, mainly contributed to the net cash generated from the Group's daily operation during the six months ended 30 June 2024.

Net cash used in investing activities was approximately HK\$201.3 million, which was mainly attributable to (i) the long-term interest bearing revolving loan advanced to a related party of approximately HK\$230.1 million; and (ii) the short-term interest bearing loans advanced to certain independent third parties of approximately HK\$141.3 million, which were partially offset by (i) the receipt of repayment of short-term interest-bearing loans advanced to certain independent third parties of approximately HK\$146.8 million; (ii) the receipt of repayment of long-term interest-bearing revolving loan advanced to a related party of approximately HK\$12.6 million; and (iii) receipt of loan interest of approximately HK\$10.1 million.

Net cash used in financing activities was approximately HK\$6.4 million, which mainly represented a net amount of (i) proceeds received from new bank borrowings of approximately HK\$12.5 million; (ii) repayment of bank borrowings of approximately HK\$12.4 million; and (iii) payment of loan interest of approximately HK\$6.1 million.

As at 30 June 2024, the total bank borrowings of the Group were approximately HK\$289.9 million (31 December 2023: HK\$296.6 million), which were mainly used as the working capital of the Group. The Group has no unutilised banking facilities as at 30 June 2024 and 31 December 2023.

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

	As at	
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Floating rate RMB bank loan	80,580	90,224
Floating rate AUD bank loan	73,913	75,453
Fixed rate RMB bank loan	135,450	130,936
	289,943	296,613

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

	As at	
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Within 1 year	161,288	159,298
Between 1 year and 2 years	29,921	30,175
Between 2 years and 5 years	70,934	76,495
Over 5 years	27,800	30,645
	289,943	296,613

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

CAPITAL STRUCTURE OF THE GROUP

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

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the six months ended 30 June 2024. 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 risks of the Group, 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.

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, amounts due to related parties and dividend payable), less bank and cash balances and restricted bank deposit) over the sum of equity attributable to owners of the Company and net debt, was approximately 21.7% as at 30 June 2024 (31 December 2023: 15.3%).

As at 30 June 2024, the Group had net debt of approximately HK\$337.2 million (31 December 2023: HK\$227.4 million), while the equity attributable to owners of the Company amounted to approximately HK\$1,219.5 million (31 December 2023: HK\$1,254.2 million).

CAPITAL EXPENDITURE

During the six months ended 30 June 2024, the capital expenditure on purchasing property, plant and equipment amounted to approximately HK\$0.04 million (six months ended 30 June 2023: HK\$0.3 million).

CAPITAL COMMITMENTS

As at 30 June 2024, the Group had capital commitments of approximately HK\$10.3 million (31 December 2023: HK\$10.9 million) in respect of capital contribution payable to associates (31 December 2023: capital contribution payables to associates), which are contracted but not provided for in the interim condensed consolidated financial statements.

CHARGES ON GROUP ASSETS

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

	As at	
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Investment properties	418,074	441,079
Properties held for sale under development	197,062	201,169
Restricted bank deposit	11,826	12,073
	626,962	654,321

CONTINGENT LIABILITIES

As at 30 June 2024 and 31 December 2023, the Group did not have any significant contingent liabilities.

GENERAL DESCRIPTION OF THE GROUP'S INVESTMENT STRATEGIES

The Group continues to believe in the substantial potential of the healthcare industry. The Group adheres to the corporate vision of “using technology and expertise to serve more people’s health and beauty needs”. Therefore, the Group manages its investment portfolio with a primary objective to capture market opportunities in the healthcare industry.

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

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed elsewhere in this announcement, there was no material acquisition or disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2024.

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 and a long-term interest-bearing revolving facility to its customers and a related party.

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

(i) Due Diligence and 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, ultimate beneficial owners' and 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, ultimate beneficial owners, 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 financing cost of the Group and the prevailing market interest rates, etc). The financial controller of the Group would review the relevant assessment reports and loan terms, and then report to Ms. Zhou Wen Chuan, our Chief Executive Officer and Executive Director. Ms. Zhou Wen Chuan will be responsible for the approval of loans in relatively small amounts.

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

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

(iii) Post-loan Monitoring and Loan Recovery

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

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

Major terms of loan receivables

Details of outstanding loan receivables as at 30 June 2024 are as follows:

Customers	Maturity date	Security pledged	Interest rate per annum	As at 30 June 2024	
				Carrying amount HK\$'000	% of total loan receivables
U-light Energy	On or before 31 December 2026 (Note 1)	Nil	One-year LPR plus 3.05%	214,880	52.6%
Other Borrowers (Note 2)					
Borrower A	On or before 10 July 2024	Nil	4.5%	21,488	5.3%
Borrower B	On or before 10 January 2025	Nil	3.0%	10,744	2.6%
Borrower C	On or before 3 January 2025	Nil	4.0%	32,232	7.9%
Borrower D	On or before 10 July 2024	Nil	4.5%	42,976	10.5%
Borrower E	On or before 25 October 2024	Nil	4.0%	53,720	13.2%
Borrower F	On or before 17 June 2025	Nil	7.0%	32,232	7.9%
				<u>193,392</u>	<u>47.4%</u>
				<u>408,272</u>	<u>100%</u>

Notes:

- On 27 November 2023, the Company and U-light Energy entered into the Facility Agreement, pursuant to which the Company agreed, by itself or through its designated lending subsidiary(ies), to grant to U-light Energy a revolving loan facility up to a maximum of RMB200,000,000 at an interest rate of one-year LPR plus 3.05% per annum for the Drawdown Period. On the same date, Mr. Zhou Xuzhou (as guarantor) executed a deed of guarantee to provide the personal guarantee in favour of the Company to secure U-light Energy's repayment obligations under the Facility Agreement. The transaction has been approved by the shareholders of the Company at the SGM on 31 January 2024. Further details are set out in the announcement of the Company dated 27 November 2023 and the circular of the Company dated 17 January 2024.
- As at 30 June 2024, the total outstanding loan receivables was HK\$193,392,000 from 6 borrowers. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the 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 did not recorded any impairment loss and no write-off for loan receivables for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

SIGNIFICANT INVESTMENTS HELD

As at 30 June 2024, the investment portfolio of the Group amounted to approximately HK\$125.9 million (31 December 2023: HK\$112.6 million) as recorded in the interim condensed consolidated statement of financial position under various categories, including:

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

There was no single investment in the Group's investment portfolio that was considered as a significant investment, given that none of the single investments alone had a carrying amount accounting for more than 5% of the Group's total assets as at 30 June 2024.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the section headed "Capital Commitments" above, there were no other plans authorised by the Board for material investments or additions of capital assets as at 30 June 2024.

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

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGE

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

The Group did not enter into any foreign currency forward contract during the six months ended 30 June 2024. As at 30 June 2024 and 31 December 2023, the Group did not have any unrealised gain or loss in respect of the foreign currency forward contracts.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group had a total of 52 employees (31 December 2023: 57 employees).

The Group's remuneration policies are in line with prevailing market practices and formulated on the basis of the performance and experience of individual employees (including the Directors). Apart from base salaries, other staff benefits include 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 the 2019 Share Option Scheme pursuant to which eligible participants may be granted options to subscribe for the shares of the Company.

The Company believes that the ability to recruit and retain experienced and skilled labor is crucial to the Group's growth and development. The Group provides training to its new employees to familiarize them with the working environment and work culture. The Group also provides on-the-job training to the employees, which aims at developing their skills so as to meet the strategic goals and customer requirements. In addition to providing the Group's staff with the opportunities to receive on-the-job trainings, the Group strives to create a harmonious and collegiate working and living environment for the staff.

RECENT DEVELOPMENT

The health industry is one of the most dynamic and promising industries, and it is also a hotspot for global industrial competition in the future. It is not only related to the physical and mental health of the people, the happiness of millions of families, but also an important part of the national strategic emerging industries, which is related to the future of the nation. The PRC government has always placed great importance on the development of the healthcare industry. Since the 18th National Congress of the Communist Party of China, a unique health policy system with Chinese characteristics has gradually been established. In 2015, 'Healthy China' was included in the Government Work Report for the first time. In October 2016, the Healthy China 2030 was released, providing a top-level design and comprehensive layout for the construction of healthy China. The Opinions on Implementing the Healthy China Action and the Healthy China Action (2019-2030) were successively issued in 2019, making the path and tasks for building a healthy China clearer. In 2022, the report of the 20th National Congress of the Communist Party emphasised advancing the construction of healthy China and put forward specific requirements for several key areas. At the National People's Congress and the National Committee of the Chinese People's Political Consultative Conference in March 2024, the Government Work Report outlined the top-level planning for the tasks in the big health sector for the new year. With the continuous implementation of new policies, the health industry is forming a huge blue ocean market that will exceed RMB16 trillion by 2030.

In recent years, changes in the economic situation and population structure have posed new demands on the health industry, while also bringing more opportunities. On one hand, China has a large ageing population. By the end of 2023, the population aged 60 or above in China exceeded 290 million. China has entered a moderately ageing society, and the increasing number of aged population has brought huge downstream demand for the healthcare industry. On the other hand, with the improvement in quality of life and changes in health awareness of residents, consumers' demands for a high-quality healthy lifestyle have become more prominent. Health, nutrition, and convenience have become hot topics of the public. Driven by multiple favourable factors, the healthcare industry is making great strides towards high-quality development.

Since the beginning of this year, the momentum of global economic growth has been insufficient, regional conflicts have frequently occurred, and China's economy is moving forward under pressure. Despite the complex and challenging external environment, the fundamental trend of long-term economic improvement in China has not changed. Against the backdrop of a slowdown in consumption growth, the Group is still actively seeking for new opportunities and breakthroughs, and believes that the health sector has a long-term potential and remains committed to being a long-termist. During the Reporting Period, the Group had continuously consolidated and enhanced its foundation to promote the development of cell therapy and health management businesses through a combination of production and investment. Meanwhile, leveraging its extensive experience accumulated over years in the field of skin health management, the Group continued to optimise the product and business model by integrating skincare products with efficacy and cosmetic medicine for skin health management.

OVERVIEW OF OPERATIONS

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

Cell therapy is one of the most promising fields in the health industry. "Cell therapy and clinical translation" is a major topic in the development of health security in "14th Five-Year Plan" of China. In 2024, the PRC government at various levels are still continuously introducing new policies to support the cell industry and promote the development of cell therapy, creating a favourable policy environment. On 18 January 2024, seven government departments including the Ministry of Industry and Information Technology, Ministry of Education and Ministry of Science and Technology jointly issued the Implementation Opinions on Promoting the Innovative Development of Future Industries, mentioning the acceleration of the industrialisation of frontier technologies such as cell and gene technology. The National Development and Reform Commission, together with relevant departments, jointly revised and implemented the Industrial Structure Adjustment Guidance Catalogue (2024 Edition) with effect from 1 February 2024, in which cell culture and cell therapy drugs are listed in the encouraged industry catalogue. On 28 February 2024, the Guangdong Provincial Department of Science and Technology, the Guangdong Provincial Development and Reform Commission, and the

Guangdong Provincial Department of Industry and Information Technology issued the Action Plan for Guangdong Province to Cultivate Future Life and Health Industry Clusters, proposing to focus on key projects in 5 major areas, including gene technology and cell therapy. During the National People's Congress and the Chinese People's Political Consultative Conference in March 2024, stem cells became an important topic. Several members put forward various suggestions for the development of the stem cell industry, including strengthening policy support, promoting international cooperation, and nurturing professional talent. In July 2024, the website of the General Office of the Shenzhen Municipal People's Government released the Notice on Issuing the Implementation Measures for Further Increasing the Attraction and Utilisation of Foreign Investment by the Shenzhen Municipal People's Government, encouraging foreign-invested enterprises to legally conduct overseas-launched cell and gene therapy drug clinical trials in Shenzhen.

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

As the leading enterprise in Shenzhen's local cell treatment industry, Wingor Bio has powerful R&D innovation strength and leading professional technology in the industry after engagement in the cell therapy industry. It was accredited with the honour of "National High-Tech Enterprise", "Science and Technology based Small and Medium-Sized Enterprise" in China and "Professional, Specialised and New Small and Medium-sized Enterprise in Shenzhen". During the Reporting Period, in terms of R&D, Wingor Bio achieved significant breakthroughs in the Investigational New Drug (IND) application for new stem cell drugs, with the clinical trial applications for four cell drugs accepted by the National Medical Products Administration, including two cell drugs that received approval for clinical trials. During the Reporting Period, in terms of technology, Wingor Bio's patents for blood preservation solution and its preparation method and application, preparation method of human umbilical cord mesenchymal stem cells, preparation method and application of mesenchymal stem cells, a dental pulp mesenchymal stem cell culture method, and a monitoring method and system for AI-assisted automated equipment have been authorised by the National Intellectual Property Administration. In addition, Wingor Bio's "Drug Conjugate Delivery Platform Construction Project Based on Extracellular Vesicles" has received support from Shenzhen's strategic emerging industries. In terms of the formulation of enterprise-related policies, Wingor Bio, as a participating unit, made a positive contribution to the formulation of the "Regulations for the Preparation and Inspection of Human Mesenchymal Stem Cell Exosomes", which was approved for publication in February 2024 and came into effect on 6 March 2024. In addition, Wingor Bio has also carried out clinical collaborations with several medical institutions, including the Affiliated Hospital of Guilin Medical University, Zhongda Hospital Southeast University and Shenzhen University General Hospital, to accelerate the translation of scientific and technological findings into clinical applications.

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

In terms of downstream products and services as well as high-end health management, the Shenzhen clinic and Nanjing clinic of the Group provide international high-end health management services based on the theory of functional medicine. They have an experienced professional team and a group of loyal users. During the Reporting Period, the clinics operated steadily while continuously optimising management systems, improving service quality, and expanding the new customer base.

With the continuous introduction of relevant policies and regulations for the cell industry in China, and the gradual increase in cell and gene therapy clinical research conducted domestically over years, the demand for the industrialisation and clinical application of related products is also getting higher and higher. Although the development model and regulatory policies of the industry are not entirely clear, the huge potential of the cell industry in the field of disease treatment is undeniable, and there is considerable room for market demand to be unleashed. The Group will continue to deepen its planning in the field of cell therapy research and development and its application, and explore the commercialisation path of cell therapy products, so as to realise the coordinated development between the health management business and other segments.

Healthcare-related Business Segment — Skin Health Management Business

In recent years, people's higher pursuit of beauty has ushered a beauty era, triggering various related emerging consumption scenarios. With its low cost, obvious effects, and short recovery period, light aesthetic medicine fully meets the beauty demands of modern people. While rapidly penetrating the market, it also brings users high-quality service and experience. With that in mind, based on its advantages in product R&D, medical care team, operation management, brand and channel for skin health management, the Group has launched a brand of "Jixiaojian" (肌小简), a highlighted brand combining medical aesthetics and skincare in the second half of 2021.

Adhering to the philosophy of “Extremely Professional, Ultra Effective and Zero Routines”, and pioneering the integration of the two fields: aesthetic medicine and effective skincare, Jixiaojian uses skincare technology innovation as its guiding principle, to create a new concept of smart skin care. With complementary integration of aesthetic medicine projects and products, Jixiaojian combined the “treatment” of cosmetic medicine and “prevention” of skincare products, and launched the combination of “60% light aesthetic medicine + 40% effective streamlined and effective skincare”, providing a more cost-effective and streamlined integrated skincare solution for users. Meanwhile, the Group has established close cooperations with DSM and Ashland, being internationally renowned raw material companies, and successfully launched multiple product lines under the brand of Jixiaojian — photoelectric repair series, skin repair series, revitalising series and more. Products under the brand of Jixiaojian are available for sale on WOW COLOUR, the offline trendy makeup collection store, with simultaneous launches on 120 stores nationwide. At the same time, they are also featured in BeauCare Clinics (聯合麗格), a well-known offline chain medical aesthetics group. Jixiaojian has established online cooperation with some of the top broadcasters on Taobao, Douyin and Xiaohongshu.

The flagship store of our light medical beauty brand “Jixiaojian” has been operating for years. Based on the photoelectric repair series from Jixiaojian, “Jixiaojian × Super Photon”, the exclusive project launched by the flagship store, provides an integrated skincare solution for the whole process of super photon aesthetic medical beauty project before, during and after surgery, which was widely recognised and recommended by customers. In terms of aesthetic medical devices, the Group has established a strategic cooperation relationship with Lumenis, a world-renowned laser beauty leader, and has become its clinical demonstration base. Furthermore, the Group has cooperated with Bandao (半島), a prominent brand in medical equipment, to create the Bandao Soothing Treatment Device Special Project (半島舒敏治療儀特色項目) called “Light Medical Beauty Golder Partner (輕醫美黃金搭檔)”. In terms of R&D, the Group has established a close cooperation with Shenzhen Xuanjia (深圳萱嘉), a laboratory equipped with CNAS testing standards, to establish a supramolecular laboratory for the development of skincare product lines with supramolecular technology as the core. The Group has also successfully partnered with the world’s largest producer of recombinant collagen, Jland Biotech, to establish a strategic partnership in the field of recombinant collagen.

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

Overseas Business

The Group proactively implemented its international business strategies and established a localised management team to expand overseas business. In terms of the European 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 been launched under a number of series such as soothing, sleep aid and easing 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 launched a new product series, introduced new strategic partners, and leveraged the market influence and expertise of multiple distributors to push products into new national markets, reaching more potential customer groups. Relying on the local European team and the existing mature sales network, the Group believes that these strategic initiatives can maximise the advantages of the Swiss brand, helping the brand achieve sustained success in an ever-changing market environment.

For the business in Australia, the boutique townhouse project located in Yarrabend, Australia was developed and wholly-owned by the Group, in collaboration with Burbank, a renowned construction company in Australia, and Rothelowman, a renowned design firm. It is located on the banks of the Yarra River in Melbourne with mature commercial facilities and convenient transportation. Since its initial launch in 2022, sales work and subsequent construction have been progressing steadily.

As at the end of the Reporting Period, the Group's overseas business had been growing steadily. The Group will continue to strengthen its international business strategies, accelerate the expansion of its international business, deepen its brand building, and focus on channel expansion, so as to expand and optimise its overseas business, bringing sustained internal vitality to the Company's growth.

PROSPECTS

In the first half of 2024, the government intensified macroeconomic regulation, consolidated and enhanced the positive trend of the economic recovery. Looking ahead to the second half, the favourable conditions supporting high-quality development are continuously accumulating, and the recovery trend is expected to continue. In terms of assets, as at 30 June 2024, the Group had net current assets of approximately HK\$464.0 million. On the business front, the Group continued to focus on the health and medical field, continuously optimising skin health management products and their business models, while actively expanding sales channels, strengthening cooperation, and consolidating its business foundation. The Group's overseas business scale is also steadily expanding, distribution channels are widening, and brand building is advancing. The improving economic environment, the long-term accumulation of resources such as talents, brands, and channels, the strengthening of internal management, and the determination to embrace changes are the foundation for the Group to overcome cycles and achieve steady growth. The Group remains confident and optimistic about its future business development.

OTHER INFORMATION

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

There were no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the six months ended 30 June 2024.

CORPORATE GOVERNANCE

The Company has adopted the principles and complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules during the six months ended 30 June 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding directors' securities transactions. After specific enquiries made by the Company, all the Directors have confirmed that, during the six months ended 30 June 2024, they have complied with the required standard set out in the Model Code.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Save as elsewhere disclosed in this announcement, there were no important events affecting the Group after 30 June 2024, being the end of the Reporting Period, and up to the date of this announcement.

REVIEW OF UNAUDITED INTERIM FINANCIAL INFORMATION

The Audit Committee has reviewed with the management of the Group the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters, including the review of the unaudited interim financial information for the six months ended 30 June 2024.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

DEFINITIONS

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

“14 th Five-Year Plan”	the Outline of the 14 th Five-Year Plan for the National Economic and Social Development of the PRC and the Long-Range Objectives Through the Year 2035
“2019 Share Option Scheme”	the share option scheme adopted by the Company on 20 June 2019 and became effective on 28 June 2019
“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” or “PRC”	the People’s Republic of China and for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Company”	Meilleure Health International Industry Group Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
“Corporate Treasury Department”	the corporate treasury department of the Group
“COVID-19”	2019 novel coronavirus (COVID-19) disease
“Director(s)”	the director(s) of the Company
“Drawdown Period”	the period commencing on 1 January 2024 (or a later date subject to the fulfilment of the conditions precedent as stipulated in the Facility Agreement) and ending on but excluding the earlier of (i) 31 December 2026; and (ii) the date on which the Revolving Facility is terminated upon the occurrence of an Event of Default under the provisions of the Facility Agreement
“EUR”	Euro, the lawful currency of 20 European countries
“Event(s) of Default”	event(s) of default as set out in the Facility Agreement
“Executive Director(s)”	the executive director(s) of the Company
“Facility Agreement”	the facility agreement dated 27 November 2023 and entered into between the Company and U-light Energy in relation to the provision of the Revolving Loan Facility
“FVTOCI”	fair value through other comprehensive income

“FVTPL”	fair value through profit or loss
“GM(s)”	the general meeting(s) of the Company
“Group” or “our”	the Company and its subsidiaries
“Healthy China 2030”	the Outline of Healthy China 2030 Plan
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Non-Executive Director(s)”	the independent non-executive director(s) of the Company
“Interim Report”	the interim report of the Company
“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
“LPR”	the loan prime rate (貸款市場報價利率) announced by the National Interbank Funding Center in the PRC (全國銀行間同業拆借中心) from time to time
“Mei Ai Kang”	Beijing Mei Ai Kang Technology Co., Ltd.* (北京美艾康科技有限公司), a company established in the PRC with limited liability
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“Nomination Committee”	the nomination committee of the Company

“R&D”	research and development
“Remuneration Committee”	the remuneration committee of the Company
“Reporting Period”	the six months ended 30 June 2024
“Revolving Facility”	the unsecured revolving loan facility up to a maximum of RMB200,000,000 to be granted by the Company to U-light Energy pursuant to the Facility Agreement
“RMB”	Chinese Yuan Renminbi, the lawful currency of the PRC
“SGM(s)”	the special general meeting(s) of the Company
“sq.m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“U-light Energy”	Jiangsu U-light Zhaoneng New Energy Technology Co., Ltd.* (江蘇光宇兆能新能源科技有限公司), a company established in the PRC with limited liability which is owned as to 4.0206% by Wuhu Ruima, an indirect wholly owned subsidiary of the Company
“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), a company established in the PRC with limited liability
“Wuhu Ruima”	Wuhu Ruima Tianyu Investment Co., Ltd.* (蕪湖瑞麻天宇投資有限公司), a company established in the PRC with limited liability which is an indirect wholly-owned subsidiary of the Company
“%”	per cent

APPRECIATION

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

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

Hong Kong, 29 August 2024

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

* *For identification purposes only*