

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

(Formerly Known as U-Home Group Holdings Limited) (Incorporated in Bermuda with limited liability)

(Stock Code: 2327)



2017 Interim Report



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CORPORATE INFORMATION

Board of Directors Executive Directors

Zhou Xuzhou (Chairman) Zhou Wen Chuan (Chief Executive Officer) Liu Lailin

Non-Executive Director

Mao Zhenhua

Independent Non-Executive Directors

Gao Guanjiang Chau Chi Wai, Wilton Jing Zhang Brogle

Authorised Representatives

Zhou Xuzhou Zhou Wen Chuan

Company Secretary

Shek Man Fai

Audit Committee

Chau Chi Wai, Wilton (Chairman) Gao Guanjiang Mao Zhenhua

Remuneration Committee

Gao Guanjiang (Chairman) Chau Chi Wai, Wilton Liu Lailin

Nomination Committee

Zhou Xuzhou (Chairman) Chau Chi Wai, Wilton Jing Zhang Brogle

Strategic Committee

Mao Zhenhua *(Chairman)* Zhou Xuzhou Liu Lailin

Registered Office

Clarendon House 2 Church Street Hamilton HM 11 Bermuda

Head Office and Principal Place of Business In Hong Kong Registered Under Part XI of the Company Ordinance

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

Auditor

Ernst & Young
Certified Public Accountants

Principal Bankers

Nanyang Commercial Bank Limited Hang Seng Bank Limited

Principal Share Registrar and Transfer Office

Codan Services Limited Clarendon House, 2 Church Street, Hamilton, HK11, Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricor Standard Limited Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong

Company Website

www.u-home.hk

Stock Code 2327



MANAGEMENT DISCUSSION AND ANALYSIS

Results

The directors (the "Directors") of Meilleure Health International Industry Group Limited (the "Company") are pleased to present the unaudited interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2017 (the "Period").

During the period, the Group reported revenue of HK\$67,830,000, representing an increase by 79.37% as compared to approximately HK\$37,816,000 of the six months ended 30 June 2016. The Group gross profit of HK\$31,646,000, representing an increase by 3.12 times as compared to approximately HK\$7,676,000 of the six months ended 30 June 2016. The Group operating profit of HK\$55,298,000, representing an increase by 36.90% as compared to approximately HK\$40,392,000 of the six months ended 30 June 2016. The profit attributable to the owners of the Company of approximately HK\$37,659,000, representing an increase of 16.49% as compared to approximately of HK\$32,329,000 of the six months ended 30 June 2016.

Dividend

The board of directors has declared an interim dividend of HK\$0.6 cents per share for the six months ended 30 June 2017 (2016: Nil). The interim dividend will be paid in cash but shareholders will be given the option of receiving such dividend wholly in new fully paid share(s) of the Company in lieu of cash, or partly in cash and partly in the form of scrip shares.



Significant Events

Acquisition of a Subsidiary

On 10 December 2016, U-Home Group Health Service Company Limited ("UHHL"), a wholly owned subsidiary of the Company, and Hong Ling Investment Limited ("Hong Ling") entered into a Sale and Purchase agreement, pursuant to which the Group agreed to purchase and Hong Ling agreed to sell the entire issued shares of Golden Image Investment Limited ("Golden Image") which, through its wholly owned subsidiaries, will hold the the properties with a total GFA of 19,952.53 sq.m., comprising (i) the 10th and 11th floors at building number18; (ii) part of the 1st floor, the whole 2nd to 11th floors and one floor of basement at building number 19; and (iii) their corresponding land use rights of 東方紅郡花園 (Dongfanghong County Garden*), which is located at 128 Yue Min Street, Qi Lin Street, Jiangning District, Nanjing, Jiangsu Province, the PRC (the "Properties") at the consideration of RMB250.0 million. The acquisition of Golden Image was completed on 9 May 2017.

Share Premium Reduction

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

* For identification purpose only

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Meilleure Health International Industry Group Limited



Business Review

Medical and Health Management Business

For period ended 30 June 2017, the revenue generated from this segment was increased by 5.5 times from HK\$3,105,000 for the period ended 30 June 2016 to HK\$20,238,000 for the period ended 30 June 2017. The profits derived was HK\$3,075,000, representing an increase by 3.9 times compared with the previous year, which mainly due to the completion of the acquisition of the controlling shareholding of LCDPI was 27 May 2016. The current period covered a six-month period from 1 January 2017 to 30 June 2017 and the comparative amounts only covered a period from 27 May 2016 to 30 June 2016. They are not entirely comparable.

Drugs, Healthcare Products and Trading Business

For the six months ended 30 June 2017, the turnover from trading business decreased by approximately 4.5% from approximately HK\$29,612,000 for the six months ended 30 June 2016 to approximately HK\$28,287,000 for the six months ended 30 June 2017. The decrease in revenue for the six months ended 30 June 2016 was mainly due to the decrease in the sales of chemical materials. The profit derived from the trading business decreased by 63.2% from approximately HK\$1,340,000 for the six months ended 30 June 2016 to approximately HK\$493,000 for the six months ended 30 June 2017.



Service Business

The revenue generated from this segment amounted HK\$16,085,000, representing an increase of 3.2 times compared with the previous year, which was mainly due to the increase in the completion of the projects in the first quarter 2017. The profit derived was increased by 15.5 times to HK\$14,646,000.

Properties and Investment Business

For the period ended 30 June 2017, the revenue generated from this segment amounted HK\$3,220,000, representing an increase of 1.5 times compared with the previous year. The profits derived was HK\$40,522,000, representing an increase by 3.4% compared with the previous year, which was mainly due to the increase in fair value gains on investment properties.

Prospects

In the second half of 2017, the Group will focus on life health and industrialized development of human health solutions based on the existing business, to continuously develop into the world's leading health service provider by integrating the top talents, technology, services, products, channels and various resources.

A new anti-aging and health management advisory center in Shenzhen will be officially put into operation by the Group in the second half of 2017. It is expected to bring new customers and results to the Group's core business.

Property Development in Australia going forward

As at 30 June 2017, the planning permits and approvals required for the development of the Land under the applicable laws and regulations have been obtained. The property developments are in the pipeline.



FINANCIAL REVIEW

Liquidity

As at 30 June 2017, cash and cash equivalents of the Group totaled approximately HK\$44,158,000 (31 December 2016: approximately HK\$55,794,000), of which approximately 11.5% are in Hong Kong dollars, 67.3% in RMB, 1.0% in US dollars, 2.4% in EURO and 17.8% in AUD.

The decrease in cash and cash equivalents is mainly due to the cash paid for the acquisitions of subsidiaries.

As at 30 June 2017, the Group had current assets of approximately HK\$355,287,000 (31 December 2016: HK\$287,600,000) whilst current liabilities were approximately HK\$157,278,000 (31 December 2016: HK\$74,353,000).

Gearing Ratio

As at 30 June 2017, the gearing ratio was 13.4% (31 December 2016: 8.7%).





Commitments

(a) Commitments under operating leases

The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At	At
	30 June	31 December
	2017	2016
	HK\$′000	HK\$′000
	(Unaudited)	(Audited)
Within one year	5,489	4,592
After one year but within five years	4,645	7,765
	10,134	12,537

(b) Capital commitments

As at 30 June 2017, the Group had capital commitments contracted for but no provided for in these financial statement which are as follows:

	At	At
	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Acquisition of the a subsidiary		281,900
		281,900



Charge on Group Assets

As at 30 June 2017, bank loans amounting to approximately HK\$126,845,000 (31 December 2016: HK\$50,000,000) were secured by the certain assets of the Group having a net book value of approximately HK\$266,755,000 (31 December 2016: HK\$39,000,000).

Contingent Liabilities

As at 30 June 2017, the Group has not issued corporate guarantees to banks (31 December 2016: Nil) with respect to bank borrowings of the associates of the Group.

The Group was not liable to any material legal proceedings of which provision for contingent liabilities was required.





CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2017

		For the	For the
		six months	six months
		ended	ended
		30 June	30 June
		2017	2016
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	5	67,830	37,816
Cost of sales		(36,184)	(30,140)
Gross profit		31,646	7,676
Other income		921	539
Investment income		_	240
Selling expenses		(941)	(1,400)
Administrative expenses		(12,594)	(6,281)
Other gains	6	826	14,469
Fair value gain on investment			
properties	12	35,440	25,149
Operating Profit		55,298	40,392
Finance costs		(3,832)	(8)
Profit before income tax	7	51,466	40,384
Income tax expense	8	(12,812)	(7,839)
Profit for the Period		38,654	32,545



For the

ended

32,545

six months

	Notes	30 June 2017 <i>HK\$'000</i> (Unaudited)	30 June 2016 <i>HK\$'000</i> (Unaudited)
Other comprehensive income, after tax Item that may be reclassified subsequently to profit or loss: Exchange (loss)/gain on translation of financial statements of foreign			
operations		16,081	(1,576)
Total comprehensive income			
for the period		54,735	30,969
Profit attributable to:			
Owners of the company		37,659	32,329
Non-controlling interests		995	216

For the

ended

38,654

six months

The notes on page 17 to 30 form part of this interim financial statement.

Profit for the Period



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Notes	For the six months ended 30 June 2017 HK\$'000 (Unaudited)	For the six months ended 30 June 2016 HK\$'000 (Unaudited)
Total comprehensive income attributable to: Owners of the Company Non-controlling interests		53,740 995 54,735	30,753 216 30,969
Earnings per share — Basic (cents) — Diluted (cents)	10 10	1.20	1.30



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	Notes	At 30 June 2017 <i>HK\$'000</i> (Unaudited)	At 31 December 2016 HK\$′000 (Audited)
ASSETS AND LIABILITIES Non-current assets Property, plant and equipment Investment property Available-for-sales investments Intangible asset Goodwill Deposits Deterred tax assets	11 12 13 14	433 494,954 10,699 868 82,790 163 589,907	841 183,049 10,383 979 82,790 8,112 73 286,227
Current assets Inventories Land held for development Investment property held for sale Accounts receivable Deposit, prepayments and other receivables Tax recoverable Cash and cash equivalents Total current assets	15 14 16	1,118 227,755 42,699 39,040 517 44,158	1,004 199,921 1,995 10,785 17,511 590 55,794
Current liabilities Bank borrowings Accounts payable Accrued expenses and other payables Deferred Income Tax payable	17	126,845 1,319 10,266 14,687 4,161	50,000 913 11,485 10,057 1,898
Net current assets Total assets less current liabilities		787,916	<u>213,247</u> <u>499,474</u>



	Notes	At 30 June 2017 <i>HK\$'000</i> (Unaudited)	At 31 December 2016 HK\$′000 (Audited)
Non-Current liabilities Obligation arising from a put option to non-controlling shareholders Deferred tax liabilities		140,757 25,519	137,659 16,032
Total non-current liabilities		166,276	153,691
Net Assets		621,640	345,783
Capital and reserves			
Share capital Reserves	18	35,962 581,789	29,519 313,369
Equity attributable to owners of the Company Non-controlling interests		617,751 3,889	342,888 2,895
Total equity		621,640	345,783

The notes on page 17 to 30 form part of this interim financial statement.



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the six months ended 30 June 2017

Equity attributable to equity holders of the Company

	Notes	Share capital HK\$'000	Share (premium HK\$'000	Share Contribution surplus K\$'000 HK\$'000	Statutory reserve HK\$*000	Assets Statutory Translation revaluation reserve reserve HK\$000 HK\$000	Assets revaluation reserve HK\$'000	reserve- available- for-sale investment HK\$'000	Other reserve HK\$'000	Merger reserve HK\$*000	Retained Profits HK\$'000	Total HK\$'000	Non- controlling Interests HK\$*000	Total Equity HK\$'000
At 1 January 2016 (audited)		24,600	269,637	1,091	696	(982)	22,353	1	1	1	(2,745)	314,923	(8)	314,915
Issue of new shares under open offer	(18)	1,166	31,954	'	1	1	'	'	'	'	'	33,120	'	33,120
Profit/(Loss) for the period		1	1	ı	1	ı	'	1	ı	1	32,329	32,329	2,125	34,454
Other comprehensive income Exchange loss on translation of financial statements of foreign operations		1		1	'	(1,576)	'	'	'	'	'	(1,576)	1	(9/2/1)
Total comprehensive income for the period		'	1	1	1	(1,576)	'	1	1	1	32,329	30,753	2,125	32,878
At 30 June 2016 (unaudited)		25,766	301,591	1,091	696	(2,558)	22,353	'	'	'	29,584	378,796	2,117	380,913
At 1 January 2017 (audited)		29,519	408,621	1,091	5,849	(16,222)	22,353	(665)	(134,170)	'	26,839	342,888	2,895	345,783
Issue of new shares under subscriptions	(18)	6,443	219,062		1	1	'	'	'	'	'	225,505	'	225,505
Profit/(Loss) for the period		1	ı	1	1	ı	1	1	ı	1	37,659	37,659	994	38,653
Other comprehensive income Exchange gain on translation of financial statements of foreign operations		'	'	'	1	16,081	'	'	'	'	'	16,081	1	16,081
Total comprehensive income for the period		' İ	'	'	1	16,081	' İ	'	'	'	37,659	53,740	964	54,734
Appropriation to PRC statutory reserve Acquisition of subsidiary Adjustment		1 1 1	1 1 1	1 1 1	1,759	1 1 1	9,321	1 1 1	1 1 1	(13,703)	(1,759)	(13,703) 9,321	1 1 1	(13,703) 9,321
At 30 June 2017 (unaudited)		35,962	627,683	1,091	7,608	(141)	31,674	(665)	(134,170)	(13,703)	62,739	617,751	3,889	621,640

Merger reserve represents the difference in the consideration poid to Hong Ling for the acquiration of subsidiaries/businesses controlled by Mr. Zhou Xuzhou who is an executive director, chairman of the Board and a controlling shareholder of the Company, and the net asset value of the acquired subsidiaries. Ξ

Note:



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	For the	For the
	six months	six months
	ended	ended
	30 June	30 June
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash (used in)/generated from		
operating activities	(29,575)	403
Net cash (used in) investing activities	(78,085)	(77,136)
Net cash generated from financing activities	79,943	
Net increase/(decrease) in cash		
and cash equivalents	(27,717)	(76,733)
Translation difference	16,081	(1,576)
Cash and cash equivalents at 1 January	55,794	197,347
Cash and cash equivalents at 30 June	44,158	119,038

The notes on page 17 to 30 form part of this interim financial statements.



NOTES ON THE INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017 (Expressed in Hong Kong dollars)

1. General Information

Meilleure Health International Industry Group Limited (the "Company") is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is Unit 2906, Tower 1, Lippo Centre, 89 Queensway, Admiralty, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company and its subsidiaries are collectively referred to as the "Group".

The Company is principally engaged in investment holding. The principal activities of its subsidiaries include medical and health management business, drugs, healthcare products and trading business, consultancy business, properties and investment business, research and development and property development.

The directors consider the immediate shareholder is U-Home Group International Limited and the ultimate parent is Shunda Investment Limited, both companies incorporated in British Virgin Islands ("BVI") with limited liability.

The financial statements for the period from 1 January 2017 to 30 June 2017 were approved for issue by the board of directors on 29 August 2017.

2. Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard 34, "Interim Financial Reporting".



3. Principal Accounting Policies

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for investment property which is measured at fair value.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those annual financial statements.

Merger Accounting

The Group accounts for all its business combinations involving entities under common control using the principles of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" ("AG5") issued by the HKICPA.

Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

The Group has not adopted ahead of the effective date for the new and revised HKFRSs that have been issued by HKICPA.



4. Operating segment information

For management purposes, the Group is organized into business units based on their products and services and has four reportable segments as follows:

- (a) Medical and health management business Provision of anti-aging, health management, health supplements and other health related services;
- (b) Drugs, healthcare products and trading business Trading of drugs, health care products, chemical materials and building materials;
- (c) Service business Provision for property agency and consultancy services;
- (d) Properties and investment business Leasing of properties and investments;
- (e) Research and development Research and development of chemical and biological products;
- (f) Property development Development of residential properties.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax.



5. Segment Reporting

For the six months ended 30 June 2017

			Drugs, he	ealthcare								
	Medic	al and	produc	ts and	Serv	rice	Propert	ies and	Resear	ch and		
	health ma	nagement	trading l	business	busi	ness	investmen	t business	develo	pment	Consol	dated
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Segment Revenue	20,238	3,105	28,287	29,612	16,085	3,785	3,220	1,314	-	-	67,830	37,816
Segment results	3,075	628	493	1,340	14,646	890	40,522	39,181	-	(1)	58,736	42,038
Unallocated income/ (expense)											(3,438)	(1,646)
Profit from operations											55,298	40,392
Finance costs											(3,832)	(8)
Profit before income tax expenses											51,466	40,384



6. Other gains

	For the	For the
	six months	six months
	ended	ended
	30 June	30 June
	2017	2016
	HK\$'000	HK\$'000
Exchange (loss)/gains	(144)	1,546
Gain on disposal in financial assets	_	9,797
Gain on disposal in investment properties	970	3,126
	826	14,469

7. Profit from ordinary activities before taxation

Profit from ordinary activities before taxation is arrived at after charging:

	For the	For the
	six months	six months
	ended	ended
	30 June	30 June
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories	28,754	28,789
Staff costs	8,534	2,019
Retirement costs	865	58
Depreciation	458	1,019
Operating lease charges in respect of		
premises	2,357	243
Interest on bank advances wholly repayable	•	
within five years	717	



8. Income tax expense

For the	For the
six months	six months
ended	ended
30 June	30 June
2017	2016
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)
675	1,024
3,277	528
8,860	6,287
12,812	7,839
	six months ended 30 June 2017 HK\$'000 (Unaudited) 675

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the Period.

Taxation on profits generated in the PRC has been calculated on the estimated assessable profit for the period at the rate of 25% (2016: 25%).



9. Dividends

On 29 August 2017, the board of directors has declared an interim dividend of HK\$0.60 cents per share for the six months ended 30 June 2017 (2016: Nil). The interim dividend will be paid in cash but shareholders will be given the option of receiving such dividend wholly in new fully paid share(s) of the Company in lieu of cash, or partly in cash and partly in the form of scrip shares.

10. Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to owners of HK\$37,659,000 (2016: HK\$32,329,000) and on the weighted average of 3,127,778,134 (2016: 2,482,304,318) ordinary shares in issue during the Period.

The basic and diluted profits per share for the six months ended 30 June 2017 were the same as the Company had no dilutive potential shares in issue during the period.

11. Property, plant and equipment

	At 30 June	At 31 December
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Opening net book amount At 1 January 2017/1 January 2016	841	2,162
Additions	34	9
Acquired through business combinations	_	621
Depreciation	(458)	(1,885)
Exchange adjustment	16	(66)
Net book amount		0.43
At 30 June 2017/31 December 2016	433	841



12. Investment properties

	At	At
	30 June	31 December
	2017	2016
	HK\$′000	HK\$'000
	(Unaudited)	(Audited)
At 1 January 2017/1 January 2016	183,049	35,000
Additions	_	_
Acquired through business combination	269,384	115,344
Change in fair value	35,440	46,624
Disposals	(1,995)	(3,694)
Classified as held for sale		(1,995)
Exchange adjustments	9,076	(8,230)
At 30 June 2017/31 December 2016	494,954	183,049

13. Goodwill

	At	At
	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
At 1 January 2017/1 January 2016 Additions:	82,790	_
- Acquired through business combinations		82,790
At 30 June 2017/31 December 2016	82,790	82,790



14. Deposits, prepayments and other receivables

	At 30 June 2017 HK\$'000	At 31 December 2016 <i>HK\$</i> ′000
Non-current assets: — Deposits paid for acquisition of		
companies		8,112
	-	8,112
Current assets:		
 Tender deposit 	_	7,779
Deposits	2,698	1,327
 Other receivables 	33,525	4,921
— Prepayments	2,817	3,484
	39,040	17,511
	39,040	25,623

The carrying amounts of deposits and other receivables are considered a reasonable approximation of fair value.



15. Accounts receivable

An ageing analysis of the accounts receivable is as follows:

	At	At
	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Within 3 months	35,716	7,501
Over 3 months but less than 6 months	2,013	2,168
Over 6 months	4,970	1,116
	42,699	10,785

All of the above balances are expected to be recovered within one year.

16. Cash and cash equivalents

At	At
30 June	31 December
2017	2016
HK\$'000	HK\$'000
(Unaudited)	(Audited)
36,869	55,794
7,289	
44,158	55,794
	30 June 2017 HK\$'000 (Unaudited) 36,869 7,289



17. Accounts payable

An ageing analysis of the accounts payable is as follows:

	At	At
	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Accounts payable		
Within 3 months	1,319	910
Over 3 months but within 6 months		3
	1,319	913

All of the above balances are expected to be settled within one year.





18. Share capital

	At 30 June 2017 Number Amount of shares HK\$'000		At 31 Dece Number of shares	mber 2016 Amount HK\$'000
Authorised: Ordinary shares of HK\$0.01 each	10,000,000,000	100,000	10,000,000,000	100,000
Issued and fully paid: Ordinary shares of HK\$0.01 each At 1 January 2017/1 January 2016	2,951,919,718	29,519	2,460,000,000	24,600
Issue of consideration share Issue of subscription shares Allotment and issue of new shares under an acquisition (Note 1)	- - 644,298,761	6,443	116,619,718 375,300,000	1,166 3,753
At 30 June 2017/31 December 2016	3,596,218,479	35,962	2,951,919,718	29,519

Note:

 On 9 May 2017, the Company completed an acquisition in which 644,298,761 consideration shares were issued with the par value of HK\$0.01 each. Accordingly, the Company's issued share capital was increased by approximately HK\$6,442,988 and its share premium account was increased by approximately HK\$219,061,579.



19. Material related party transactions

The following represents a summary of material recurring transactions during the relevant Period between the Group and the related parties:

	Notes	For the six months ended 30 June 2017 HK\$'000 (Unaudited)	For the six months ended 30 June 2016 HK\$'000 (Unaudited)
Rental Income			
Eden (Swiss)	(i)	-	120
Meilleure	(i)	_	120
- 南京宇尚地產有限公司	(ii)	40	_
Agency Service income			
蘇州宇潤置業有限公司	(iii)	8,344	1,707
湖南宇尚置業有限公司	(iv)	2,053	_
南京宇達置業有限公司	(v)	2,752	_
Anti-aging and health management related income			
Zhou Xuzhou	(vi)	120	180
Zhou Wen Chuan	(vi)	5	_
Liu Lailin	(vi)	129	180
-10 -2	1/	/	.00



Notes:

- (i) Eden (Swiss) and Meilleure are companies controlled by Ms. Zhou Wen Chuan, the director of the Company.
- (ii) 南京宇尚地產有限公司 is owned and controlled by Mr. Zhou Xuzhou, the director of the Company.
- (iii) 蘇州宇潤置業有限公司 is owned and controlled by Mr. Zhou Xuzhou, the director of the Company.
- (iv) 湖南宇尚置業有限公司 is owned and controlled by Mr. Zhou Xuzhou, the director of the Company.
- (v) 南京宇達置業有限公司 is owned and controlled by Mr. Zhou Xuzhou, the director of the Company.
- (vi) Zhou Xuzhou, Zhou Wen Chuan and Liu Lailin are the directors of the Company.

20. Approval of the interim financial statements

The interim financial statements were approved by the Board on 29 August 2017.





OTHER INFORMATION

Employment and Remuneration Policy

As at 30 June 2017, the Group had a total of approximately 70 employees (31 December 2016: approximately 60 employees). The Group's remuneration policies are in line with prevailing market practice and formulated on the basis of the performance and experience of individual employees. Apart from basic salaries, other staff benefits included provident funds and medical schemes.

Interim Dividend

The Board has declared an interim dividend of HK\$0.60 cents per share for the six months ended 30 June 2017 (for the six months ended 30 June 2016: Nil) payable on or about Tuesday, 31 October 2017 to shareholders whose names appear on the register of members of the Company on Friday, 15 September 2017. The interim dividend will be paid in cash but shareholders will be given an option to receive new fully paid shares of the Company ("scrip shares") in lieu of cash, or partly in cash and partly in the form of scrip shares (the "Scrip Dividend Scheme"). The Scrip Dividend Scheme is conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued under the Scrip Dividend Scheme. A circular containing the details of the Scrip Dividend Scheme together with relevant election form will be sent to shareholders on or about Wednesday, 27 September 2017.



Closure of Register of members

The Register of Members of the Company will be closed from Thursday, 14 September 2017, to Friday, 15 September 2017 (both dates inclusive), during which period no transfers of shares will be registered. To qualify for the interim dividend, all duly completed transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Wednesday, 13 September 2017.

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 2017.





Disclosure of Interests

Directors' and Chief Executive's Interest in Shares

The directors and chief executive of the Company who held office as at 30 June 2017 had the following interests in the shares of the Company, its subsidiaries and other associated corporations (within the meaning of Part XV of the Securities and Future Ordinance ("SFO")) at that date as recorded in the register of directors' and chief executives' interests and short positions required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"):

Long position

Name of Director	Personal Interest	Corporate interest	Total number of Shares held	% of total issued Shares
Zhou Xuzhou	22,724,000	2,022,024,291 (Note 1)	2,044,748,291	56.86%
Zhou Wen Chuan	1,332,000 (Note 2)	1 -	1,332,000	0.04%
Mao Zhenhua	-	100,000,000 (Note 3)	100,000,000	2.78%
Chau Chi Wai, Wilton	600,000 (Note 4)	-	600,000	0.02%



Notes:

- These Shares are held by U-Home Group International Limited, U-Home Group Investment Limited and Hong Ling Investment Limited.
- 2. Ms. Zhou Wen Chuan is an executive director.
- 3. 100,000,000 shares are beneficially owned by Eagle Best Limited. Eagle Best Limited is wholly owned by Zhongchengxin (HK) Investment Services Limited ("Zhongchengxin HK"), a company incorporated in Hong Kong with limited liability. Zhongchengxin HK is wholly owned by 中誠信投資有限公司 (Zhongchengxin Investment Company Limited*) ("Zhongchengxin Investment"), a company established in the PRC with limited liability. Zhongchengxin Investment is owned as to 60% by 湖北東亞實業有限公司 (Hubei East Asia Enterprise Company Limited*) ("Hubei East Asia"), a company established in the PRC with limited liability. Hubei East Asia is owned as to 50% by Dr. Mao Zhenhua, a non-executive director.
- 4. Professor Chau Chi Wai, Wilton is an independent non-executive director.

Interests in Underlying Shares

None of the directors and chief executive of the Company have been granted options under the Company's share option scheme (the "Share Option Scheme").

Apart from the foregoing, none of the directors and chief executive of the Company or any of their spouses or children under eighteen years of age has interests or short positions in the shares, underlying shares or debentures of the Company, any of its holding company, subsidiaries or fellow subsidiaries, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company pursuant to the Model Code.



Substantial Shareholders' Interests in Shares

As at 30 June 2017, the Company had been notified by the following person (other than the directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company as at 30 June 2017 which were required to be disclosed to the Company under Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

Interests in Issued Shares

Name of substantial		Total interests	Percentage of total issued
Shareholders	Capacity	(Note 1)	Shares
U-Home Group International Limited (Note 2)	Beneficial owner	964,172,530(L) 964,172,530(S)	26.81 26.81
U-Home Group Investment Limited (Note 3)	Beneficial owner	499,653,000(L) 499,653,000(S)	13.89 13.89
Yuhua Enterprises Company Limited	Interest in controlled corporation	499,653,000(L) 499,653,000(S)	13.89 13.89
安徽宇華房地產開發有限公司 (Anhui Yuhua Real Estate Development Company	Interest in controlled corporation	499,653,000(L) 499,653,000(S)	13.89 13.89
Limited*) (Note 3) Yee Sheng Enterprises Company Limited (Note 3)	Interest in controlled corporation	499,653,000(L) 499,653,000(S)	13.89 13.89
Kambert Enterprises Limited (Note 3)	Interest in controlled corporation	499,653,000(L) 499,653,000(S)	13.89 13.89

^{*} For identification purpose only



	Capacity	Total interests (Note 1)	Percentage of total issued Shares
Name of substantial			
Shareholders			
U-Home Property (Group) Limited	Interest in controlled	499,653,000(L)	13.89
(Note 3)	corporation	499,653,000(S)	13.89
Shunda Investment Limited	Interest in controlled	2,022,024,291(L)	56.23
(Notes 2 and 3)	corporation	2,004,024,291(S)	55.73
Hong Ling Investment Limited	Interest in controlled	558,198,761(L)	15.52
(Note 4)	corporation	540,198,761(S)	15.02
Mr. Zhou Xuzhou (Note 2 and 3)	Interest in controlled	2,022,024,291(L)	56.23
	corporation	2,004,024,291(S)	55.73
	Beneficial owner	22,724,000(L)	0.63
Ms. Zhou Wen Chuan	Beneficial owner	1,332,000(L)	0.04
Professor Chau Chi Wai, Wilton	Beneficial Owner	600,000(L)	0.02

Notes:

- The letter "L" denotes the person's long position in the Shares whereas the letter "S" denotes the person's short position in the Shares.
- U-Home Group International Limited is wholly and beneficially owned by Shunda 2. Investment Limited which in turn is wholly and beneficially owned by Mr. Zhou Xuzhou.
- 3. U-Home Group Investment Limited is wholly and beneficially owned by Yuhua Enterprises Company Limited. Yuhua Enterprises Company Limited is wholly and beneficially owned by Anhui Yuhua Real Estate Development Company Limited*. Anhui Yuhua Real Estate Development Company Limited* is wholly and beneficially owned by Yee Sheng Enterprises Company Limited. Yee Sheng Enterprises Company Limited is wholly and beneficially owned by Kambert
- For identification purpose only



Enterprises Limited. Kambert Enterprises Limited is wholly and beneficially owned by U-Home Property (Group) Limited. U-Home Property (Group) Limited is wholly and beneficially owned by Shunda Investment Limited, which in turn is wholly and beneficially owned by Mr. Zhou Xuzhou.

4. Hong Ling Investment Limited is wholly and beneficially owned by Shunda Investment Limited which in turn is wholly and beneficially owned by Mr. Zhou Xuzhou.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed under the heading, "Directors' and Chief Executive's interests in shares" above, at no time during the Period or up to the date of this report were there any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Corporate Governance

The Company has complied with the requirements of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the Period.

Model Code for Securities Transactions By Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Specific enquiry has been made with all Directors and the Directors have confirmed compliance with the required standard set out in the Model Code during the six months ended 30 June 2017.



Review of Interim Results

The audit committee, comprising of the two independent non-executive directors and one non-executive director of the Company, has reviewed with the management of the Company 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 statements of the Group for the six months ended 30 June 2017.

Publication of Interim Results Announcement and Interim Report

The interim report will be dispatched to shareholders as well as made available on our Company's website at www.u-home.hk and the Stock Exchange's website at www.hkexnews.hk.

Appreciation

The sustained growth of the Group's results is hinged on the continuous support, commitment and contributions of the management and staff during the Period and the support shown to us by our investors. On behalf of the Board, I would like to express our deepest gratitude to the investors of the Company and the staff of the Group.

By order of the Board **Zhou Wen Chuan**Executive Director and Chief Executive Officer

Hong Kong, 29 August 2017