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北京健康(控股)有限公司
Beijing Health (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2389)

**ANNOUNCEMENT OF THE INTERIM RESULTS
FOR THE PERIOD ENDED 30 JUNE 2022**

The board of directors (the “Board”) of Beijing Health (Holdings) Limited (the “Company”) presents the unaudited interim condensed consolidated financial information of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2022, together with the comparative figures for the corresponding period in 2021. The interim condensed consolidated financial information has not been audited, but have been reviewed by the Company’s audit committee.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the six months ended 30 June 2022

		For the six months ended 30 June	
		2022	2021
	<i>NOTES</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
		(Unaudited)	(Unaudited)
Revenue	4	91,807	79,619
Cost of sales		(66,553)	(57,065)
Gross profit		25,254	22,554
Other income and gains, net	5	22,851	41,456
Selling and distribution expenses		(6,429)	(5,691)
Administrative expenses		(55,951)	(63,293)
Impairment losses on financial assets		(2,849)	(1,106)
Other expenses and losses		(1,806)	(5,356)
Finance costs	6	(602)	(949)
Share of profits and losses of:			
Joint ventures		(6,788)	(1,689)
Associates		(9,353)	(3,961)
LOSS BEFORE TAX	7	(35,673)	(18,035)
Income tax credit	8	1,286	6,590
LOSS FOR THE PERIOD		(34,387)	(11,445)

		For the six months ended 30 June	
	<i>NOTES</i>	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
LOSS FOR THE PERIOD		<u>(34,387)</u>	<u>(11,445)</u>
OTHER COMPREHENSIVE INCOME/ (LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Debt investments at fair value through other comprehensive income:			
Changes in fair value		891	(1,009)
Reclassification adjustments for gains included in the consolidated statement of profit or loss – gain on redemption		(905)	–
Exchange differences:			
Exchange difference on translation of foreign operations		(75,802)	19,534
Reclassification adjustments for foreign operations deconsolidated during the period	17	(48)	–
Share of other comprehensive income/(loss) of a joint venture		125	(253)
Share of other comprehensive loss of an associate		(849)	(382)
		<u>(76,588)</u>	<u>17,890</u>
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods			
Other comprehensive loss that will not to be reclassified to profit or loss in subsequent periods:			
Change in fair value of equity instruments designated at fair value through other comprehensive income		(16,929)	(24,054)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD		<u>(93,517)</u>	<u>(6,164)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		<u>(127,904)</u>	<u>(17,609)</u>

	For the six months ended 30 June	
<i>NOTES</i>	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to:		
Owners of the parent	(32,820)	(12,318)
Non-controlling interests	(1,567)	873
	<u>(34,387)</u>	<u>873</u>
	<u>(34,387)</u>	<u>(11,445)</u>
 Total comprehensive loss attributable to:		
Owners of the parent	(110,666)	(12,541)
Non-controlling interests	(17,238)	(5,068)
	<u>(127,904)</u>	<u>(17,609)</u>
	<u>(127,904)</u>	<u>(17,609)</u>
 LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		
	10	
Basic and diluted	<u>HK(0.54) cents</u>	<u>HK(0.20) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	30 June	31 December
	2022	2021
<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	78,648	84,594
Investment properties	145,580	138,317
Right-of-use assets	441,006	470,073
Property under development	446,735	467,279
Goodwill	79,979	79,979
Investments in joint ventures	90,274	97,533
Investments in associates	191,536	183,623
Equity investments designated at fair value through other comprehensive income	234,192	323,881
Debt investment at fair value through other comprehensive income	–	40,331
Prepayments and other receivables	204,380	201,523
	1,912,330	2,087,133
CURRENT ASSETS		
Inventories	45,704	70,731
Trade and bills receivables	42,405	34,799
Prepayments, other receivables and other assets	116,143	148,998
Financial assets at fair value through profit or loss	340,759	253,169
Restricted bank balances	4,120	3,994
Cash and cash equivalents	137,928	239,136
	687,059	750,827

		30 June 2022	31 December 2021
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
CURRENT LIABILITIES			
Trade payables	12	38,383	46,424
Other payables and accruals		134,745	156,323
Interest-bearing bank borrowings		36,905	36,693
Lease liabilities		5,802	6,223
Tax payable		1,078	637
		<hr/>	<hr/>
Total current liabilities		216,913	246,300
		<hr/>	<hr/>
NET CURRENT ASSETS		470,146	504,527
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,382,476	2,591,660
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Other payables		3,490	3,652
Lease liabilities		4,811	5,452
Deferred tax liabilities		78,732	85,937
		<hr/>	<hr/>
Total non-current liabilities		87,033	95,041
		<hr/>	<hr/>
NET ASSETS		2,295,443	2,496,619
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to the owners of the parent			
Share capital	13	1,215,789	1,215,789
Treasury shares		(1,920)	–
Reserves		967,169	1,077,835
		<hr/>	<hr/>
		2,181,038	2,293,624
Non-controlling interests		114,405	202,995
		<hr/>	<hr/>
TOTAL EQUITY		2,295,443	2,496,619
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 has 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 Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s financial information.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018–2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying 2018–2020 HKFRS 16, and HKAS 41

The adoption of the above revised HKFRSs had no significant effect on the results and financial position for the current or prior accounting periods which have been prepared and presented.

The Group has not early adopted any standard or amendment that has been issued but is not yet effective.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group has one single operating and reportable segment, which is the provision of medical care, health care and geriatric care related services and products. All of the Group’s operating results are generated from this single segment. During the period, 100% (six months ended 30 June 2021: 100%) of the Group’s revenue was generated from customers in Mainland China, and over 77% (as at 31 December 2021: over 78%) of the Group’s non-current assets, excluding financial instruments and deferred tax assets, were located in Mainland China.

Revenue of approximately HK\$22,349,000 (six months ended 30 June 2021: HK\$11,017,000) was derived from sales of goods to a single customer, including sales to a group of entities which are known to be under common control with that customer.

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	91,807	79,619

Disaggregated revenue information for revenue from contracts with customers:

	For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Type of goods or service		
Sale of goods	88,126	75,662
Rendering of services	3,681	3,957
Total revenue from contracts with customers	91,807	79,619

The Group's revenue arising from sale of goods is recognised when transferred at a point in time, while revenue arising from rendering of services is recognised when transferred over time.

	For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Geographical markets		
Mainland China	91,807	79,619
Total revenue from contracts with customers	91,807	79,619

5. OTHER INCOME AND GAINS, NET

An analysis of the Group's other income and gains, net are as follows:

	For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Other income		
Bank interest income	444	2,469
Other interest income	6,520	11,116
Investment income of debt investment at fair value through other comprehensive income	1,561	2,037
Investment income of equity investments designated at fair value through other comprehensive income	1,430	1,084
Investment income of financial assets at fair value through profit or loss	1,241	–
Gross rental income from investment property under operating lease	6,575	4,593
Dividend income	1,114	1,246
Sundry income	415	789
	<u>19,300</u>	<u>23,334</u>
Gains, net		
Gain on disposal of property, plant and equipment	67	–
Fair value losses on investment properties, net	(2,656)	(959)
Fair value losses on financial assets at fair value through profit or loss, net	(566)	(3,022)
Gain on deconsolidation of a subsidiary	63	–
Gain on disposal of an associate	858	–
Gain on disposal of equity investment at fair value through other comprehensive income	1,410	–
Gain on redemption of debt investment at fair value through other comprehensive income	4,375	–
Foreign exchange differences, net	–	8,576
Reversal of impairment loss on investment in an associate	–	13,527
	<u>3,551</u>	<u>18,122</u>
Other income and gains, net	<u>22,851</u>	<u>41,456</u>

6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank borrowings	263	645
Interest on lease liabilities	339	304
	<u>602</u>	<u>949</u>

7. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Cost of inventories sold	64,363	54,715
Cost of services provided	2,190	2,350
Depreciation of property, plant and equipment	3,168	5,610
Depreciation of right-of-use assets	10,974	11,768
Foreign exchange differences, net	1,676 [#]	(8,576)
Impairment of financial assets:		
Impairment of trade receivables	2,849	1,106
Gain on disposal of an associate	(858)	–
Gain on deconsolidation of a subsidiary	(63)	–
Loss on deemed partial disposal of an associate [#]	–	5,291
	<u> </u>	<u> </u>

[#] These items are included in “Other expenses and losses” on the face of the condensed consolidated statement of profit or loss and other comprehensive income.

8. INCOME TAX CREDIT

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Current – PRC corporate income tax		
Charge for the period	2,255	287
Overprovision in prior periods	–	(5,677)
Deferred	<u>(3,541)</u>	<u>(1,200)</u>
Total tax credit for the period	<u>(1,286)</u>	<u>(6,590)</u>

Hong Kong profits tax

No provision for Hong Kong profits tax had been made as the Group did not generate any assessable profits in Hong Kong during the period (six months ended 30 June 2021: Nil).

PRC corporate income tax

PRC corporate income tax provision in respect of operations in Mainland China is calculated at the applicable tax rates on the estimated assessable profits for the period based on prevailing legislation, interpretations and practices in respect thereof.

9. DIVIDEND

The directors of the Company do not recommend any payment of interim dividend to shareholders for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the unaudited loss for the period attributable to ordinary equity holders of the parent of HK\$32,820,000 (six months ended 30 June 2021: HK\$12,318,000), and the weighted average number of ordinary shares of 6,078,944,027 (six months ended 30 June 2021: 6,078,944,027) in issue during the period.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2022 and 30 June 2021 in respect of a dilution as the share options outstanding had no diluting effect on the basic loss per share amounts presented.

11. TRADE AND BILLS RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Trade receivables:		
Within 6 months	27,291	11,646
7 to 12 months	11,945	15,589
13 to 18 months	1,623	2,529
19 to 24 months	1,429	5,035
	<hr/>	<hr/>
	42,288	34,799
Bills receivables	117	–
	<hr/>	<hr/>
	42,405	34,799
	<hr/> <hr/>	<hr/> <hr/>

12. TRADE PAYABLES

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

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Within 3 months	22,433	26,170
Over 3 months	<u>15,950</u>	<u>20,254</u>
	<u>38,383</u>	<u>46,424</u>

The trade payable are non-interest-bearing and are normally settled on terms of three to six months.

13. SHARE CAPITAL

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Authorised: 10,000,000,000 (2021: 10,000,000,000) ordinary shares of HK\$0.2 each	<u>2,000,000</u>	<u>2,000,000</u>
Issued and fully paid: 6,078,944,027 (2021: 6,078,944,027) ordinary shares of HK\$0.2 each	<u>1,215,789</u>	<u>1,215,789</u>

14. SHARE-BASED COMPENSATION SCHEMES

The Company first adopted a share option scheme effective from 26 April 2002 (the “2002 Scheme”) and which has been expired in April 2012. On 24 May 2013, the Company adopted a new share option scheme (the “2013 Scheme”) to replace the 2002 Scheme. The eligible participants and the terms of the 2013 Scheme is same as the 2002 Scheme. There is no movement of share options under 2013 Scheme during the period.

The exercise prices and exercise periods of the share options outstanding at 30 June 2022 and 31 December 2021 are as follows:

30 June 2022	31 December 2021	Exercise price per share	Exercise period per share
Number of options '000	Number of options '000	<i>note (c)</i> HK\$	
166,500	166,500	0.61	<i>note (a)</i>
111,500	111,500	0.53	<i>note (b)</i>
278,000	278,000		

Notes:

- (a) First 30% of the options granted were vested from 2 April 2016, second 30% of the options granted were vested from 2 April 2017 and remaining 40% of the options granted were vested from 2 April 2018. Upon the lapse of the vesting period, the share options are exercisable until 1 April 2025.
- (b) First 30% of the options granted were vested from 28 January 2017, second 30% of the options granted were vested from 28 January 2018 and remaining 40% of the options granted were vested from 28 January 2019. Upon the lapse of the vesting period, the share options are exercisable until 27 January 2026.
- (c) The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company’s share capital.

During the period, the Group did not recognise any share option expense in respect of the share option granted (six months ended 30 June 2021: Nil).

At the end of the reporting period, the Company had 278,000,000 share options outstanding. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 278,000,000 additional ordinary shares of the Company, which represented approximately 4.6% of the Company’s shares in issue as at that date, and additional share capital of HK\$55,600,000 and share premium of HK\$105,060,000 (before issue expenses).

15. COMMITMENTS

The Group had the following capital commitments at 30 June 2022 and 31 December 2021:

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Contracted, but not provided for:		
Land and buildings	59,152	61,786
Properties under development	22,786	23,076
	<u>81,938</u>	<u>84,862</u>

16. RELATED PARTY DISCLOSURES

Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Salaries, allowances and benefits in kind	2,200	3,665
Performance related bonuses	–	117
Pension scheme contributions	100	98
	<u>2,300</u>	<u>3,880</u>

17. DECONSOLIDATION OF A SUBSIDIARY

	For the six months ended 30 June 2022 HK\$'000 (Unaudited)
Net assets disposed of:	
Equity investments designated at fair value through other comprehensive income	75,166
Prepayments, other receivables and other assets	7
Cash and cash equivalents	19,335
Other payables and accruals	(25)
Non-controlling interests	<u>(71,156)</u>
	23,327
Exchange fluctuation reserve	<u>(48)</u>
	23,279
Gain on deconsolidation of a subsidiary	<u>63</u>
	<u>23,342</u>
Satisfied by:	
Fair value of interests retained by the Group	<u>23,342</u>

An analysis of the net outflow of cash and cash equivalents in respect of the deconsolidation of a subsidiary is as follows:

	For the six months ended 30 June 2022 HK\$'000 (Unaudited)
Cash and cash equivalents deconsolidated of and net outflow of cash and cash equivalents in respect of the deconsolidation of a subsidiary	<u>(19,335)</u>

18. CONTINGENT LIABILITIES

The Group has contingent liabilities up to RMB28,000,000 (equivalent to approximately HK\$32,741,000) as a guarantor for the bank facility granted to an associate of the Company (31 December 2021: RMB28,000,000 (equivalent to approximately HK\$34,247,000)).

As at 30 June 2022, the associate has utilized bank loans of approximately RMB26,554,000 (equivalent to approximately HK\$31,050,000) which is guaranteed by the Group (31 December 2021: approximately RMB26,386,000 (equivalent to approximately HK\$32,273,000)).

Save as disclosed above, the Group has no significant contingent liabilities as at 30 June 2022.

19. EVENTS AFTER THE REPORTING PERIOD

On 18 August 2022, the Group subscribed wealth management product amounted to RMB63,000,000 (equivalent to approximately HK\$73,080,000) issued by Bank of Beijing. The wealth management product is non-principal guaranteed with variable return with no fixed maturity period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Geriatric Care Business

Riding on the trend of ageing population in the Chinese society and the rigid market demand, the Group adheres to the strategy of focusing on integrated medical and geriatric care, utilizing medical measures to assist the development of geriatric care and utilizing geriatric care to facilitate medical development, with an aim to develop geriatric care institutions that are professional, chain managed and with temperature. During the period, China promulgated the Plan for the Development of China's Old-age Programs and the Elderly-care Service System during the 14th Five-year Plan Period, which clearly put forward the requirements for vigorously developing the silver-haired economy and promoting the healthy and sustainable development of the silver-haired economy by establishing a systematic and comprehensive industrial development policy.

The Group strived to overcome the adverse impact of the pandemic and adopted various measures to maintain stable operation of bed space of geriatric care institutions and increase occupancy rate of various projects. As of 30 June 2022, the Group operated and managed five geriatric care institutions with a total of 1,055 beds (mainly in the Yangtze River Delta region), including a total of 734 beds for medical care services in three medical institutions. The average occupancy rate reached over 80 and operating cash flow was stable. During the period, revenue from beds of geriatric care institutions reached RMB18.68 million[^] (the first half of 2021: RMB15.85 million), representing a year-on-year increase of 17.8%.

Brief Description of Geriatric Care Project

1. Wuxi Liangxi District Guangyi Geriatric Care Center and Fuma Nursing Home**

First established in July 1983, the residential institution is included in Projects Benefiting the People in 2009 and the total investment made by the local government for reconstruction amounted to over RMB40 million. The residential institution has a built-up area of about 20 acres and total gross floor area of more than 10,000 sq.m.. The residential institution has double qualification of geriatric care center and nursing home. It was honored with provincial and municipal demonstrative geriatric care institutions and advanced unit consecutively for many years.

- Opening date: 2015
- Number of beds: 285, of which 214 beds are for medical care service
- Occupancy rate: 95%

[^] This revenue included the revenue from the private non-enterprise units which were sponsored by the Group's subsidiaries.

2. *Wuxi Liangxi District Wuhe Geriatric Care Center* and Yikang Nursing Home**

Established in 2012, the project is situated at Block C, 20 Antou Qiao, Wuxi. It has a gross floor area of approximately 3,500 sq.m. and has double qualification of geriatric care center and nursing home. The center has set up function rooms such as chess room, reading room, studio, rehabilitation room.

- Opening date: December 2018
- Number of beds: 160, of which 120 beds are for medical care service
- Occupancy rate: 90%

3. *Changzhou Xinbei District Xuejia Aixin Nursing Home**

The institution is situated at the centre of Xuejiazhen, Xinbei District, Changzhou with a gross floor area of approximately 12,500 sq.m.. It has a green area of approximately 6,200 sq.m.. There are two buildings, the southern block has 3 floors and the northern block has 4 floors. The residential institution has double qualification of geriatric care center and nursing home.

- Opening date: June 2020
- Number of beds: 400, of which 400 beds are for medical care service
- Occupancy rate: 40%

4. *Wuxi Liangxi District Huifeng Yikangyuan**

The institution was built in April 2005. The Group took over in 2017 and carried out renovation and alteration. The gross floor area was 2,400 sq.m.. Green coverage reached 60%. The residential institution has set up function rooms such as chess room, reading room, studio and gym room. The outdoor garden provides sufficient space for the elders.

- Opening date: December 2017
- Number of beds: 100
- Occupancy rate: 50%

5. *Wuhu Jinghu District Elderly Care Centre**

The institution is situated at 3-1 land parcel, Century City, Jinghu District, Wuhu city. It was converted from Jinghu District Old-age University with a gross area of 3,300 sq.m.. The residential institution provides services such as long term and short term foster care, day care and respite care. Meanwhile, it provides home health care social services to the nearby areas.

- Opening date: August 2018
- Number of beds: 110
- Occupancy rate: 90%

Health Industrial Park Business

The Group acquired land parcels of high-quality mainly in first-tier cities such as Beijing and Shanghai based on the policies and directions on land planning adjustments of central and local governments. Leveraging on the transformation and upgrading, the Group introduced advanced industrial construction philosophy to fully satisfy the needs of the government and market users with the focus being placed on new modes of business operations such as setting up corporate headquarters and healthcare industrial parks.

As of 30 June 2022, the Group participated in six projects in total in Beijing, Shanghai, Dali and Canada with a total site area of over 400,000 sq.m.. The implementation plans of each of the projects have gained support from the local governments where the projects are located. As the projects are positioned in line with the market demand, it is expected that the projects will have considerable potential for appreciation in commercial value.

As of 30 June 2022, the progress of the Group's projects under development as follows:

Location	Project Name	Land	Shareholding	Future Planning of the Project	Project Status
		Area (m ²)	Percentage		
Beijing	Chaoyang Port Project	87,607	82.24%	Through actively pushing forward government approval procedure and completing the preparation work before construction, the Group facilitated the inclusion of Chaoyang Port Project, which is positioned as the intelligent cold chain distribution center in Chaoyang Port of Beijing, into the key projects of Beijing and reserved quality partners with an aim to develop a benchmark demonstration project for intelligent cold chain in Beijing	<p>The preparation of relevant documents such as "Report on Project Planning and Operation Proposal" and the inclusion of relevant documents such as "Combination of Multiple Rules into One" was completed. The report has been accepted by the Chaoyang District Commission of Planning and Natural Resources for approval. The Group is actively seeking local demolition targets and will apply to the government for construction targets and proceed with the development of the project once the demolition targets are obtained.</p> <p>Quality partners have been reserved for this project, which include investors, operators and tenants.</p>
Shanghai	Sanlu Road Project	20,480	20%	This project has been completed as a new industrial park and is recruiting tenants	Properties are recruiting tenants.
Shanghai	Hongmei Road Project	39,448	100%	This project is strategically located in the core area of Shanghai. The Group intends to bring in quality partners to jointly develop this project as a landmark for leasing projects in the region	<p>The Group initiated the adjustment of project positioning and design plan during the period in accordance with the changes in market and policies.</p> <p>Quality partners have been reserved.</p>
Dali	Haidong New District Project	275,181	60%	Greater health industrial park complex including lands for residential, commercial and medical purposes	<p>As the Yunnan provincial government suspended its approval process for the development and construction in Haidong New District, this project is temporarily withheld.</p> <p>The Group is discussing with the local government on the follow-up arrangements.</p>

Location	Project Name	Land Area (m ²)	Shareholding Percentage	Future Planning of the Project	Project Status
Canada	Ovation	2,425	N/A ⁽¹⁾	Artistic health apartments	The pre-sale of this project began in April 2019, and approximately 70% of the saleable area were sold currently.
Canada	Royal Tower	10,588	47.47%	Urban health apartments	We are preparing the application of replanning the nature of project land development, and seeking appropriate partners.

Note⁽¹⁾: This project is engaged in the form of debt investment.

Sale of Medical and Geriatric Product

Beijing Vissam Prosperity Furniture Limited* (北京偉森盛業傢俱有限公司) (“Vissam Prosperity”), a company under the Group engaging in medical and geriatric product business, continued to penetrate into the specialized furniture industry in areas such as geriatric care, medical and education. On the basis of fulfilling the requirements for professional, green and environmentally friendly products, we continued to maintain a leading position in the industry with “meeting people’s healthcare needs” as the core value of our products.

Affected by the pandemic in the first half of 2022, the market development and business growth encountered unprecedented resistance. The achievement of the performance and acceptance in the first half of the year is the result of the company’s long-term accumulation and precipitation of customers, as well as the joint efforts of all employees. Overcoming the impact of the pandemic on the market development, Vissam Prosperity entered into contracts with various projects such as Chongqing Oncology Hospital, Suzhou Huixin Jia’an Clinic, South China University of Technology, Guangzhou Peiwen Foreign Language School, Hainan Weicheng Future School, Shanghai Lingke College, Shanghai Zhuqiao Experimental Primary School and Chengdu Anju World. As of 30 June 2022, Vissam Prosperity has signed but undelivered contracts of approximately RMB68.67 million, and the recognized revenue was approximately RMB72.92 million.

Vissam Prosperity continued to improve the technological content of the enterprise and industry professional standards. In the first half of 2022, it obtained 3 patents and 4 product safety certificates, and participated in the group standard of “General Technical Requirements for Geriatric Care Related Furniture” jointly compiled by China Building Materials Market Association and Beijing Furniture Industry Association, which was officially implemented in May 2022. It participated in the national standard GB24820-2009 “General Technical Requirements for Laboratory Furniture” which was under compilation and revision.

FUTURE PROSPECT

Heading into the second half of 2022, the Group's business is inevitably subject to many challenges. However, the Group is optimistic on and remain confident in Chinese geriatric market and its peripheral businesses (e.g. geriatric care related furniture and geriatric care related real estate).

In respect of the geriatric industry, the Chinese government has issued a series of policies and measures to support the development of the geriatric care and health industry, clearly proposing to implement a national strategy to actively respond to the aging of the population, improve the geriatric service system, strengthen planning and guidance, and actively cultivate the silver-haired economy. Therefore, the Group is actively discussing with a number of insurance companies on cooperation opportunities in the field of geriatric care, seeking a differentiated deployment model and hoping to jointly develop new products and services of "Geriatric Care + Insurance".

In respect of health industrial park, since the strengthening of the regulation of the real estate industry in China in 2021, the domestic real estate industry has been under tremendous pressure of highly indebted. Fortunately, the Group has always maintained a stable development policy with a low debt ratio and has not been greatly impacted by this industry wave. However, as this is an asset-heavy business, the Group will not increase its deployment on health industrial park for the time being as the macro-environment was unclear and the control on Chinese real estate enterprises was tightened. Through actively pushing forward government approval procedure and completing the preparation work before construction, the Group is expected to facilitate the positioning of Chaoyang Port of Beijing as the intelligent cold chain distribution center in the second half of the year, with an aim to develop a benchmark demonstration project for intelligent cold chain in Beijing.

In respect of medical and geriatric product business, although the erratic nature of the pandemic has made market development more difficult, the Group expects that there will be no large-scale epidemic prevention and control enclosed management in China and the Group's medical and geriatric product business will gradually return to normal with sales and profit growth. At the same time, the Group is actively identifying suitable merger and acquisition targets to increase the investment and development of this business in the hope of generating greater returns for shareholders.

In respect of the Group's overall strategy, we will exercise stringent cost control and optimize cost efficiency by putting resources to good use. We will manage our own capital prudently and enhance our financial position by increasing income through appropriate investments in wealth management products, equity and bonds.

FINANCIAL REVIEW

Operating revenue

For the first half of 2022, the operating revenue of the Group was HK\$91,807,000, representing an increase of 15.3% as compared to the corresponding period last year, which was mainly due to the gradual recovery of sales of medical and geriatric products to pre-pandemic level. The related revenue during the period increased by 16.5% to HK\$88,126,000.

Cost of sales

Cost of sales was HK\$66,553,000, representing a year-on-year increase of 16.6%. Cost of sales mainly includes cost of purchases, freight, installation fees and wage expenses.

Gross profit margin

During the period, the overall gross profit margin of the Group was 27.5%, representing a slight decrease of 0.8% as compared to 28.3% for the corresponding period last year, which was however still lower than that of 35% in usual years. It was mainly due to the fact that the COVID-19 outbreak has not yet ended. In order to maintain sales volume, the Group continued to adopt the sales strategy of “small profits but quick turnover” and signed some contracts with lower gross profit.

Other income and gains, net

For the first half of 2022, other income and gains, net was approximately HK\$22,851,000, representing a decrease of 44.9% as compared to HK\$41,456,000 for the corresponding period last year. The decrease in other income and gains, net was mainly due to the one-off reversal of impairment loss on investment in an associate of HK\$13,527,000 and gain on foreign exchange difference of HK\$8,576,000 for the first half of 2021 while no such gains were incurred in the first half of 2022.

Excluding the reversal of impairment loss on investment in an associate and gain on foreign exchange difference, other income and gains, net mainly included bank interest, other interest, dividend and investment income of HK\$12,310,000 (corresponding period in 2021: HK\$17,952,000), rental income of HK\$6,575,000 (corresponding period in 2021: HK\$4,593,000), gains in disposal of equity investments designated at fair value through other comprehensive income of HK\$1,410,000 (corresponding period in 2021: nil) and gains in redemption of a debt investment at fair value through other comprehensive income of HK\$4,375,000 (corresponding period in 2021: nil).

Selling and distribution expenses

For the first half of 2022, the selling and distribution expenses were HK\$6,429,000 (corresponding period in 2021: HK\$5,691,000), representing 7.0% of the total sales amount (corresponding period in 2021: 7.1%). Selling and distribution expenses mainly included salaries of approximately HK\$2,874,000 (corresponding period in 2021: HK\$3,590,000) and promotional fees of approximately HK\$787,000 (corresponding period in 2021: HK\$491,000).

The increase in the selling and distribution expenses during the period was attributable to the increase in sales of the Group in the first half of 2022, which as a percentage of total sales was basically the same as the corresponding period last year.

Administrative expenses

For the first half of 2022, the administrative expenses were HK\$55,951,000, representing a decrease of 11.6% in expenses as compared to HK\$63,293,000 for the corresponding period last year. The administrative expenses mainly included staff costs (including directors' remuneration) of HK\$22,714,000 (corresponding period in 2021: HK\$23,205,000), professional advisory fees of HK\$4,508,000 (corresponding period in 2021: HK\$4,843,000), depreciation charge of HK\$14,350,000 (corresponding period in 2021: HK\$16,153,000), business entertainment expenses of HK\$1,409,000 (corresponding period in 2021: HK\$1,586,000), travelling expenses of HK\$981,000 (corresponding period in 2021: HK\$1,470,000) and office costs of HK\$4,044,000 (corresponding period in 2021: HK\$5,908,000). The decrease in administrative expenses was mainly due to the decrease in depreciation expenses as a result of the Group's office in Beijing, which was leased out in the second half of 2021 and reclassified to investment properties, and one-off maintenance expenses of HK\$4,282,000 incurred in 2021 while no such expenses were incurred in the first half of 2022.

Impairment losses of financial assets

Impairment losses of financial assets were mainly attributable to the provision for impairment of the Group's receivables, other receivables and debt investments. During the period, some other receivables were not repaid on time due to the continued impact of the pandemic. Taking into account the repayment ability of the defaulters, the Group has made a provision for impairment of the affected balances.

Other expenses and losses

Other expenses and losses were mainly one-off non-cash charges. For the six months ended 30 June 2022, the Group incurred other expenses and losses of HK\$1,806,000, representing a decrease of 66.3% from HK\$5,356,000 for the corresponding period last year. A loss on disposal of equity interest in associates of HK\$5,291,000 was incurred for the corresponding period in 2021, while a profit on disposal of equity interest in an associate of HK\$858,000 was incurred and recorded in other income and gains, net in 2022. Other expenses and losses for the first half of 2022 mainly included exchange losses of HK\$1,670,000 (corresponding period in 2021: exchange gains of HK\$8,576,000 recorded in other income and gains, net).

Finance costs

For the first half of 2022, the total finance costs were HK\$602,000 (corresponding period in 2021: HK\$949,000), representing a decrease of 36.6% as compared with that in the corresponding period last year, which was mainly due to the drop in the weighted average balance of borrowings of the Group during the period.

Share of profits and losses of joint ventures

Share of profits and losses of joint ventures mainly included the share of 47.47% of loss attributable to shareholders of 1121695 B.C. Ltd. of approximately HK\$6,249,000 (corresponding period in 2021: HK\$1,083,000).

Share of profits and losses of associates

Share of profits and losses of associates mainly included the share of 25.07% of loss attributable to shareholders of Beijing Sports and Entertainment Industry Group Limited of approximately HK\$4,346,000 (corresponding period in 2021: HK\$363,000), and the share of 20% of loss attributable to shareholders of Shanghai Junbo Textiles Limited* of approximately HK\$3,390,000 (corresponding period in 2021: HK\$2,253,000).

Net assets

As at 30 June 2022, the net assets of the Group was approximately HK\$2,295,443,000, representing a decrease of approximately HK\$201,176,000 from approximately 2,496,619,000 as at 31 December 2021. Excluding the generation of loss of approximately HK\$34,387,000 during the period, the net assets decreased by HK\$166,789,000 as compared to 31 December 2021, which was mainly due to the depreciated exchange rate of RMB against Hong Kong dollar of approximately 4.4% during the first half of 2022, the Group recognized exchange losses of HK\$75,802,000 in other comprehensive income and losses as well as the decrease in non-controlling interest of HK\$71,156,000 as a result of the deconsolidation of a subsidiary.

Liquidity and financial resources

As at 30 June 2022, the Group held cash and cash equivalents of approximately HK\$137,928,000 (31 December 2021: HK\$239,136,000) and had restricted bank balances of approximately HK\$4,120,000 (31 December 2021: HK\$3,994,000).

As at 30 June 2022, interest-bearing bank borrowings of the Group amounted to approximately HK\$36,905,000 (31 December 2021: HK\$36,693,000).

As at 30 June 2022, the net current assets of the Group amounted to HK\$470,146,000 and the current ratio was 3.2 times. The Group maintained sufficient bank credit facilities to meet working capital needs and had sufficient cash resources to finance its capital expenditure in the foreseeable future.

The Group agreed that meticulous management on cash flow is the key to success. To ensure that there is sufficient capital to satisfy the need of the Group's rapid growth, the Group remains good relationships with each of the banks from time to time, so that the Group gains easy access to application for loans.

Capital structure

The Group took full advantage of the financing platform as a listed company by striving for a constant optimisation of the capital and financing structure, so as to obtain sufficient funds to finance the future projects of health and geriatric care. During the period, the Group's operations were mainly financed by internal resources and bank loans.

As at 30 June 2022, the number of issued share of the Company was 6,078,944,027 shares. Equity attributable to shareholders of the Company amounted to approximately HK\$2,181,038,000 (31 December 2021: approximately HK\$2,293,624,000) and total equity was approximately HK\$2,295,443,000 (31 December 2021: approximately HK\$2,496,619,000). The gearing ratio (i.e. bank borrowings divided by total assets) remained at a low level of 1.4% (31 December 2020: 1.2%).

Capital Expenditure

For the six months ended 30 June 2022, the Group's capital expenditure was approximately HK\$16,808,000 (corresponding period in 2021: HK\$2,250,000), which was mainly due to the purchase of investment properties and properties, plants and equipment.

Pledge of Assets

As at 30 June 2022, the following assets were pledged to secure the banking facilities granted to the Group:

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Property, plant and equipment	24,348	26,363
Investment properties	31,560	32,642
Right-of-use assets	–	383,084
Equity investments designated at fair value through other comprehensive income	29,715	–
Financial assets at fair value through profit or loss	3,341	–
Cash and cash equivalents	4,120	–
	93,084	442,089

MATERIAL INVESTMENTS

On 17 January 2022 and 20 January 2022, the Group purchased the senior unsecured bonds issued by Radiance Capital Investments Limited (the “Bond”) of principal amounts of US\$2,300,000 and US\$2,700,000, respectively, at the total consideration of approximately US\$4,512,000 (equivalent to approximately HK\$35,154,000) in the secondary market, due on 17 September 2023 with the coupon of 8.8% per annum. The Bond was early redeemed on 17 June 2022.

On 24 January 2022, the Group subscribed wealth management product of RMB60,000,000 (equivalent to approximately HK\$72,510,000) issued by Xiamen International Bank Co., Limited. The wealth management product is non-principal guaranteed with variable return and has each holding period represents 182 natural days with no fixed maturity period. The wealth management product was redeemed on 28 July 2022.

Save as disclosed above, the Group had no additional material investment for the period ended 30 June 2022.

The Group is actively identifying and exploring suitable investments with potential and synergy effect to its existing businesses. The Group will only consider any potential investments which are in the interests of the Company and the shareholders as a whole. No agreement for material investment has been entered into as at the date of this announcement.

CONTINGENT LIABILITIES

The Group has contingent liabilities up to RMB28,000,000 (equivalent to approximately HK\$32,741,000) as a guarantor for the bank facility granted to an associate of the Company (31 December 2021: RMB28,000,000 (equivalent to approximately HK\$34,247,000)).

As at 30 June 2022, the associate has utilized bank loans of approximately RMB26,554,000 (equivalent to approximately HK\$31,050,000) which is guaranteed by the Group (31 December 2021: approximately RMB26,386,000 (equivalent to approximately HK\$32,273,000)).

Save as disclosed above, the Group has no significant contingent liabilities as at 30 June 2022.

FOREIGN EXCHANGE RISK

The Group's exposure to foreign exchange risks primarily arises from other receivables and investment in joint ventures denominated in CAD as well as cash and cash equivalents and equity investments at fair value through other comprehensive income denominated in US dollars. In respect of the Group's exposure to potential foreign exchange risks arising from the currency exchange rate fluctuations, it did not make any arrangement or use any financial instruments to hedge against potential foreign exchange risks. However, the management will continue to monitor foreign exchange risks and adopt hedging measures where necessary.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2022, the Group had approximately 168 (corresponding period in 2021: 241) employees. Total staff costs (including Directors' emoluments) for the six months ended 30 June 2022 amounted to approximately HK\$26,242,000 (corresponding period in 2021: approximately HK\$27,634,000).

The Group's remuneration policy is that all employees are rewarded on the basis of market levels. In addition to salaries, the Group provides staff benefits including medical insurance, contribution to staff's mandatory provident fund and social insurance in the PRC. To motivate and reward staff, the Group has a discretionary performance bonus scheme and a year-end award scheme to drive their performance and growth. The Company has also established a share option scheme and an employee option scheme to recognize the performance of its employees.

CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Listing Rules for the six months ended 30 June 2022.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Board has adopted the provisions of the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules. The Company confirms that, after specific enquiry with each director, all directors have confirmed compliance with the Model Code during the six months ended 30 June 2022.

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

The Company had bought back the Shares on the Stock Exchange during the six months ended 30 June 2022 with details as follow:

Trading Day	Number of Shares Purchased	Price per Share		Total Paid HK\$
		Highest Price Paid HK\$	Lowest Price Paid HK\$	
1 June 2022	5,190,000	0.093	0.089	474,108
2 June 2022	6,522,000	0.095	0.092	612,786
6 June 2022	4,200,000	0.097	0.093	403,200
7 June 2022	1,728,000	0.100	0.097	172,656
8 June 2022	1,476,000	0.104	0.100	149,094
14 June 2022	1,056,000	0.105	0.096	107,766
	<u>20,172,000</u>			<u>1,919,610</u>

All of the shares bought back during the six months ended 30 June 2022 were cancelled on 22 July 2022.

Save as disclosed, there was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company’s listed securities during the six months ended 30 June 2022.

AUDIT COMMITTEE

The Audit Committee was established on 11 April 2002 with written terms of reference. The Board establishes formal and transparent arrangements for considering how it applies the financial reporting and internal control principles and for maintaining an appropriate relationship with the Company's auditors.

The members of the Audit Committee comprise three members, Mr. Tse Man Kit, Keith (Chairman of the Committee), Mr. Gary Zhao and Mr. Wu Yong Xin, all of which are independent non-executive directors (including one independent non-executive director who possesses the appropriate professional qualifications or accounting or related financial management expertise). None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The Company's interim results for the six months ended 30 June 2022 have been reviewed by the Audit Committee of the Company.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The electronic version of this interim results announcement is published on the websites of the Company (<http://www.bjhl.com.hk>) and the Stock Exchange (www.hkexnews.hk).

The interim report of the Company for the six months ended 30 June 2022 will be despatched to the shareholders of the Company and published on the said websites in due course.

By Order of the Board of
Beijing Health (Holdings) Limited
Zhu Shi Xing
Chairman

Hong Kong, 30 August 2022

As at the date of this announcement, the Board comprises six Executive Directors, namely Mr. Zhu Shi Xing, Mr. Liu Xue Heng, Mr. Gu Shan Chao, Mr. Siu Kin Wai, Mr. Hu Shiang Chi and Mr. Wang Zheng Chun and five Independent Non-Executive Directors, namely Mr. Robert Winslow Koepf, Mr. Gary Zhao, Mr. Tse Man Kit, Keith, Mr. Wu Yong Xin and Mr. Zhang Yun Zhou.

* *For identification purpose only*