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 2023

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 2023, together with the comparative figures for the corresponding period in 2022. 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 2023

		For the six months ended 30 June	
		2023	2022
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	4	**78,038**	91,807
Cost of sales		**(59,314)**	(66,553)
Gross profit		**18,724**	25,254
Other income and gains, net	5	**21,352**	22,851
Selling and distribution expenses		**(7,176)**	(6,429)
Administrative expenses		**(41,603)**	(55,951)
Impairment losses on financial assets, net		**(2,153)**	(2,849)
Other expenses and losses		**(1,801)**	(1,806)
Finance costs	6	**(263)**	(602)
Share of profits and losses of:			
Joint ventures		**(206)**	(6,788)
Associates		**(6,374)**	(9,353)
LOSS BEFORE TAX	7	**(19,500)**	(35,673)
Income tax credit	8	**1,468**	1,286
LOSS FOR THE PERIOD		**(18,032)**	(34,387)

	For the six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
LOSS FOR THE PERIOD	**(18,032)**	(34,387)
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
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	**(44,765)**	(75,802)
Reclassification adjustments for foreign operations deconsolidated during the period	**–**	(48)
Share of other comprehensive (loss)/income of a joint venture	**(848)**	125
Share of other comprehensive loss of an associate	**(100)**	(849)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(45,713)**	(76,588)
Other comprehensive income/(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	**1,594**	(16,929)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD	**(44,119)**	(93,517)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(62,151)**	(127,904)

	Note	For the six months ended 30 June **2023** ***HK$'000*** **(Unaudited)**	 2022 *HK$'000* (Unaudited)
Loss attributable to:			
Owners of the parent		**(16,014)**	(32,820)
Non-controlling interests		**(2,018)**	(1,567)
		(18,032)	(34,387)
Total comprehensive loss attributable to:			
Owners of the parent		**(56,934)**	(110,666)
Non-controlling interests		**(5,217)**	(17,238)
		(62,151)	(127,904)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic and diluted		**HK(0.26) cents**	HK(0.54) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	Note	**30 June 2023 *HK$'000* (Unaudited)**	31 December 2022 *HK$'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**58,960**	62,766
Investment properties		**139,129**	150,720
Right-of-use assets		**392,903**	412,460
Property under development		**414,368**	427,681
Goodwill		**79,979**	79,979
Investments in joint ventures		**75,796**	73,666
Investments in associates		**133,628**	144,844
Equity investments designated at fair value through other comprehensive income		**236,334**	246,737
Prepayments and other receivables		**10,092**	175,275
Deferred tax assets		**1,957**	1,481
Total non-current assets		**1,543,146**	1,775,609
CURRENT ASSETS			
Inventories		**27,733**	45,363
Trade and bills receivables	11	**26,934**	18,655
Prepayments, other receivables and other assets		**314,451**	135,040
Financial assets at fair value through profit or loss		**251,391**	247,038
Cash and cash equivalents		**140,075**	193,726
Total current assets		**760,584**	639,822

	Notes	30 June 2023 HK$'000 (Unaudited)	31 December 2022 HK$'000 (Audited)
CURRENT LIABILITIES			
Trade payables	12	**29,004**	21,745
Other payables and accruals		**105,224**	129,043
Interest-bearing bank borrowings		**–**	25,747
Lease liabilities		**2,406**	4,744
Tax payable		**1,738**	1,062
Total current liabilities		**138,372**	182,341
NET CURRENT ASSETS		**622,212**	457,481
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,165,358**	2,233,090
NON-CURRENT LIABILITIES			
Other payables		**13,291**	12,992
Lease liabilities		**3,146**	2,255
Deferred tax liabilities		**68,329**	74,183
Total non-current liabilities		**84,766**	89,430
NET ASSETS		**2,080,592**	2,143,660
EQUITY			
Equity attributable to the owners of the parent			
Share capital	13	**1,211,754**	1,211,754
Reserves		**768,550**	825,484
		1,980,304	2,037,238
Non-controlling interests		**100,288**	106,422
TOTAL EQUITY		**2,080,592**	2,143,660

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 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 ("HKAS") 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 2022.

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 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

HKFRS 17	*Insurance Contracts*
Amendments to HKFRS 17	*Insurance Contracts*
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform – Pillar Two Model Rules*

The adoption of the above new and 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 2022: 100%) of the Group's revenue was generated from customers in Mainland China, and over 87% (as at 31 December 2022: 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$16,024,000 (six months ended 30 June 2022: HK$22,349,000) 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	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**78,038**	91,807

Disaggregated revenue information for revenue from contracts with customers:

	For the six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Type of goods or services		
Sale of goods	**74,786**	88,126
Rendering of services	**3,252**	3,681
Total revenue from contracts with customers	**78,038**	91,807

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	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Geographical markets		
Mainland China	**78,038**	91,807
Total revenue from contracts with customers	**78,038**	91,807

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	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Other income		
Bank interest income	**1,823**	444
Other interest income	**5,603**	6,520
Investment income of debt investment at fair value through other comprehensive income	**–**	1,561
Investment income of equity investments designated at fair value through other comprehensive income	**1,508**	1,430
Investment income of financial assets at fair value through profit or loss	**1,731**	1,241
Gross rental income from investment property under operating lease	**5,285**	6,575
Dividend income	**873**	1,114
Sundry income	**1,943**	415
	18,766	19,300
Gains/(losses), net		
(Loss)/gain on disposal of property, plant and equipment	**(31)**	67
Fair value losses on investment properties, net	**(7,677)**	(2,656)
Fair value gains/(losses) on financial assets at fair value through profit or loss, net	**343**	(566)
Gain on deconsolidation of a subsidiary	**–**	63
(Loss)/gain on disposal of an associate	**(161)**	858
Gain on disposal of equity investment designated 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	**10,112**	–
	2,586	3,551
Other income and gains, net	**21,352**	22,851

6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on bank borrowings	**99**	263
Interest on lease liabilities	**164**	339
	263	602

7. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**56,725**	64,363
Cost of services provided	**2,589**	2,190
Depreciation of property, plant and equipment	**2,239**	3,168
Depreciation of right-of-use assets	**9,934**	10,974
Foreign exchange differences, net	**(10,112)**	1,676#
Impairment of financial assets:		
Impairment of trade receivables, net	**2,153**	2,849
Impairment loss on investment in an associate	**1,717#**	–
Loss/(gain) on disposal of an associate	**161**	(858)

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	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current – PRC corporate income tax		
Charge for the period	**2,221**	2,255
Deferred	**(3,689)**	(3,541)
Total tax credit for the period	**(1,468)**	(1,286)

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 2022: 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 2023 (six months ended 30 June 2022: 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$16,014,000 (six months ended 30 June 2022: HK$32,820,000), and the weighted average number of ordinary shares of 6,058,772,027 (six months ended 30 June 2022: 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 2023 and 30 June 2022 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 and bills receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2023 *HK$'000* **(Unaudited)**	31 December 2022 *HK$'000* (Audited)
Trade receivables:		
Within 6 months	**19,091**	8,258
7 to 12 months	**3,194**	1,800
13 to 18 months	**602**	7,484
19 to 24 months	**4,020**	1,113
	26,907	18,655
Bills receivables	**27**	–
	26,934	18,655

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 2023 ***HK$'000*** **(Unaudited)**	31 December 2022 *HK$'000* (Audited)
Within 3 months	**13,563**	11,904
Over 3 months	**15,441**	9,841
	29,004	21,745

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

13. SHARE CAPITAL

	30 June 2023 ***HK$'000*** **(Unaudited)**	31 December 2022 *HK$'000* (Audited)
Authorised:		
10,000,000,000 (31 December 2022: 10,000,000,000) ordinary shares of HK$0.2 each	**2,000,000**	2,000,000
Issued and fully paid:		
6,058,772,027 (31 December 2022: 6,058,772,027) ordinary shares of HK$0.2 each	**1,211,754**	1,211,754

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 2013 Scheme has been expired in May 2023 and no new share option scheme was adopted.

The exercise prices and exercise periods of the share options outstanding at 30 June 2023 and 31 December 2022 are as follows:

30 June 2023 Number of options *'000*	31 December 2022 Number of options *'000*	**Exercise price per share** *note (c)* *HK$*	**Exercise period per share**
156,500	156,500	0.61	*note (a)*
101,500	101,500	0.53	*note (b)*
258,000	258,000		

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 2022: Nil).

At the end of the reporting period, the Company had 258,000,000 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 258,000,000 additional ordinary shares of the Company, which represented approximately 4.26% of the Company's shares in issue as at that date, and additional share capital of HK$51,600,000 and share premium of HK$97,660,000 (before issue expenses).

15. COMMITMENTS

The Group had the following capital commitments at 30 June 2023 and 31 December 2022:

	30 June 2023	31 December 2022
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Contracted, but not provided for:		
Land and buildings	**52,197**	67,984
Properties under development	**22,817**	22,492
	75,014	90,476

16. RELATED PARTY DISCLOSURES

Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Salaries, allowances and benefits in kind	**2,127**	2,200
Pension scheme contributions	**85**	100
	2,212	2,300

17. CONTINGENT LIABILITIES

The Group has contingent liabilities up to RMB28,000,000 (equivalent to approximately HK$30,369,000) as a guarantor for the bank facility granted to an associate of the Company (31 December 2022: RMB28,000,000 (equivalent to approximately HK$31,344,000)).

As at 30 June 2023, the associate has utilized bank loans of approximately RMB25,712,000 (equivalent to approximately HK$27,888,000) which is guaranteed by the Group (31 December 2022: approximately RMB26,422,000 (equivalent to approximately HK$29,578,000)).

Save as disclosed above, the Group has no significant contingent liabilities as at 30 June 2023.

18. EVENTS AFTER THE REPORTING PERIOD

There was no significant events occurring after the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Geriatric Care Business

The growth rate of China's aging population continues to rise and is expected to exceed 300 million by 2025 and 420 million by 2035. According to the Plan for the Development of China's Old-age Programs and the Elderly-care Service System during the 14th Five-year Plan Period published by the State Council, the demand for elderly beds will increase from 7.5 million at present to 9 million by 2025 and 15 million by 2035 during the 14th Five-year Plan period.

The Group actively expands inclusive institutions for geriatric care and engages in the investment and operation of nursing homes by adopting the model of "chain operation with integrated medical and geriatric care". It has maintained in-depth deployment in Yangtze River Delta region, which has stronger economic power and greater market demand, and gradually expanded to the entire PRC for the provision of quality geriatric service. The Group has established the "Beikang Medical and Geriatric Care* (北康醫養)" geriatric service brand with strong competitive advantages in China and has broad experience in investment and operation of medical and geriatric care. At present, the Group operates a number of self-operated nursing institutions through its own team of professional geriatric care and medical personnel. The occupancy rate of beds for geriatric care is full throughout the year, representing full recognition and acknowledgment by customers and governments.

As of 30 June 2023, 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 75% and operating cash flow was stable. During the period, revenue from beds of geriatric care institutions reached RMB20.82 million^ (the first half of 2022: RMB18.68 million), representing a year-on-year increase of 11.46%. A net profit of 1.8977 million was realized, representing a year-on-year increase of 49.55%. The business growth was mainly attributable to the end of the domestic COVID-19 pandemic in the first half of 2023, which resulted in a significant decrease in the Company's epidemic prevention costs and expenditures. In addition, the Company's value-added services, such as integrated medical and geriatric care, increased its operating results.

In early 2023, the domestic COVID-19 pandemic became widespread in China, with more elderly people being infected and passing away, leading to a temporary drop in the occupancy rate of certain institutions in the first half of the year. However, after the end of the pandemic, all institutions have been relieved of their enclosed management, and the occupancy rates of various institutions have gradually rebounded, with the occupancy rate of newly opened projects, such as the Changzhou Xuejia Nursing Home, surpassing 50%.

Brief Description of Geriatric Care Project

Project Name	Number of beds	Revenue^			Rental portfolio occupancy rate as at the end of the Period	
		2023	2022	Changes	**2023**	2022
		RMB'000	*RMB'000*			
Wuxi Liangxi District Guangyi Geriatric Care Center and Nursing Home	285	**10,612**	9,361	13.36%	**92%**	95%
Wuxi Liangxi District Wuhe Geriatric Care Center and Nursing Home	160	**3,408**	3,006	13.37%	**85%**	90%
Changzhou Xinbei District Xuejia Aixin Geriatric Care Center and Nursing Home	400	**4,253**	3,817	11.42%	**52%**	40%
Wuxi Liangxi District Huifeng Geriatric Care Center	100	**547**	514	6.42%	**82%**	50%
Wuhu Jinghu District Golden Sun Geriatric Care Center	110	**2,003**	1,984	0.96%	**95%**	90%
Total	1,055	**20,823**	18,682	11.46%	**75%**	69%
		HK$'000	*HK$'000*			
Presented in accordance with Hong Kong Generally Accepted Accounting Principles		**3,252**	3,681	(11.65%)		

^ This revenue included the revenue from the private non-enterprise entities (the "Private Non-enterprise Entities") which were founded by the Group's subsidiaries. As the Group's geriatric care business is mainly operated by Private Non-enterprise Entities founded by the Group's subsidiaries, the income presented under Hong Kong Generally Accepted Accounting Principles represents the fees charged by the Group's subsidiaries to the Private Non-enterprise Entities in accordance with the market principles.

Wuxi Liangxi District Guangyi Geriatric Care Center and Nursing Home

First established in July 1983, 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.

Guangyi Geriatric Care Center and Nursing Home achieved operating revenue of RMB10.61 million, representing a year-on-year increase of 13.36%, with an occupancy rate of 92%. In the first half of the year, the occupancy rate of Guangyi Geriatric Care Center and Nursing Home declined slightly due to the outbreak of the COVID-19 pandemic but began to rise gradually since the end of the pandemic and the comprehensive reopening of the institution. Value-added services such as integrated medical and geriatric care have boosted operating results.

Wuxi Liangxi District Wuhe Geriatric Care Center and 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.

Wuhe Geriatric Care Center and Nursing Home achieved operating revenue of RMB3.41 million, representing a year-on-year increase of 13.37%, with an occupancy rate of 85%. In the first half of the year, the occupancy rate of Wuhe Geriatric Care Center and Nursing Home declined slightly due to the outbreak of the COVID-19 pandemic but began to rise gradually since the end of the pandemic and the comprehensive reopening of the institution. Value-added services such as integrated medical and geriatric care have boosted operating results.

Changzhou Xinbei District Xuejia Aixin Geriatric Care Center and 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.

Xuejia Aixin Geriatric Care Center and Nursing Home achieved operating revenue of RMB4.25 million, representing a year-on-year increase of 11.42%, with an occupancy rate of 52%. In the first half of the year, the Xuejia Aixin Geriatric Care Center and Nursing Home were less affected by the outbreak of the COVID-19 pandemic due to the new opening of the center with few residents, and the occupancy rate increased more rapidly after the pandemic and has surpassed 50%.

Wuxi Liangxi District Huifeng Geriatric Care Center

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.

Huifeng Geriatric Care Center achieved operating revenue of RMB0.55 million, representing a year-on-year increase of 6.42%, with an occupancy rate of 82%. In the first half of the year, the occupancy rate of the Huifeng Geriatric Care Center increased significantly after it received clients from a nearby nursing center that was closed due to its sub-standard building. Huifeng Geriatric Care Center started to enhance the integration of medical and geriatric care in the first half of the year and is in the process of applying for the opening of a nursing home in accordance with the requirements, and is expected to obtain the medical qualification for a nursing home in the second half of the year.

Wuhu Jinghu District Golden Sun Geriatric Care Center

The institution is situated at 3-1 land parcel, Century City, Jinghu District, Wuhu. 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.

Wuhu Golden Sun Geriatric Care Center achieved operating revenue of RMB2.00 million, representing a year-on-year increase of 0.96%, with an occupancy rate of 95%. In the first half of the year, Wuhu Golden Sun Geriatric Care Center were less affected by the COVID-19 pandemic and its performance was stable. Wuhu Golden Sun Geriatric Care Center commenced internal renovation work in the first half of the year in response to market demand, which is expected to increase the number of operating beds by approximately 10.

Newly-signed Projects

Changzhou Luoxi Geriatric Care Center

The Group and the People's Government of Luoxi, Xinbei District, Changzhou (the "Luoxi Government") entered into a cooperative agreement on the investment and operation of nursing home in Luoxi on 5 July 2023, and successfully obtained the operating right of Changzhou Luoxi Geriatric Care Center. Changzhou Luoxi Nursing Home is located at 997 Zhengtai Road, Luoxi, Xinbei District, Changzhou, Jiangsu Province, the construction of which was financed by the Luoxi Government in 2009. Divided into three buildings in the south, central and north, the project covers a total area of 15,000 sq.m., with a construction area of 4,800 sq.m., a landscaping area of approximately 5,000 sq.m., and a total of 152 beds.

The Group plans to carry out renovation to the project to create a smart and garden-like nursing home that integrates medical and geriatric care, so as to enhance the geriatric and medical and nursing services of the nursing home in Luoxi.

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 2023, 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 2023, the progress of the Group's projects under development as follows:

Location	Project Name	Land Area *(m^2)*	Shareholding Percentage	Future Planning of the Project	Project Status
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	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. Quality partners have been reserved for this project, which include investors, operators and tenants.

Location	Project Name	Land Area *(m²)*	Shareholding Percentage	Future Planning of the Project	Project Status
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	The Group initiated the adjustment of project positioning and design plan during the period in accordance with the changes in market and policies. Quality partners have been reserved.
Dali	Haidong New District Project	275,181	60%	Greater health industrial park complex including lands for residential, commercial and medical purposes	As the Yunnan provincial government suspended its approval process for the development and construction in Haidong New District, this project is temporarily withheld. The Group is discussing with the local government on the follow-up arrangements.
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. It is expected to be completed and delivered to purchasers in the third quarter of this year.
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 continued to penetrate into the specialized furniture industry in areas such as education, geriatric care and medical. Following the full release of the pandemic in China in 2023, while the market has seen a rebound in consumption, market demand and competitive pressures have also been mounting.

During the first half of 2023, the Group mainly focused on market development, with the education industry as the major target customer group.

In the first half of the year, we participated in 7 offline market activities, while conducting online brand promotion to strive for substantial contact and transformation of the project. A total of 513 clients were served during the event period, of which 107 were active clients. Media coverage and interviews for 7 exhibitions were conducted online, and brand and event promotion was carried out on websites such as Tencent, China Education Equipment Caigouwang, Sina News and China Nursing Care, with an exposure of 140,824,720 views. Under the rapid coordination of the joint efforts of various departments, we participated in the project tenders and competitions, and successfully signed a number of projects, including, among others, "Changchun Liwang Experimental School Teaching and Office Dining Hall Furniture Procurement Project", "Changchun Huyucheng Experimental School", "Community and Humanity Building of Tongzhou Campus of Renmin University of China", "Hainan Yunhai Experimental Learning Teaching Furniture", "Wen San Building of Liangxiang Campus of Beijing Technology and Business University" and other key projects.

Meanwhile, Vissam Prosperity successfully completed the annual inspection of China Environmental Labelling Product Certification, China Eco Labelling Certification, Safety Product Certification, and Commodity After-Sales Service Certification. At the same time, it was awarded important certificates in the industry such as "2023 Top 10 Brands of Office Furniture", "2023 Top 10 Brands of Furniture for the Elderly", "2023 Top 10 Leading Brands of School Furniture", and "2023 Top 10 Brands of Hospital Furniture", etc., which were awarded by China Procurement and Bidding Network.

Finally, we strive to create and protect health, and actively participate in social welfare activities. In the first half of the year, Vissam Prosperity participated in a public welfare activity organized by the Shanghai Juequn Culture and Education Foundation, and donated furniture to the Juequn Children's Care Room at the Children's Hospital of Fudan University.

FUTURE PROSPECT

With the gradual receding of the impact of the three-year-long COVID-19 pandemic and the recovery of domestic economic activities, the Group has actively deployed its future development direction in the greater healthcare industry in the first half of the year. After years of penetration in the geriatric care business, health industrial park and medical and nursing furniture industry, the Group has gradually established a greater healthcare industry chain.

In respect of the geriatric care industry, the Group will focus on building the "Beikang Medical and Geriatric Care" brand and continue to leverage on the strengths of the operation model of "chain operation with integrated medical and geriatric care", and continue to reinforce and strengthen its core competitiveness in chain management, standardization, specialization and integration of medical and geriatric care, as well as continue its penetration into the Yangtze River Delta region, which is characterized by its robust economy and strong consumer demand, to accelerate the expansion of elderly beds. Following the acquisition of 152 beds in the Changzhou Luoxi Geriatric Care Center in July 2023, the Group is now actively working with the local government to secure resources for the center, aiming to increase the number of beds by 500 to 1,000 in the current year.

In respect of health industrial parks, China has stepped up its supervision of the real estate industry and the pressure of high debts on the domestic real estate industry has not been alleviated. In the face of uncertainties in the macro environment, the Group will not increase its investment in health parks for the time being. It is expected that in the second half of the year, the Group will actively promote the governmental approval procedures for its stock projects, while identifying suitable partners to dispose of certain projects in a timely manner.

In respect of the business of medical and geriatric products, in the second half of the year, we will continue to focus on the market development and maintenance of educational products, complemented by medical and healthcare and office furniture, strengthen the online promotion of our brands, and further improve our existing stock projects as well as open up new business orders. Meanwhile, the Group is actively identifying suitable merger and acquisition target companies to increase the investment and development of the business, in the hope of creating greater benefits for shareholders.

FINANCIAL REVIEW

Operating Revenue

For the first half of 2023, the operating revenue of the Group was HK$78,038,000, representing a decrease of 15.0% as compared to the corresponding period last year, which was mainly due to the decrease in revenue from the sales of medical and geriatric products by 15.1% to HK$74,786,000. The major source markets for the medical and geriatric products segment are mostly from corporate and institutional tender, with a lead time of approximately half a year to one year from the winning of the tender to the delivery of the products. As China was still under semi-closure in the second half of 2022 under the impact of COVID-19 pandemic, the order backlog of the Group has relatively decreased, resulting in a decrease in revenue carried-forward during the period.

Cost of Sales

Cost of sales was HK$59,314,000, representing a decrease of 10.9%. 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 24.0%, representing a decrease of 3.5% as compared to 27.5% for the corresponding period last year, which mainly due to a rapid rise in raw material prices resulting from the worldwide inflation.

Other Income and Gains, Net

For the first half of 2023, other income and gains, net was approximately HK$21,352,000, representing a decrease of 6.6% as compared to HK$22,851,000 for the corresponding period last year. The decrease in other income and gains, net was mainly due to the decrease in the debt investment, equity investments and financial assets investments related income in the first half of the year from approximately HK$10,565,000 for the corresponding period last year to approximately HK$4,456,000 for the current period. In addition, due to the uncertain macro-environment faced by the real estate industry in China, the fair value losses on investment properties further increased to HK$7,677,000 as compared to HK$2,656,000 for the corresponding period last year. The above decrease was diluted by the gain on exchange differences of HK$10,112,000 recorded in the first half of the year, which was mainly attributable to the appreciation of CAD against HK$ by approximately 3.2% in the first half of 2023, as there was no such gain in the first half of 2022.

Excluding the debt investment, equity investments, financial assets investments related income and gain on foreign exchange difference, other income and gains, net mainly included bank interest and other interest of HK$7,426,000 (corresponding period in 2022: HK$6,964,000) and rental income of HK$5,285,000 (corresponding period in 2022: HK$6,575,000).

Selling and Distribution Expenses

For the first half of 2023, the selling and distribution expenses were HK$7,176,000 (corresponding period in 2022: HK$6,429,000), representing 9.2% of the total sales amount (corresponding period in 2022: 7.0%). Selling and distribution expenses mainly included salaries of approximately HK$2,958,000 (corresponding period in 2022: HK$2,874,000), office costs of approximately HK$1,556,000 (corresponding period in 2022: HK$1,312,000) and promotional fees of approximately HK$1,469,000 (corresponding period in 2022: HK$787,000).

The increase in the selling and distribution expenses during the period was mainly attributable to the increase in the Group's participation in exhibitions in the first half of 2023 to promote furniture products.

Administrative Expenses

For the first half of 2023, the administrative expenses were HK$41,603,000, representing a decrease of 25.6% in expenses as compared to HK$55,951,000 for the corresponding period last year. The administrative expenses mainly included staff costs (including directors' remuneration) of HK$17,488,000 (corresponding period in 2022: HK$22,714,000), professional advisory fees of HK$2,478,000 (corresponding period in 2022: HK$4,508,000), depreciation and amortisation charge of HK$11,682,000 (corresponding period in 2022: HK$14,350,000), business entertainment expenses of HK$1,555,000 (corresponding period in 2022: HK$1,409,000), travelling expenses of HK$1,804,000 (corresponding period in 2022: HK$981,000) and office costs of HK$2,922,000 (corresponding period in 2022: HK$4,044,000). The decrease in administrative expenses was mainly due to the implementation of the Group's tightening expense policy which resulted in an effective reduction of various administrative expenses.

Impairment Losses of Financial Assets

Impairment losses of financial assets were mainly attributable to the provision for impairment of the Group's receivables and other receivables. During the period, some trade 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 2023, the Group incurred other expenses and losses of HK$1,801,000 (corresponding period last year: HK$1,806,000). The other expenses and losses were mainly the impairment of investments in associates of approximately HK$1,717,000.

Finance Costs

For the first half of 2023, the total finance costs were HK$263,000 (corresponding period in 2022: HK$602,000), representing a decrease of 56.3% 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$206,000 (corresponding period in 2022: HK$6,249,000).

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$4,573,000 (corresponding period in 2022: HK$4,346,000), and the share of 20% of loss attributable to shareholders of Shanghai Junbo Textiles Limited* (上海駿帛紡織品有限公司) of approximately HK$1,423,000 (corresponding period in 2022: HK$3,390,000).

Net Assets

As at 30 June 2023, the net assets of the Group was approximately HK$2,080,592,000, representing a decrease of approximately HK$63,068,000 from approximately 2,143,660,000 as at 31 December 2022. Excluding the generation of loss of approximately HK$18,032,000 during the period, the net assets decreased by HK$45,036,000 as compared to 31 December 2022, which was mainly due to the depreciated exchange rate of RMB against Hong Kong dollar of approximately 3.1% during the first half of 2023, the Group recognized exchange losses of HK$44,765,000 in other comprehensive income and losses.

Liquidity and Financial Resources

As at 30 June 2023, the Group held cash and cash equivalents of approximately HK$140,075,000 (31 December 2022: HK$193,726,000) and balance of wealth management products from banks of approximately HK$225,014,000 (31 December 2022: HK$221,773,000).

As at 30 June 2023, interest-bearing bank borrowings of the Group amounted to HK$Nil (31 December 2022: HK$25,747,000).

As at 30 June 2023, the net current assets of the Group amounted to HK$622,212,000 and the current ratio was 5.5 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 2023, the number of issued share of the Company was 6,058,772,027 shares. Equity attributable to shareholders of the Company amounted to approximately HK$1,980,304,000 (31 December 2022: approximately HK$2,037,238,000) and total equity was approximately HK$2,080,592,000 (31 December 2022: approximately HK$2,143,660,000).

Capital Expenditure

For the six months ended 30 June 2023, the Group's capital expenditure was approximately HK$343,000 (corresponding period in 2022: HK$16,818,000), which was mainly due to the purchase of properties, plants and equipment.

Pledge of Assets

As at 30 June 2023, the following assets were pledged to secure the banking facilities granted to the Group:

	30 June 2023 *HK$'000*	31 December 2022 *HK$'000*
Property, plant and equipment	–	14,176
Investment properties	–	21,269
	–	35,445

MATERIAL INVESTMENTS

The Group had no additional material investment for the period ended 30 June 2023.

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 results announcement.

CONTINGENT LIABILITIES

The Group has contingent liabilities up to RMB28,000,000 (equivalent to approximately HK$30,369,000) as a guarantor for the bank facility granted to an associate of the Company (31 December 2022: RMB28,000,000 (equivalent to approximately HK$31,344,000)).

As at 30 June 2023, the associate has utilized bank loans of approximately RMB25,712,000 (equivalent to approximately HK$27,888,000) which is guaranteed by the Group (31 December 2022: approximately RMB26,422,000 (equivalent to approximately HK$29,578,000)).

Save as disclosed above, the Group has no significant contingent liabilities as at 30 June 2023.

FOREIGN EXCHANGE RISK

Majority of the subsidiaries of the Group operate in the PRC with most of the transactions denominated and settled in RMB. Fluctuations of RMB exchange rates would impact the Group's net asset value in the preparation of the Group's consolidated accounts. If RMB appreciates/depreciates against HK$, the Group would record a(n) increase/decrease in the Group's net asset value. Also, the Group has exposure to foreign exchange risks in relation to other receivables and investments in a joint venture denominated in CAD. During the six months ended 30 June 2023, 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 2023, the Group had approximately 170 (corresponding period in 2022: 168) employees (76 males and 94 females (corresponding period in 2022: 75 males and 93 females)). Total staff costs (including Directors' emoluments) for the six months ended 30 June 2023 amounted to approximately HK$21,480,000 (corresponding period in 2022: approximately HK$26,242,000).

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 2023.

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 2023.

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

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 2023.

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 2023 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 2023 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, 29 August 2023

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 Koepp, Mr. Gary Zhao, Mr. Tse Man Kit, Keith, Mr. Wu Yong Xin and Mr. Zhang Yun Zhou.

* *For identification purpose only*