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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)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO THE ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Reference is made to the 2022 Annual Report published by the Company on 20 April 2023. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the 2022 Annual Report.

In addition to the information provided in the 2022 Annual Report, the Board would like to provide additional information regarding the disclosure with respect to the loan receivables of the Group as follows, which should be read in conjunction with the 2022 Annual Report.

LOAN RECEIVABLES

As at 31 December 2022, the Group had loan receivables of approximately HK\$183.6 million (2021: approximately HK\$202.7 million) net of allowances for expected credit losses of approximately HK\$15 million (2021: approximately HK\$15 million). The major terms of the relevant loans are set out as follows:

Loan(s)	Date of relevant loan agreement	Principal	Interest rate (per annum)	Repayment period	Details of collateral or guarantee
Loan to Borrower A (Note a)	6 November 2020	RMB21,000,000	4.0%	9 November 2020 – 8 November 2023	N/A
Loan to Borrower B (Note b)	8 April 2019	HK\$50,000,000	5.0%	8 April 2019 – 8 April 2021	Personal guarantee provided by Mr. Chan Siu Yeung for Borrower B's performance of its obligations under the relevant loan agreement
Loan to Borrower C (Note c)	1 April 2022	RMB20,000,000	4.5%	1 April 2022 – 28 June 2023	Corporate guarantee provided by Beijing Zhengshenghe Investment Management Co., Ltd.* (北京正勝合投資管理有限公司) for Borrower C's performance of its obligations under the relevant loan agreement
Loans to Borrower D (Note d)	11 August 2015	CAD11,250,000	10.0%	Repayable on demand	Personal guarantee provided by Mr. Yu Lu Ning for Borrower D's performance of its obligations under the relevant loan agreements
	1 June 2017	CAD3,800,000	10.0%	Repayable on demand	
	13 November 2018	CAD1,200,000	10.0%	Repayable on demand	
	18 December 2018	CAD3,000,000	10.0%	Repayable on demand	Promissory notes due on demand issued by Borrower D to the Group for the corresponding principal amount and loan interest under each of the four loan agreements
	(12 April 2019)	(CAD1,400,000) (Repayment)	(N/A)		
Total		CAD17,850,000 (Note e)			

Notes:

- a. Borrower A is a company incorporated in Hong Kong with limited liability and is wholly-owned by Beijing Financial Investment Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, and which is owned by the Company and several individual shareholders in the PRC and Hong Kong, of which none of the shareholders hold more than 15% shareholding.

Borrower A is principally engaged in (i) licensed investment fund management in the PRC; (ii) private equity investment in Pre-IPO venture and listed stocks in Hong Kong and the PRC; and (iii) provision of service in relation to the sports industry through a joint venture with the China Athletics Association.

- b. Borrower B is a company incorporated in the British Virgin Islands with limited liability. Borrower B is wholly owned by Mr. Chan Siu Yeung. Borrower B is the holding company of AMC Wanhai Securities Limited which is principally engaged in Types 1, 4, 6 and 9 Regulated Activities governed by the Securities and Futures Commission in Hong Kong.
- c. Borrower C is a company established in the PRC with limited liability and is principally engaged in property development in the PRC. Borrower C is ultimately owned as to approximately 46.36% by Mr. Chen Hang, 44.55% by Mr. Guo Zheng Bao and 9.09% by Radiance Holdings (Group) Company Limited, the shares of which are listed on the Stock Exchange (stock code: 9993).
- d. Borrower D is a company incorporated in Canada. Borrower D is ultimately owned by Mr. Yu Lu Ning. Borrower D is principally engaged in property development in Canada.
- e. The loans were provided in several stages as requested by Borrower D which was mainly based on the development progress of the property development project, details of which are set out in the section headed “REASONS FOR GRANTING OF THE LOANS” below.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, save as disclosed above, each of the Borrowers and their respective ultimate beneficial owner(s) (other than the Company which holds approximately 14.29% shareholding in Borrower A), are Independent Third Parties and not connected with the Group.

Save as disclosed in above, the Group did not grant new loans during the year ended 31 December 2022 as the management had been prudent in light of the prevailing economic conditions, both locally and around the world.

UPDATES ON THE LOAN ARRANGEMENT

Loan to Borrower B

Upon maturity of the loan, Borrower B has settled all the outstanding interest to the Group except for the repayment of the principal amount. In June 2021, the Group's legal representatives issued a demand letter to Borrower B and its guarantor demanding the settlement of all outstanding loan amount and default interest. In order to secure the recovery of the principal of loan and reduce the risk of impairment loss, on 13 December 2021, the Group filed an application for arbitration proceedings via the Hong Kong International Arbitration Centre against Borrower B and its guarantor for breaching the loan agreement (the "**Arbitration**"). As at the date of this announcement, the Arbitration is still ongoing and the hearing has been fixed in January 2024.

Loan to Borrower C

Borrower C has fully settled all the outstanding loan principal amount and interest as at the date of this announcement.

Loan to Borrower D

The development of the relevant property development project in Canada was completed recently and the handover to customers will be conducted during August to September 2023. It is expected that the outstanding amount under the loan (including the corresponding interest) will be repaid by the end of 2023.

REASONS FOR GRANTING OF THE LOANS

Loans to Borrower A, Borrower B and Borrower C

In 2017, the Group disposed of a property-holding company (which held a parcel of land in Beijing) to an independent third party and received total cash consideration of approximately RMB1.23 billion, details of which were disclosed in the circular and announcement of the Company dated 20 June 2017 and 20 July 2017, respectively. Since then, the Group had sought to identify investment opportunities for the sale proceeds from the said disposal to generate better return to its shareholders, but no suitable targets can be identified having considered the then market uncertainty and the sluggish global economic recovery.

As the cash balance of the Group remained relatively high and in order to make better use of the idle funds, the Group has frequently made time deposits in banks in the PRC and Hong Kong to earn interest income. However, as the interest rate of time deposit was relatively low, the Group started to better manage its idle funds by investing in publicly-traded bonds, funds, private equity funds, listed stock in Hong Kong, corporate bonds and making private loans to third parties to diversify the income base and enhance the returns. In the circumstances, given that (i) the interest income to be generated from the idle funds; (ii) the interest rates of the

loan transactions are generally higher than the then prevailing interest rate for short-term fixed deposit; (iii) the Group could continue to identify investment opportunities to generate better return to its shareholders upon repayment of the loan transactions; and (iv) having considered the working capital need and projections of the Group, the provision of the loans would not affect the ordinary business operation of the Group, the entering into of the respective loan transactions in relation to the provision of the loans are fair and reasonable, meet the Group's business strategy and in the interest of the Company and its shareholders as a whole.

Loans to Borrower D

The Company started the Health Industrial Park Business in the year ended 31 December 2015 with an aim to develop property with specific value-added elements, such as elderly care-related and health-related elements.

In 2015, the Directors explored the opportunity to invest in overseas in order to diversify the geographical reach of the Group's business, which was heavily focused in the PRC at the time, and came across with an investment opportunity to invest in a property development project in Canada carried out by Borrower D. Since this was the first investment by the Group on overseas property development project, after considering the risk of the project and the difficulty in managing the project, the Directors eventually decided to invest in the project through debt investment to earn stable interest return. Therefore, the Group provided several loans to Borrower D since the year ended 31 December 2015 based on the progress of the property development. The Group has disclosed the progress of the project in the "Management Discussion and Analysis – Health Industrial Park Business" section of the Company's annual reports since the year ended 31 December 2019 during which pre-sale of the said project commenced.

METHODOLOGY AND BASIS ADOPTED IN DETERMINING THE IMPAIRMENT LOSS

The Group performs impairment assessment on loans to third parties under the expected credit losses ("ECL") model which are estimated by applying a loss rate approach. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The Directors regularly at each reporting date review the changes in credit risk on loans to third parties since initial recognition. For loans to third parties relating to accounts that are long overdue with significant amounts, known insolvencies or non-response to collection activities, they are assessed individually for impairment allowance.

A provision for expected credit loss of HK\$15 million was made by the Group for the loan to Borrower B in the financial year ended 31 December 2021 in accordance with the ECL prepared under Hong Kong Financial Reporting Standards 9, details of which were disclosed in Note 23 to the financial statements in the annual report of the Company for the year ended 31 December 2021 published on 20 April 2022.

In regard to the loans to Borrower A, Borrower C and Borrower D, there is no provision for expected credit loss made by the Group.

GENERAL

The above information does not affect the information disclosed in the 2022 Annual Report and save as disclosed in this announcement, all other information in the 2022 Annual Report remains unchanged.

DEFINITIONS

“2022 Annual Report”	annual report of the Company for the year ended 31 December 2022
“Board”	the board of Directors
“Borrower A”	Beijing Financial Holdings Group Limited, a company incorporated in Hong Kong with limited liability
“Borrower B”	Guo Yi Holdings (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability
“Borrower C”	Lianyungang Tianjun Land Co., Ltd.* (連雲港天峻置地有限公司), a company established in the PRC with limited liability
“Borrower D”	Vintop Development Corporation, a company incorporated in Canada
“Borrowers”	Borrower A, Borrower B, Borrower C and Borrower D collectively
“CAD”	Canadian dollar, the lawful currency of Canada
“Company”	Beijing Health (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2389)
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and the connected persons of the Company in accordance with the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 30 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 Koepf, Mr. Gary Zhou, Mr. Tse Man Kit, Keith, Mr. Wu Yong Xin and Mr. Zhang Yun Zhou.

* *For identification purpose only*