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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board of directors (the "Board") of Beijing Health (Holdings) Limited (the "Company") announces the consolidated annual results of the Company and its subsidiaries (collectively the "Group") prepared in accordance with Hong Kong Financial Reporting Standards for the year ended 31 December 2023, together with the comparative figures for the year 2022, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
REVENUE	4	**140,346**	166,484
Cost of sales		**(101,872)**	(119,972)
Gross profit		**38,474**	46,512
Other income and gains/(losses), net	4	**36,084**	36,864
Selling and distribution expenses		**(13,904)**	(14,555)
Administrative expenses		**(89,476)**	(97,402)
Impairment losses on financial assets, net		**(15,163)**	(10,109)
Other expenses and losses		**(1,397)**	(19,066)
Finance costs	6	**(376)**	(1,442)
Share of losses of:			
Joint ventures		**(5,728)**	(18,828)
Associates		**(17,292)**	(24,670)
LOSS BEFORE TAX	5	**(68,778)**	(102,696)
Income tax credit	7	**7,057**	3,891
LOSS FOR THE YEAR		**(61,721)**	(98,805)

	2023	2022
	HK$'000	*HK$'000*
LOSS FOR THE YEAR	**(61,721)**	(98,805)
OTHER COMPREHENSIVE INCOME/ (LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Debt investment at fair value through other comprehensive income:		
Changes in fair value	**120**	891
Reclassification adjustments for gains included in the consolidated statement of profit or loss		
– gain on redemption	**–**	(905)
Exchange differences:		
Exchange differences on translation of foreign operations	**(21,057)**	(141,525)
Reclassification adjustment for a foreign operation deconsolidated during the year	**–**	(48)
Reclassification adjustment for a foreign operation disposed during the year	**–**	582
Share of other comprehensive (loss)/income of a joint venture	**(892)**	1,412
Share of other comprehensive income/(loss) of associates	**1,618**	(3,834)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(20,211)**	(143,427)
Other comprehensive income/(loss) will not be reclassified to profit or loss in subsequent periods:		
Changes in fair value of equity investments designated at fair value through other comprehensive income	**(70,935)**	(35,741)
Revaluation gain on transfer from property, plant and equipment to investment property	**–**	2,446
Less: income tax effect	**–**	(612)

	Note	2023 *HK$'000*	2022 *HK$'000*
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods		**(70,935)**	(33,907)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		**(91,146)**	(177,334)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(152,867)**	(276,139)
(Loss)/profit attributable to:			
Owners of the parent		**(61,882)**	(97,696)
Non-controlling interests		**161**	(1,109)
		(61,721)	(98,805)
Total comprehensive loss attributable to:			
Owners of the parent		**(151,752)**	(254,408)
Non-controlling interests		**(1,115)**	(21,731)
		(152,867)	(276,139)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	9	**HK(1.01) cents**	HK(1.61) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Note	**2023** **HK$'000**	2022 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**57,446**	62,766
Investment properties		**136,716**	150,720
Right-of-use assets		**391,249**	412,460
Properties under development		**421,593**	427,681
Goodwill		**79,979**	79,979
Investments in joint ventures		**70,018**	73,666
Investments in associates		**128,746**	144,844
Equity investments designated at fair value through other comprehensive income		**169,412**	246,737
Debt investment at fair value through other comprehensive income		**15,614**	–
Prepayments and other receivables		**12,160**	175,275
Deferred tax assets		**1,713**	1,481
Total non-current assets		**1,484,646**	1,775,609
CURRENT ASSETS			
Inventories		**45,403**	45,363
Trade receivables	10	**16,826**	18,655
Prepayments, other receivables and other assets		**295,539**	135,040
Financial assets at fair value through profit or loss		**182,633**	247,038
Cash and cash equivalents		**153,324**	193,726
Total current assets		**693,725**	639,822

	Note	2023 HK$'000	2022 HK$'000
CURRENT LIABILITIES			
Trade payables	11	**29,050**	21,745
Other payables and accruals		**116,017**	129,043
Interest-bearing bank borrowings		**–**	25,747
Lease liabilities		**3,143**	4,744
Tax payable		**523**	1,062
Total current liabilities		**148,733**	182,341
NET CURRENT ASSETS		**544,992**	457,481
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,029,638**	2,233,090
NON-CURRENT LIABILITIES			
Other payables		**9,239**	12,992
Lease liabilities		**1,750**	2,255
Deferred tax liabilities		**64,101**	74,183
Total non-current liabilities		**75,090**	89,430
Net assets		**1,954,548**	2,143,660
EQUITY			
Equity attributable to the owners of the parent			
Share capital		**1,211,754**	1,211,754
Reserves		**673,731**	825,484
		1,885,485	2,037,238
Non-controlling interests		**69,063**	106,422
Total equity		**1,954,548**	2,143,660

NOTES

1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through profit or loss, equity investments designated at fair value through other comprehensive income and debt investment at fair value through other comprehensive income which have been measured at fair value. These consolidated financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

General, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive loss is reclassified to profit or loss or accumulated losses, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	*Insurance Contracts*
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 nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The adoption of amendments to HKAS 12 did not have any material impact on the Group's financial statements.

(d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

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 year, 100% (2022: 100%) of the Group's revenue was generated from customers in Chinese Mainland, and over 87% (2022: over 78%) the Group's non-current assets, excluding financial instruments and deferred tax assets, were located in Chinese Mainland.

Revenue of approximately HK$17,431,000 (2022: HK$37,197,000) 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, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	2023	2022
	HK$'000	*HK$'000*
Revenue from contracts with customers	**140,346**	166,484

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December

	2023	2022
	Total	Total
	HK$'000	*HK$'000*
Type of goods or services		
Sale of goods	**128,620**	157,854
Rendering of services	**11,726**	8,630
Total	**140,346**	166,484
Geographical market		
Chinese Mainland	**140,346**	166,484
Total	**140,346**	166,484

During the year, the Group recognised revenue of HK$41,676,000 (2022: HK$36,325,000) that were included in the contract liabilities in respect of the sale of goods of the beginning of the reporting period and recognised from performance obligations satisfied in previous periods.

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of goods

The performance obligation is satisfied upon the completion of installation of goods and payment is generally due within 30 to 90 days from delivery, except for new customers, where a partial payment in advance is normally required.

Rendering of services

The performance obligation is satisfied over time as services are rendered and payment is generally due upon completion of the service period.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2023	2022
	HK$'000	*HK$'000*
Amounts expected to be recognised as revenue:		
Within one year	**155,165**	164,696
After one year	**4,364**	3,568
	159,529	168,264

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to sales of goods and warranty services included in sale contracts, of which the performance obligations are to be satisfied within 2 to 15 years. All the other amount of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

	2023	2022
	HK$'000	*HK$'000*
Other income		
Bank interest income	**3,744**	1,674
Other interest income	**11,863**	12,758
Investment income of debt investment at fair value through other comprehensive income	**106**	1,561
Investment income of equity investments at fair value through other comprehensive income	**3,077**	5,397
Investment income of financial assets at fair value through profit or loss	**3,261**	4,663
Gross rental income from investment property operating leases	**8,282**	7,260
Other rental income	**5,218**	5,179
Dividend income	**1,057**	1,450
Government subsidies	**1,671**	222
Others	**526**	1,557
Total other income	**38,805**	41,721
Gains/(losses), net		
Fair value losses on investment properties, net	**(12,153)**	(4,879)
Fair value losses on financial assets at fair value through profit or loss	**(565)**	(6,972)
(Loss)/gain on disposal of associates	**(380)**	585
Gain on deconsolidation of a subsidiary	**–**	63
Gain on disposal of subsidiaries	**–**	50
(Loss)/gain on disposal of property, plant and equipment	**(71)**	548
Gain on disposal of equity investment at fair value through other comprehensive income	**–**	1,373
Gain on redemption of debt investment at fair value through other comprehensive income	**–**	4,375
Reversal of impairment on investments in associates, net	**1,211**	–
Foreign exchange differences, net	**9,237**	–
Total gains/(losses), net	**(2,721)**	(4,857)
Total other income and gains/(losses), net	**36,084**	36,864

5 LOSS BEFORE TAX

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

	2023 HK$'000	2022 HK$'000
Cost of inventories sold	**94,929**	115,404
Cost of services provided	**6,943**	4,568
Depreciation of property, plant and equipment	**4,561**	5,154
Depreciation of right-of-use assets	**19,650**	20,853
Foreign exchange differences, net	**(9,237)***	18,021***
(Reversal of impairment)/impairment of investments in associates, net	**(1,211)***	817***
Lease payments not included in the measurement of lease liabilities	**1,510**	1,724
Auditor's remuneration	**1,240**	1,650
Employee benefit expense (excluding directors' and chief executive's remuneration)		
Wages and salaries	**32,574**	34,847
Pension scheme contributions (defined contribution schemes)**	**7,420**	8,535
	39,994	43,382
Impairment losses on financial assets, net:		
Impairment of trade receivables, net	**998**	3,740
Impairment of prepayments, other receivables and other assets, net	**14,165**	6,369
	15,163	10,109

* These items are included in "Other income and gains/(losses), net" in the consolidated statement of profit or loss and other comprehensive income.

** At 31 December 2023, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2022: nil).

*** These items are included in "other expenses and losses" in the consolidated statement of profit or loss and other comprehensive income.

6 FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
Interest on bank borrowings	**98**	864
Interest on lease liabilities	**278**	578
Total	**376**	1,442

7 INCOME TAX

	2023	2022
	HK$'000	*HK$'000*
Current – PRC corporate income tax		
Charge for the year	**3,348**	6,726
Overprovision in prior years	**–**	(2,594)
Deferred	**(10,407)**	(8,023)
Total	**(7,059)**	(3,891)

Hong Kong profits tax

During the year ended 31 December 2023, no Hong Kong profits tax had been provided as there were no assessable profits arising in Hong Kong during the year (2022: nil).

PRC corporate income tax

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

8 DIVIDEND

The directors do not recommend the payment of any dividend for the year (2022: nil).

9 LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent of approximately HK$61,882,000 (2022: HK$97,696,000), and the weighted average number of ordinary shares of 6,058,772,027 (2022: 6,069,935,709) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2023 and 2022.

10 TRADE 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:

	2023	2022
	HK$'000	*HK$'000*
Within 3 months	**7,419**	5,462
4 to 6 months	**5,183**	2,796
7 to 12 months	**3,222**	1,800
Over 1 year	**1,002**	8,597
Total	**16,826**	18,655

11 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:

	2023	2022
	HK$'000	*HK$'000*
Within 3 months	**14,914**	11,904
Over 3 months	**14,136**	9,841
Total	**29,050**	21,745

The trade payables are non-interest-bearing and are normally settled on terms of 3 to 6 months.

12 CONTINGENT LIABILITIES

The Group has contingent liabilities up to RMB28,000,000 (equivalent to approximately HK$30,898,000) 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 31 December 2023, the associate has utilised bank loans of approximately RMB25,003,000 (equivalent to approximately HK$27,591,000) 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 31 December 2023 (2022: nil).

13 EVENTS AFTER THE REPORTING PERIOD

In January 2024, the Group purchased 2 promissory notes issued by 813 Carnarvon Street Developments Limited Partnership, a limited partnership incorporated in Canada, in the amount of CAD4,280,000 (equivalent to approximately HK$22,972,000); and CAD3,000,000 (equivalent to approximately HK$16,102,000), respectively. The promissory notes are repayable on demand with interest rate of 10% per annum.

Save as disclosed above, there are no significant events subsequent to 31 December 2023 which may materially affect the Group's operating and financial performance as of the date of approval of these consolidated financial statements.

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. In January 2024, the Chinese government promulgated the Opinions of the General Office of the State Council on Developing a Silver-Haired Economy to Improve the Well-being of the Elderly to actively promote the development of the geriatric care industry.

The Group actively expands inclusive and mid- to high-end 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.

2023 was a very extraordinary year. At the beginning of the year, the pandemic prevention and control policy was suddenly lifted, employees and the elderly in various medical and nursing centers were frequently infected. We organized and arranged employees at all levels to stick to their posts, and management staff did their best to take care of the elderly residents together with all employees at the front line. After many months of continuous hard work as well as the strong support of government departments, we finally overcame huge difficulties and achieved a smooth ride through the pandemic.

As of the end of 2023, the Group operated and managed 5 geriatric care institutions with a total of 1075 beds, including 749 beds for medical care services in 3 medical institutions. The average occupancy rate reached over 75% and operating cash flow was stable. In 2023, the number of beds in geriatric care institutions was 545 in Wuxi, 415 in Changzhou and 115 in Wuhu. The annual revenue reached RMB41.81 million (2022: RMB38.11 million), representing a year-on-year increase of 9.71%.

During the year, the Group's geriatric care business achieved impressive growth in both revenue and profit. The occupancy rate of existing projects remained at a high level, with the occupancy rate of newly opened projects, such as the Changzhou Xuejia Aixin Nursing Home, surpassing 70%. The project has achieved positive cash flow, and the sustainable development of the geriatric care projects has achieved remarkable results. Changzhou Xuejia Aixin Nursing Home also won the honorary title of Quality Nursing Home in Jiangsu Province.

The strength of the staff team is related to the positive growth of the business. The Group pays attention to the personal growth of employees, builds a good learning platform for employees and encourages employees to continue to learn and improve themselves. In 2023, its geriatric care institutions provided a total of 232 training sessions to employees, including nursing training and safety training.

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	**20,810**	19,360	7.49%	**83%**	97%
Wuxi Liangxi District Wuhe Geriatric Care Center and Nursing Home	160	**5,930**	6,510	(8.91%)	**75%**	92%
Changzhou Xinbei District Xuejia Aixin Geriatric Care Center and Nursing Home	415	**9,640**	7,840	22.96%	**75%**	30%
Wuxi Liangxi District Huifeng Geriatric Care Center	100	**1,220**	1,020	19.61%	**70%**	92%
Wuhu Jinghu District Golden Sun Geriatric Care Center	115	**4,210**	3,380	24.56%	**100%**	92%
Total	1,075	**41,810**	38,110	9.71%	**79%**	69%
		HK$'000	*HK$'000*			
Presented in accordance with Hong Kong Generally Accepted Accounting Principles		**11,726**	8,630	35.9%		

^ 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 about 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 RMB20.81 million, representing a year-on-year increase of 7.49%, with an occupancy rate of 83%. During 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 RMB5.93 million, representing a year-on-year decrease of 8.91%, with an occupancy rate of 75%. During 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 RMB9.64 million, representing a year-on-year increase of 22.96%, with an occupancy rate of 75%. During 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 70%, with an annual income of nearly RMB10 million.

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 RMB1.22 million, representing a year-on-year increase of 19.61%, with an occupancy rate of 70%. Huifeng Geriatric Care Center started to enhance the integration of medical and geriatric care during the year and applied for the opening of a nursing home in accordance with the requirements, and has obtained the medical qualification for a nursing home.

Wuhu Jinghu District Golden Sun Geriatric Care Center

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.

Wuhu Golden Sun Geriatric Care Center achieved operating revenue of RMB4.21 million, representing a year-on-year increase of 24.56%, with an occupancy rate of 100%. 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 during the year in response to market demand and increased the number of operating beds by approximately 5.

Newly-signed Projects

Changzhou Luoxi Geriatric Care Center

The Group and the People's Government of Luoxi, Xinbei District, Changzhou (the "Luoxi Government") have 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 integrated medical and geriatric care 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.

Ancient Canal Cultural and Creative Building Health Care Project

On 10 November 2023, the Group signed a cooperation agreement with Jiangsu Ancient Canal Hotel Management Company Limited* (江蘇古運河酒店管理有限公司) regarding the health care project of Ancient Canal Cultural and Creative Building in Liangxi District, Wuxi City, and successfully obtained the operating right of the Ancient Canal Cultural and Creative Building Health Care Project. Ancient Canal Cultural and Creative Building is located in the center of Liangxi District, Wuxi City, the Wuxi People's Hospital, with 17 floors and a construction area of about 18,000 square meters. The project plans to set up about 400 integrated medical and geriatric care beds, mainly double standard rooms, with beds for high-end users to meet differentiated needs. The average monthly income per bed is expected to reach RMB7,000.

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 31 December 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 31 December 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	Inland Port Project	87,607	82.24%	This project is located in the core urban area of the Fourth Ring Road of Beijing, with a superior geographical location. The Group intends to bring in quality partners to upgrade and transform the project, and jointly operate the park after transformation, to create a new industrial park project with the theme of smart warehousing, digital technology and new energy.	This year, we completed the transfer of green land to the Chaoyang District Garden Bureau and applied to the Chaoyang District Development and Reform Commission for the extension of key projects. Quality partners have been reserved for this project, which include investors, operators and tenants.
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 has signed a letter of intent with quality partners to jointly develop landmark rental apartments, and plans to complete the land conversion process in 2024.

Location	Project Name	Land Area *(m²)*	Shareholding Percentage	Future Planning of the Project	Project Status
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	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.
Canada	Ovation	2,425	N/A[(1)]	Artistic health apartments	The pre-sale of this project began in April 2019, and approximately 80% of the saleable area were sold currently. Construction of the project has been completed and the units are expected to be delivered to buyers at the beginning of 2024.

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

Sale of Medical and Geriatric Products

Beijing Vissam Prosperity Furniture Limited* (北京偉森盛業家具有限公司) ("Vissam Prosperity"), a company under the Group engaging in medical and geriatric product business, has been deeply engaged in professional furniture for the geriatric care, medical, education and other industries for many years. On the basis of meeting the requirements of professional, green and environmental protection, it takes "people's health needs" as the core of its products and continues to maintain the industry leader.

At the beginning of 2023, China fully lifted the pandemic prevention and control measures, and the market experienced a brief consumption recovery. However, China's economy has weakened since the second half of the year and market demand has begun to reduce while competitive pressure has been increasing. With its leading position in the industry, Vissam Prosperity has successfully won many landmark projects. Its clients include Beijing Technology and Business University, Shanghai Jiao Tong University, Renmin University, Sichuan University Pittsburgh College, Zhongshan Hospital of Fudan University, Dajia Insurance, Industrial and Commercial Bank of China Tianjin Branch and other well-known domestic geriatric care, medical, education institutions.

Meanwhile, Vissam Prosperity successfully completed the annual inspection of China Environmental Labeling Product Certification, China Environmental Protection 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. During 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

Over the years, the Group has actively deployed its future development direction in the greater healthcare industry. 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. At the same time, we will explore plans to expand our business to the Greater Bay Area and accelerate the expansion of elderly beds. Following the acquisition of 552 beds by signing two new projects in 2023, the Group is now actively working with the local government to secure resources for geriatric care beds, aiming to increase the number of beds by 500 to 1,000 in the next 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 in China for the time being. It is expected that in the next year, the Group will actively identify suitable partners to dispose of certain projects in a timely manner. As for the Group's investment projects in Canada, despite the interest rate hike environment in recent years, the Ovation project was still able to be successfully completed in 2023 and the units were delivered to buyers in batches in early 2024. The hard-won results were all due to the professionalism, efforts and experience of the staff team, laying a solid foundation for the Group to expand overseas business. In the future, the Group will expand its real estate business in Canada and seek projects with quick turnaround.

In respect of the business of medical and geriatric products, we will continue to focus on the market development and maintenance of medical and geriatric products, complemented by educational 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.

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 free cash income through appropriate investments in wealth management products, equity and bonds. At the same time, we will also seek investment opportunities in the sports industry from time to time to add new growth drivers to our investment target of the "greater healthcare industry".

MATERIAL INVESTMENTS

The Group had no additional material investment for the year ended 31 December 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 announcement.

MAJOR ACQUISITIONS AND DISPOSALS

The Group did not have any major acquisitions and disposals for the year ended 31 December 2023.

FINANCIAL REVIEW

Operating revenue

As of 31 December 2023, the revenue of the Group was approximately HK$140,346,000 (2022: HK$166,484,000), representing a decrease of 15.7% as compared to 2022, mainly due to the decrease in revenue from the sales of medical and geriatric products by 18.5% to HK$128,620,000. 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 year.

Cost of sales

Cost of sales was approximately HK$101,872,000, representing a year-on-year decrease of 15.1%. Cost of sales mainly includes cost of purchases, freight, installation fees and wage expenses.

Gross profit margin

During the year, the overall gross profit margin of the Group was 27.4%, roughly the same as compared to 27.9% for the corresponding period last year.

Other income and gains/(losses), net

As of 31 December 2023, other income and gains/(losses), net was approximately HK$36,084,000, representing a decrease of 2.1% as compared to HK$36,864,000 for the corresponding period last year. The decrease in other income and gains/(losses), net was mainly due to the fact that debt investments, equity investments and financial assets investments related investment income for the current year decreased from HK$11,847,000 for the last year to HK$6,936,000 for the current year. 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$12,153,000 for the current year as compared to HK$4,879,000 for the corresponding period last year.

The above decreases were diluted by the reversal of impairment in associates of HK$1,211,000 during the year and the gain on exchange differences of HK$9,237,000 during the year. The gain on exchange differences was mainly due to the appreciation of CAD against HK$ by approximately 3% in 2023, as there was no such gain in 2022.

Excluding the above gains/(losses), other income and gains/(losses), net mainly included bank interest and other interest income of HK$15,607,000 (2022: HK$14,432,000) and rental income of HK$13,500,000 (2022: HK$12,439,000).

Selling and distribution expenses

As of 31 December 2023, the selling and distribution expenses of the Group were approximately HK$13,904,000 (2022: HK$14,555,000), representing 9.9% of the total sales amount (2022: 8.7%).

The selling and distribution expenses mainly comprise of remuneration of HK$5,250,000 (2022: HK$5,592,000), travelling expenses of HK$852,000 (2022: HK$628,000), promotion fee of HK$2,752,000 (2022: HK$2,237,000), office costs of approximately HK$3,618,000 (2022: HK$3,231,000) and license fees of HK$790,000 (2022: HK$2,740,000).

Administrative expenses

As of 31 December 2023, the administrative expenses were HK$89,476,000, representing a decrease of 8.1% in expenses as compared to HK$97,402,000 in 2022.

The administrative expenses mainly included staff costs (including directors' remuneration) of HK$36,920,000 (2022: HK$41,512,000), professional advisory fees of HK$8,702,000 (2022: HK$8,211,000), office expenses of HK$6,124,000 (2022: HK$3,864,000), depreciation and amortization costs of HK$22,450,000 (2022: HK$25,073,000), business entertainment expenses of HK$3,809,000 (2022: HK$3,132,000), travelling expenses of HK$3,943,000 (2022: HK$2,702,000) and audit expenses of HK$1,640,000 (2022: HK$2,179,000).

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, net

Impairment losses of financial assets, net, were mainly attributable to the provision for impairment of the Group's trade receivables and other receivables. During the year, some trade receivables and 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 attributable to the one-off expenses without cash outflow. As of 31 December 2023, the other expenses and losses of the Group was HK$1,397,000 (2022: HK$19,066,000).

Finance cost

As of 31 December 2023, the total finance cost of the Group was approximately HK$376,000 (2022: HK$1,442,000), representing a decrease of 73.9% as compared to the corresponding period last year, which was mainly due to a decrease in the weighted average borrowing balance of the Group for the year.

Share of losses of joint ventures

Share of losses of joint ventures were mainly the share of 47.47% of loss attributable to shareholders of 1121695 B.C. Ltd. of approximately HK$5,728,000 (2022: HK$18,308,000).

Share of losses of associates

Share of 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$13,796,000 (2022: HK$16,652,000) and the share of 20% of loss attributable to shareholders of Shanghai Junbo Textiles Limited* of approximately HK$2,025,000 (2022: HK$6,347,000).

Net assets

As at 31 December 2023, the net assets of the Group was approximately HK$1,954,548,000, representing a decrease of approximately HK$189,112,000 from approximately HK$2,143,660,000 as at 31 December 2022. Excluding the generation of loss of approximately HK$61,721,000 during the year, the net assets decreased by HK$127,391,000 as compared to 31 December 2022, which was mainly due to the depreciated exchange rate of RMB against Hong Kong dollar of approximately 1.4% during 2023, the Group recognized exchange losses of HK$21,057,000 in other comprehensive income and losses, fair value loss of equity investments designated at fair value through other comprehensive income of HK$70,935,000 and a capital reduction of HK$198,957,000 in a non-wholly-owned subsidiary of the Group in 2023 leading to a decrease in non-controlling interests of HK$35,342,000.

Liquidity and financial resources

As at 31 December 2023, cash and cash equivalents held by the Group was approximately HK$153,324,000 (31 December 2022: HK$193,726,000), and balance of wealth management products from banks was approximately HK$160,047,000 (31 December 2022: HK$220,172,000). Cash and cash equivalents decreased by approximately HK$40,402,000, mainly due to a capital reduction of HK$198,957,000 in a non-wholly-owned subsidiary of the Group in 2023 leading to a capital reduction payment of HK$35,342,000 to minority shareholders of the company.

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

As at 31 December 2023, the net current assets of the Group amounted to HK$544,992,000 and the current ratio was 4.7 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 31 December 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$1,885,485,000 (31 December 2022: approximately HK$2,037,238,000) and net assets per share attributable to shareholders amounted to approximately HK$0.311.

Capital Expenditure

As of 31 December 2023, the Group's capital expenditure was approximately HK$1,372,000 (2022: HK$16,880,000), which was mainly due to the purchase of properties, plants and equipment.

Pledge of assets

As at 31 December 2023, the following assets were pledged to secure the banking facilities granted to the Group:

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

Contingent liabilities

The Group has contingent liabilities up to RMB28,000,000 (equivalent to approximately HK$30,898,000) 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 31 December 2023, the associate has utilized bank loans of approximately RMB25,003,000 (equivalent to approximately HK$27,591,000) which is guaranteed by the Group (31 December 2022: approximately RMB26,422,000 (equivalent to approximately HK$29,578,000)).

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. As of 31 December 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.

Relationships with employees, suppliers and customers

The Group endeavours to maintain sustainable development in the long term, continuously create value for its employees and customers, and foster good relationships with its suppliers. The Group understands that employees are its valuable assets, and the realisation and enhancement of employees' values will facilitate the achievement of the Group's overall goals. For the year ended 31 December 2023, the Group provided generous social security benefits to its employees to motivate their proactivity at work while heightening their sense of belonging. The Group also understands the importance of maintaining good relationships with its suppliers and customers to the overall development of the Group. The Group places emphasis on supplier selection and encourages fair and open competition to foster long-term relationships with quality suppliers on the basis of mutual trust. To maintain the competitiveness of its brand and products, the Group abides by the principles of honesty and trustworthiness and commits itself to consistently providing quality products to establish a reliable service environment for its customers. For the year ended 31 December 2023, there was no significant and material dispute between the Group and its suppliers and/or customers.

Employees and remuneration policy

As at 31 December 2023, the Group had approximately 170 (2022: 166) employees (73 males and 97 females (2022: 77 males and 89 females)). Total staff costs (excluding Directors' remuneration) as of 31 December 2023 amounted to approximately HK$39,994,000 (2022: HK$43,382,000). The Group made great efforts to enhance the quality of staff. During the year under review, the Group organised internal training courses for staff at all levels. Topics of the training courses included accounting and finance, risk management and PRC's tax laws.

The Group's overall remuneration system is adhered to the principle of market orientation, offering competitive salary to retain and attract high calibre persons. The salaries of the Group's senior management are determined with reference to market level as well as the Group's overall operating results.

INVESTOR RELATIONS

The Group strives to offer investors access to updated and accurate information on the Group's latest major development. The Group believes that effective communication is built on a twoway basis, and therefore welcomes feedbacks from investors to the Group. To facilitate an easy access to information on the Company's latest major development, a number of measures have been taken to ensure all necessary information and appropriate updates are made available to investors in a timely manner through the Company's website at www.bjhl.com.hk, under the column of the "Investor Relations".

COMPLIANCE WITH CORPORATE GOVERNANCE CODE PRACTICES

The Company is committed to maintaining high standards of corporate governance. Corporate governance requirements keep changing, therefore the Board periodically reviews the corporate governance practices of the Company to meet the rising expectations of the shareholders of the Company and comply with the increasingly stringent regulatory requirements. During the year ended 31 December 2023, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as the code of conduct regarding Directors' securities transactions. Having made specific enquiry, the Company confirmed that all the Directors have fully complied with the Model Code throughout the year ended 31 December 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 year ended 31 December 2023.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: nil). The Board believes in balancing returns to shareholders with investment to support future growth and decides that it would be in the Group's best interests to reserve sufficient financial resources for future business developments.

AUDIT COMMITTEE

The Board has established an audit committee with written terms of reference in compliance with the CG Code. As at the date of this announcement, the audit committee of the Company (the "Audit Committee") comprises three independent non-executive directors of the Company, namely Mr. Tse Man Kit, Keith, Mr. Zhang Yun Zhou and Mr. Wu Yong Xin.

The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2023.

THE EXTERNAL AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this preliminary announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by Ernst & Young on this preliminary announcement.

THE ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2023 will be despatched to the shareholders of the Company and published on the websites of Hong Kong Exchange and Clearing Limited and the Company in due course.

APPRECIATION

The Board would like to express its sincere appreciation to the shareholders, customers, suppliers and staff for their continued support to the Group.

FORWARD-LOOKING STATEMENTS

This announcement contains certain statements that are forward-looking or which use similar forward-looking terminologies. These forward-looking statements are based on the current beliefs, assumptions and expectations of the Board of the Company regarding the industry and markets in which it operates. These forward-looking statements are subject to risks, uncertainties and other factors beyond the Company's control which may cause actual results or performance to differ materially from those expressed or implied in such forward-looking statements.

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

Hong Kong, 28 March 2024

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

* *For identification purpose only*