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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2389)

**ANNOUNCEMENT OF THE INTERIM RESULTS
FOR THE PERIOD ENDED 30 JUNE 2024**

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 2024, together with the comparative figures for the corresponding period in 2023. 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 2024

		For the six months ended 30 June	
		2024	2023
	<i>Notes</i>	HK\$’000	HK\$’000
		(Unaudited)	(Unaudited)
Revenue	4	73,307	78,038
Cost of sales		(56,925)	(59,314)
Gross profit		16,382	18,724
Other income and gains, net	5	(10,922)	21,352
Selling and distribution expenses		(7,226)	(7,176)
Administrative expenses		(40,709)	(41,603)
Impairment losses on financial assets, net		(2,801)	(2,153)
Other expenses and losses		(4,737)	(1,801)
Finance costs	6	(96)	(263)
Share of profits and losses of:			
Joint ventures		(5,187)	(206)
Associates		(5,046)	(6,374)
LOSS BEFORE TAX	7	(60,342)	(19,500)
Income tax credit	8	2,763	1,468
LOSS FOR THE PERIOD		(57,579)	(18,032)

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
LOSS FOR THE PERIOD	<u>(57,579)</u>	<u>(18,032)</u>
OTHER COMPREHENSIVE INCOME/ (LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Debt investments at fair value through other comprehensive income:		
Changes in fair value	77	–
Exchange differences:		
Exchange differences on translation of foreign operations	(8,442)	(44,765)
Share of other comprehensive income/(loss) of a joint venture	1,156	(848)
Share of other comprehensive loss of an associate	<u>(143)</u>	<u>(100)</u>
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	<u>(7,352)</u>	<u>(45,713)</u>
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	<u>(4,508)</u>	<u>1,594</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD	<u>(11,860)</u>	<u>(44,119)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u><u>(69,439)</u></u>	<u><u>(62,151)</u></u>

	For the six months ended 30 June	
	2024	2023
<i>Note</i>	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss attributable to:		
Owners of the parent	(56,411)	(16,014)
Non-controlling interests	(1,168)	(2,018)
	<u>(57,579)</u>	<u>(18,032)</u>
Total comprehensive loss attributable to:		
Owners of the parent	(68,085)	(56,934)
Non-controlling interests	(1,354)	(5,217)
	<u>(69,439)</u>	<u>(62,151)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		
	10	
Basic and diluted	<u>HK(0.93) cent</u>	<u>HK(0.26) cent</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

		30 June	31 December
		2024	2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		57,624	57,446
Investment properties		128,747	136,716
Right-of-use assets		380,755	391,249
Property under development		418,591	421,593
Goodwill		79,979	79,979
Investments in joint ventures		62,583	70,018
Investments in associates		122,271	128,746
Equity investments designated at fair value through other comprehensive income		164,764	169,412
Debt investments at fair value through other comprehensive income		7,841	15,614
Prepayments and other receivables		12,073	12,160
Deferred tax assets		2,398	1,713
		<hr/>	<hr/>
Total non-current assets		1,437,626	1,484,646
CURRENT ASSETS			
Inventories		35,610	45,403
Trade and bills receivables	11	14,098	16,826
Prepayments, other receivables and other assets		300,877	295,539
Financial assets at fair value through profit or loss		142,498	182,633
Cash and cash equivalents		100,998	153,324
		<hr/>	<hr/>
Total current assets		594,081	693,725

		30 June	31 December
		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
CURRENT LIABILITIES			
Trade payables	12	23,293	29,050
Other payables and accruals		102,096	116,017
Lease liabilities		2,247	3,143
Tax payable		412	523
		<hr/>	<hr/>
Total current liabilities		128,048	148,733
		<hr/>	<hr/>
NET CURRENT ASSETS		466,033	544,992
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,903,659	2,029,638
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Other payables		9,174	9,239
Lease liabilities		1,931	1,750
Deferred tax liabilities		61,168	64,101
		<hr/>	<hr/>
Total non-current liabilities		72,273	75,090
		<hr/>	<hr/>
NET ASSETS		1,831,386	1,954,548
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to the owners of the parent			
Share capital	13	1,211,754	1,211,754
Reserves		594,293	673,731
		<hr/>	<hr/>
		1,806,047	1,885,485
		<hr/>	<hr/>
Non-controlling interests		25,339	69,063
		<hr/>	<hr/>
TOTAL EQUITY		1,831,386	1,954,548
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of Appendix D2 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). 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 2023.

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 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

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

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

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group has one single operating and reportable segment, which is the provision of medical care, health care and geriatric care related services and products. All of the Group’s operating results are generated from this single segment. During the period, 100% (six months ended 30 June 2023: 100%) of the Group’s revenue was generated from customers in Chinese Mainland, and over 91% (as at 31 December 2023: over 87%) of the Group’s non-current assets, excluding financial instruments and deferred tax assets, were located in Chinese Mainland.

Revenue of approximately HK\$10,629,000 (six months ended 30 June 2023: HK\$16,024,000) was derived from sale 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	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	73,037	78,038

Disaggregated revenue information for revenue from contracts with customers:

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Type of goods or services		
Sale of goods	68,078	74,786
Rendering of services	5,229	3,252
Total revenue from contracts with customers	73,307	78,038

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	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Geographical markets		
Chinese Mainland	73,307	78,038
Total	73,307	78,038

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	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Other income		
Bank interest income	396	1,823
Other interest income	346	5,603
Investment income of debt investments at fair value through other comprehensive income	248	–
Investment income of equity investments designated at fair value through other comprehensive income	1,561	1,508
Investment income of financial assets at fair value through profit or loss	2,207	1,731
Gross rental income from investment property under operating lease	5,081	5,285
Dividend income	11	873
Sundry income	2,752	1,943
	<u>12,602</u>	<u>18,766</u>
Gains/(losses), net		
Loss on disposal of property, plant and equipment, net	(4)	(31)
Fair value losses on investment properties, net	(7,128)	(7,677)
Fair value (losses)/gains on financial assets at fair value through profit or loss, net	(3,794)	343
Loss on disposal of an associate	–	(161)
Foreign exchange differences, net	(12,598)	10,112
	<u>(23,524)</u>	<u>2,586</u>
Total other income and gains, net	<u><u>(10,922)</u></u>	<u><u>21,352</u></u>

6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Interest on bank borrowings	–	99
Interest on lease liabilities	96	164
	<u>96</u>	<u>263</u>

7. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	52,313	56,725
Cost of services provided	4,612	2,589
Depreciation of property, plant and equipment	1,982	2,239
Depreciation of right-of-use assets	8,989	9,934
Foreign exchange differences, net	12,598	(10,112)
Impairment of financial assets:		
Impairment of trade receivables, net	2,801	2,153
Impairment loss on investment in an associate [#]	4,660	1,717
Loss on disposal of an associate	–	161
	<u>52,313</u>	<u>56,725</u>

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

8. INCOME TAX CREDIT

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current – PRC corporate income tax		
Charge for the period	426	2,221
Deferred	<u>(3,189)</u>	<u>(3,689)</u>
Total tax credit for the period	<u>(2,763)</u>	<u>(1,468)</u>

Hong Kong profits tax

No provision for Hong Kong profits tax had been made as the Group did not generate any assessable profits in Hong Kong during the period (six months ended 30 June 2023: 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 2024 (six months ended 30 June 2023: 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\$56,411,000 (six months ended 30 June 2023: HK\$16,014,000), and the weighted average number of ordinary shares of 6,058,772,027 (six months ended 30 June 2023: 6,058,772,027) 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 2024 and 30 June 2023 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 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Trade receivables:		
Within 3 months	5,336	7,419
4 to 6 months	551	5,183
7 to 12 months	2,419	3,222
Over 1 year	1,751	1,002
	<hr/>	<hr/>
	10,057	16,826
Bills receivables	4,041	–
	<hr/>	<hr/>
	14,098	16,826
	<hr/> <hr/>	<hr/> <hr/>

12. TRADE PAYABLES

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

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Within 3 months	10,901	14,914
Over 3 months	12,392	14,136
	23,293	29,050

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

13. SHARE CAPITAL

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Authorised: 10,000,000,000 (31 December 2023: 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 2023: 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. 22,000,000 share options under the 2013 Scheme was lapsed and HK\$6,757,000 was transferred from share option reserve to accumulated losses 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 2024 and 31 December 2023 are as follows:

30 June 2024	31 December 2023	Exercise price per share	Exercise period
Number of options '000	Number of options '000	<i>note (c)</i> <i>HK\$</i>	per share
146,500	156,500	0.61	<i>note (a)</i>
89,500	101,500	0.53	<i>note (b)</i>
236,000	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 2023: Nil).

At the end of the reporting period, the Company had 236,000,000 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 236,000,000 additional ordinary shares of the Company, which represented approximately 3.9% of the Company’s shares in issue as at that date, and additional share capital of HK\$47,200,000 and share premium of HK\$89,600,000 (before issue expenses).

15. COMMITMENTS

The Group had the following capital commitments at 30 June 2024 and 31 December 2023:

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Contracted, but not provided for:		
Land and buildings	48,173	48,814
Properties under development	21,026	21,284
	<u>69,199</u>	<u>70,098</u>

16. RELATED PARTY DISCLOSURES

Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Salaries, allowances and benefits in kind	2,183	2,127
Pension scheme contributions	84	85
	<u>2,267</u>	<u>2,212</u>

17. CONTINGENT LIABILITIES

The Group has contingent liabilities up to RMB28,000,000 (equivalent to approximately HK\$30,678,000) as a guarantor for the bank facility granted to an associate of the Company (31 December 2023: RMB28,000,000 (equivalent to approximately HK\$30,898,000)).

As at 30 June 2024, the associate has utilized bank loans of approximately RMB24,294,000 (equivalent to approximately HK\$26,617,000) which is guaranteed by the Group (31 December 2023: approximately RMB25,003,000 (equivalent to approximately HK\$27,591,000)).

Save as disclosed above, the Group has no significant contingent liabilities as at 30 June 2024.

18. EVENTS AFTER THE REPORTING PERIOD

On 26 July 2024, the Group provided loan of CAD8,600,000 (equivalent to approximately HK\$49,256,000) to 1121695 B.C. Ltd., a company incorporated in British Columbia with limited liability and owned as to 47.47% by the Group. The loan is repayable on demand with interest rate of 10% per annum.

Save as disclosed above, there was no significant events occurring after the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Geriatric Care Business

At the Third Plenary Session of the 20th Central Committee of the Communist Party of China, it was stated to improve the social security system, further reform the medical and healthcare systems, and improve the systems for facilitating and supporting population development and providing related services. In particular, population aging and the silver-haired economy will be key components of China's systems for facilitating population development and providing related services. In addition, the State Council recently released the "Opinion on Promoting High-Quality Development of Service Consumption", which pointed out the requirements for vigorously developing the silver-haired economy, promoting the development of smart health and elderly care industry, supporting financial institutions in optimising risk management, and actively providing financial products and services that meet the funding requirements of inclusive elderly care and childcare institution projects.

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 the 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 care services. The Group has established the "Beikang Medical and Geriatric Care* (北康醫養)" geriatric care 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 2024, the Group operated and managed six geriatric care institutions with a total of 1,235 beds (mainly in the Yangtze River Delta region), including a total of 849 beds for medical care services in four medical institutions. The average occupancy rate reached over 56% and operating cash flow was stable. During the period, revenue from beds of geriatric care institutions reached RMB21.64 million^ (the first half of 2023: RMB20.82 million), representing a year-on-year increase of 4%. A net profit of RMB1.1197 million (the first half of 2023: RMB1.8977 million) was realized, representing a year-on-year decrease of 41%. The decrease in profit was mainly attributable to the increase in upfront costs of the newly opened Changzhou Luoxi Nursing Home project.

Despite the impact of the general environment, the geriatric care business still achieved stable and sustainable development, and the occupancy rate of various institutions will gradually improve, with new projects opened in May, such as the Changzhou Luoxi Nursing Home, recording an occupancy rate of 27%.

Brief Description of Geriatric Care Project

Project Name	Number of beds	Revenue [^]			Rental portfolio occupancy rate as at the end of the Period	
		First half of 2024	First half of 2023	Changes	First half of 2024	First half of 2023
		RMB'000	RMB'000			
Wuxi Liangxi District Guangyi Geriatric Care Center and Nursing Home	285	10,240	10,610	-3%	87%	92%
Wuxi Liangxi District Wuhe Geriatric Care Center and Nursing Home	160	2,730	3,410	-20%	48%	85%
Changzhou Xinbei District Xuejia Aixin Geriatric Care Center and Nursing Home	400	5,710	4,260	34%	43%	52%
Wuxi Liangxi District Huifeng Geriatric Care Center	100	660	540	22%	40%	82%
Wuhu Jinghu District Golden Sun Geriatric Care Center	110	2,170	2,000	9%	91%	95%
Changzhou Luoxi District Geriatric Care and Nursing Home (newly opened)	160	130	N/A	–	27%	N/A
Total	1,215	21,640	20,820	4%	56%	75%
		<i>HK\$'000</i>	<i>HK\$'000</i>			
Presented in accordance with Hong Kong Generally Accepted Accounting Principles		5,229	3,252	61%		

[^] This revenue includes 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 the Private Non-enterprise Entities founded by the Group’s subsidiaries, the revenue presented in accordance with Hong Kong Generally Accepted Accounting Principles represents the fees charged by the Group’s subsidiaries to the Private Non-enterprise Entities in accordance with 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 a gross floor area of over 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.

In the first half of the year, Guangyi Geriatric Care Center and Nursing Home achieved operating revenue of RMB10.24 million, with an occupancy rate of 87%. In the first half of the year, the occupancy rate of Guangyi Geriatric Care Center and Nursing Home declined slightly. Value-added services such as integrated medical and geriatric care maintained stable 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, and rehabilitation room.

In the first half of the year, Wuhe Geriatric Care Center and Nursing Home achieved operating revenue of RMB2.73 million, representing a year-on-year decrease of 20%, with an occupancy rate of 48%. In the first half of the year, the occupancy rate of Wuhe Geriatric Care Center and Nursing Home declined slightly, which was mainly due to the preparation for the planned renovation of the rooms in the second half of the year.

Changzhou Xinbei District Xuejia Aixin Geriatric Care Center and Nursing Home

The institution is situated at the center of Xuejia Town, 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.

In the first half of the year, Xuejia Aixin Geriatric Care Center and Nursing Home achieved operating revenue of RMB5.71 million, representing a year-on-year increase of 34%, with an occupancy rate of 43%. In the first half of the year, Xuejia Aixin Geriatric Care Center and Nursing Home recorded a growth in results due to its good operation.

Wuxi Liangxi District Huifeng Geriatric Care Center

The institution was built in April 2005. The Group took over its operation in 2017 and carried out renovations and alterations. It has a gross floor area of 2,400 sq.m. with a green coverage rate of 60%. The residential institution has set up function rooms such as chess room, reading room, studio and gym room. The outdoor garden provides ample space for the elderly.

In the first half of the year, Huifeng Geriatric Care Center achieved operating revenue of RMB0.66 million, representing a year-on-year increase of 22%, with an occupancy rate of 40%. The upgrading of the integration of medical and geriatric care of Huifeng Geriatric Care Center was completed in the first half of the year, and it is expected that there will be a significant improvement in the results in the second half of the year after obtaining 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 University for the Elderly with a gross floor 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 healthcare social services to the nearby areas.

In the first half of the year, Wuhu Golden Sun Geriatric Care Center achieved operating revenue of RMB2.17 million, representing a year-on-year increase of 9%, with an occupancy rate of 91%. Wuhu Golden Sun Geriatric Care Center has undergone internal renovation work in response to market demand, increasing the number of operating beds by approximately 10. It has also opened a new catering center in the first floor lobby, which is open to the public, thereby increasing its value-added service revenue.

Changzhou Luoxi Geriatric Care and Nursing Home

Changzhou Luoxi Geriatric Care and Nursing Home is located at 997 Zhengtai Road, Luoxi Town, Xinbei District, Changzhou City, Jiangsu Province. The project covers a total site area of 15,000 sq.m., with a gross floor area of 4,800 sq.m., a landscaping area of approximately 5,000 sq.m., and a total of 160 beds.

In 2023, the Group entered into a contract with the Changzhou municipal government to acquire the operating right of the project. After renovation and transformation, the project was officially put into operation in May this year, turning into a smart and garden-like nursing home that integrates medical and geriatric care, with the occupancy rate of the project reaching 27% within two months of its operations, and it will continue to contribute sustainable revenue and results to the Group in the future.

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 2024, 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 2024, the progress of the Group's projects under development is as follows:

Location	Project Name	Land Area (sq.m.)	Shareholding Percentage	Future Planning of the Project	Project Status
Beijing	Chaoyang Logistics Project	87,607	95%	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 enterprises to operate the industrial logistics park through upgrading and transforming the project, to create a new industrial park project with the theme of smart warehousing, digital technology and new energy.	<ol style="list-style-type: none"> 1. We applied to the Chaoyang District Development and Reform Commission for the extension of key projects. 2. We have already steadily increased the revenue through the new operational management system and the introduction of quality partners.
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.

Location	Project Name	Land Area (sq.m.)	Shareholding Percentage	Future Planning of the Project	Project Status
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 2025.
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 the units were delivered to buyers at the beginning of 2024. In mid-July 2024, the Project Company has repaid approximately CAD8.60 million to the Group, and it is expected that with further sales of the remaining unsold units, the Project Company will continue to make repayment arrangements to the Group.
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

During the period, Beijing Vissam Prosperity Furniture Limited* (北京偉森盛業傢俱有限公司) (“Vissam Prosperity”), a company under the Group engaging in medical and geriatric product business, continued to penetrate into the specialised furniture industry in areas such as education, geriatric care and medical. In the first half of the year, Vissam Prosperity mainly focused on market development, with the education industry as the major target customer group. Although the furniture market saw positive and encouraging development in the first half of the year, the industry also confronted intensifying competition and changes. The performance achieved by Vissam Prosperity in the first half of the year is the result of its long-term accumulation and precipitation of customers, as well as the joint efforts of all employees to overcome the pressure of market competition.

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 434 clients were served during the event period, of which 30 were active clients. Currently, there are no substantive contracted projects, and all are being continuously followed up. Media coverage and interviews for exhibitions were conducted online, and brand and event promotion was carried out on websites such as Beijing Television Station, Shanghai Television Station, Sichuan Television Station, China Educational Equipment Purchasing Website, ifeng.com and China Nursing Care, with an exposure of 79,954,520 views. Under the rapid coordination of the joint efforts of various departments, we participated in the project tenders and competitions, and successfully signed “The Third Teaching Building Project of China University of Petroleum – Beijing”, “The Procurement Project of Chang’an University”, “The Soft Furnishing Project of Shenyang Dajia Insurance Healthcare Center”, “The Furniture Centralized Procurement Project of Sunshine Life Insurance Institution”, “The Phase I Hotel Project of Sanya Sunshine Yachting Community”, and other key projects.

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, and was recently awarded China Government Green Procurement Requirement Standard Certification, Five-star Green Supply Chain Certificate, Environmental Guardian Certificate for Furniture Products and Low VOCs Certificate for Furniture Products. In the first half of the year, Vissam Prosperity was consistently awarded important certificates in the industry such as “2024 Top 10 Brands of Office Furniture”, “2024 Top 10 Brands of Furniture for the Elderly”, “2024 Top 10 Leading Brands of School Furniture”, and “2024 Top 10 Brands of Hospital Furniture”, etc., which were awarded by China Procurement and Bidding Network.

FUTURE PROSPECT

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. We will also explore plans to expand our business to the Greater Bay Area and accelerate the expansion of beds for geriatric care. Meanwhile, the Group is now exploring the extension of its geriatric care business into the areas of geriatric care related products and digitalized home care services, with a view to becoming an integrated service provider of urban geriatric care based on the provision of beds for geriatric care.

The Wuxi Ancient Canal Nursing Home project, which was signed by the Group in late 2023, is expected to commence operation in October 2024. The project will add approximately 500 beds to create an urban healthcare complex integrating geriatric care, nursing care and healthcare in one hospital. The Group is now actively working with the local government to secure resources for beds for geriatric care, and it is expected that two new projects will be signed in the second half of the year, which will then increase the number of beds by more than 200.

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. 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 2024 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 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 from banks, 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".

FINANCIAL REVIEW

Operating Revenue

For the first half of 2024, the operating revenue of the Group was HK\$73,307,000, representing a decrease of 6.1% 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 9% to HK\$68,078,000. 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. Due to the failure of China's economy to recover effectively after the pandemic, the momentum of the market economy was facing problems such as weak domestic consumption and investment intention, bubbles in the real estate market, intensified financial risk pressure and local government debts, prompting corporate customers to become cautious in the investment for upgrading and replacing furniture. During the past two years, both the number of newly-signed projects and the order backlog of the Group recorded a decrease, resulting in a decrease in revenue carried-forward during the period.

Cost of Sales

Cost of sales was HK\$56,925,000, representing a decrease of 4%. 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 22.3%, representing a decrease of 1.7% as compared to 24% for the corresponding period last year, which was 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 2024, other income and gains, net was a loss of approximately HK\$10,922,000, while recording a gain of HK\$21,352,000 for the corresponding period last year. The decrease in other income and gains, net was mainly due to (i) the decrease in the debt investments, equity investments and financial assets investments related income in the first half of the year from approximately HK\$4,455,000 for the corresponding period last year to approximately HK\$233,000 for the current period; (ii) as the debt investment of the Group in Ovation real estate project in Canada was completed at the beginning of the current period, the related interest income recognized during the period decreased by HK\$5,257,000; and (iii) the loss on exchange differences of HK\$12,598,000 was recorded in the first half of 2024 due to the depreciation of CAD against HK\$ by approximately 3.3% in the first half of 2024, and the gain on exchange differences of HK\$10,112,000 was recorded in the first half of 2023.

Excluding the aforesaid gain, other income and gains, net mainly included fair value losses on investment properties of HK\$7,128,000 (corresponding period in 2023: HK\$7,677,000) and rental income of HK\$5,081,000 (corresponding period in 2023: HK\$5,285,000).

Selling and Distribution Expenses

For the first half of 2024, the selling and distribution expenses were HK\$7,226,000 (corresponding period in 2023: HK\$7,176,000), representing 9.9% of the total sales amount (corresponding period in 2023: 9.2%). Selling and distribution expenses mainly included salaries of approximately HK\$2,465,000 (corresponding period in 2023: HK\$2,958,000), office costs of approximately HK\$1,481,000 (corresponding period in 2023: HK\$1,556,000) and promotional fees of approximately HK\$2,029,000 (corresponding period in 2023: HK\$1,469,000).

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 2024 to promote furniture products.

Administrative Expenses

For the first half of 2024, the administrative expenses were HK\$40,709,000, representing a decrease of 2.1% in expenses as compared to HK\$41,603,000 for the corresponding period last year. The administrative expenses mainly included staff costs (including directors' remuneration) of HK\$15,839,000 (corresponding period in 2023: HK\$17,488,000), professional advisory fees of HK\$3,783,000 (corresponding period in 2023: HK\$2,478,000), depreciation and amortisation charge of HK\$9,951,000 (corresponding period in 2023: HK\$11,682,000), business entertainment expenses of HK\$1,090,000 (corresponding period in 2023: HK\$1,555,000), travelling expenses of HK\$1,773,000 (corresponding period in 2023: HK\$1,804,000) and office costs of HK\$5,243,000 (corresponding period in 2023: HK\$2,922,000). 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. 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 2024, the Group incurred other expenses and losses of HK\$4,737,000 (corresponding period in 2023: HK\$1,801,000). Other expenses and losses were mainly the impairment of investment in an associate of approximately HK\$4,660,000 (corresponding period in 2023: HK\$1,717,000).

Finance Costs

For the first half of 2024, the total finance costs were HK\$96,000 (corresponding period in 2023: HK\$263,000), representing a decrease of 63.5% as compared with that in the corresponding period last year, which was mainly due to the drop in the weighted average lease liabilities 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\$5,187,000 (corresponding period in 2023: HK\$206,000).

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\$2,169,000 (corresponding period in 2023: HK\$4,573,000), 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\$2,483,000 (corresponding period in 2023: HK\$1,423,000).

Net Assets

As at 30 June 2024, the net assets of the Group was approximately HK\$1,831,386,000, representing a decrease of approximately HK\$123,162,000 from approximately HK\$1,954,548,000 as at 31 December 2023. Excluding the generation of loss of approximately HK\$57,579,000 during the period, the net assets decreased by HK\$65,583,000 as compared to 31 December 2023, which was mainly due to the acquisition of the 12.7637% equity interest in Beijing Inland Port International Logistics Co., Ltd., a non-wholly owned subsidiary of the Company, by the Group during the period, at a total consideration of RMB48,000,000 (approximately HK\$52,968,000).

Liquidity and Financial Resources

As at 30 June 2024, the Group held cash and cash equivalents of approximately HK\$100,998,000 (31 December 2023: HK\$153,324,000) and balance of wealth management products from banks of HK\$127,982,000 (31 December 2023: HK\$160,047,000).

As at 30 June 2024, the net current assets of the Group amounted to HK\$466,033,000 and the current ratio was 4.6 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 industry. During the period, the Group's operations were mainly financed by internal resources.

As at 30 June 2024, 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\$1,806,047,000 (31 December 2023: approximately HK\$1,885,485,000) and total equity was approximately HK\$1,831,386,000 (31 December 2023: approximately HK\$1,954,548,000).

Capital Expenditure

For the six months ended 30 June 2024, the Group's capital expenditure was approximately HK\$2,578,000 (corresponding period in 2023: HK\$343,000), which was mainly due to the purchase of properties, plants and equipment.

Pledge of Assets

As at 30 June 2024 and 31 December 2023, none of the Group's assets were pledged.

MATERIAL INVESTMENTS

The Group had no additional material investment for the period ended 30 June 2024.

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

CONTINGENT LIABILITIES

The Group has contingent liabilities up to RMB28,000,000 (equivalent to approximately HK\$30,678,000) as a guarantor for the bank facility granted to an associate of the Company (31 December 2023: RMB28,000,000 (equivalent to approximately HK\$30,898,000)).

As at 30 June 2024, the associate has utilized bank loans of approximately RMB24,294,000 (equivalent to approximately HK\$26,617,000) which are guaranteed by the Group (31 December 2023: approximately RMB25,003,000 (equivalent to approximately HK\$27,591,000)).

Save as disclosed above, the Group has no significant contingent liabilities as at 30 June 2024.

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 2024, 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 2024, the Group had approximately 164 (corresponding period in 2023: 170) employees (71 males and 93 females (corresponding period in 2023: 76 males and 94 females)). Total staff costs (including Directors' emoluments) for the six months ended 30 June 2024 amounted to approximately HK\$19,692,000 (corresponding period in 2023: approximately HK\$21,480,000).

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 C1 of the Listing Rules for the six months ended 30 June 2024.

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 six months ended 30 June 2024.

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 2024.

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. Zhang Yun Zhou 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 2024 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 2024 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 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*