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

(Formerly known as Beijing Enterprises Medical and Health Industry Group Limited 北控醫療健康產業集團有限公司)
(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2389)

**ANNOUNCEMENT OF THE ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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 2021, together with the comparative figures for the year 2020, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
REVENUE	4	203,776	149,887
Cost of sales		(156,785)	(117,095)
Gross profit		46,991	32,792
Other income and gains, net	4	66,447	55,991
Selling and distribution expenses		(13,783)	(20,026)
Administrative expenses		(119,095)	(111,770)
Impairment losses on financial assets, net		(7,030)	(33,960)
Other expenses and losses		(198)	(78,519)
Finance costs	6	(2,066)	(1,938)
Share of profits and losses of:			
Joint ventures		(1,495)	(12,758)
Associates		(16,390)	(30,522)
LOSS BEFORE TAX	5	(46,619)	(200,710)
Income tax credit	7	6,385	721
LOSS FOR THE YEAR		(40,234)	(199,989)

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Debt investment at fair value through other comprehensive income:		
Changes in fair value	(2,321)	2,336
Reclassification adjustments for (reversal of impairment)/impairment losses included in profit or loss	(601)	601
Exchange differences:		
Exchange differences on translation of foreign operations	48,914	107,982
Reclassification adjustments for a foreign operation disposed of during the year	–	8,548
Share of other comprehensive loss of a joint venture	(38)	(399)
Share of other comprehensive (loss)/income of associates	(2,000)	2,634
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	<u>43,954</u>	<u>121,702</u>
Other comprehensive loss that 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	12,263	(4,246)
Revaluation gain on transfer from property, plant and equipment to investment property	9,830	–
Net other comprehensive gain/(loss) that will not be reclassified to profit or loss in subsequent periods	<u>22,093</u>	<u>(4,246)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>66,047</u>	<u>117,456</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u>25,813</u>	<u>(82,533)</u>

	<i>Note</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
Loss attributable to:			
Owners of the parent		(39,410)	(185,324)
Non-controlling interests		(824)	(14,665)
		<u>(40,234)</u>	<u>(199,989)</u>
 Total comprehensive income/(loss) attributable to:			
Owners of the parent		11,885	(87,314)
Non-controlling interests		13,928	4,781
		<u>25,813</u>	<u>(82,533)</u>
 LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	9	<u>HK(0.65) cents</u>	<u>HK(3.05) cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		84,594	112,862
Investment properties		138,317	105,038
Right-of-use assets		470,073	469,821
Properties under development		467,279	453,954
Goodwill		79,979	79,979
Investments in joint ventures		97,533	98,318
Investments in associates		183,623	178,902
Equity investments designated at fair value through other comprehensive income		323,881	303,986
Debt investment at fair value through other comprehensive income		40,331	42,375
Financial assets at fair value through profit or loss		–	3,317
Prepayments and other receivables		201,523	218,937
Deferred tax assets		–	1,744
		<hr/>	<hr/>
Total non-current assets		2,087,133	2,069,233
CURRENT ASSETS			
Inventories		70,731	51,810
Trade and bills receivables	<i>10</i>	34,799	34,544
Prepayments, other receivables and other assets		148,998	148,394
Financial assets at fair value through profit or loss		253,169	24,995
Restricted bank balances		3,994	2,217
Cash and cash equivalents		239,136	477,420
		<hr/>	<hr/>
Total current assets		750,827	739,380
CURRENT LIABILITIES			
Trade payables	<i>11</i>	46,424	34,324
Other payables and accruals		156,323	145,132
Interest-bearing bank and other borrowings		36,693	34,930
Lease liabilities		6,223	5,062
Tax payable		637	1,297
		<hr/>	<hr/>
Total current liabilities		246,300	220,745
NET CURRENT ASSETS		<hr/> 504,527 <hr/>	<hr/> 518,635 <hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 2,591,660 <hr/>	<hr/> 2,587,868 <hr/>

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Other payables	3,652	8,399
Lease liabilities	5,452	1,650
Deferred tax liabilities	85,937	86,779
	<hr/>	<hr/>
Total non-current liabilities	95,041	96,828
	<hr/>	<hr/>
Net assets	2,496,619	2,491,040
	<hr/>	<hr/>
EQUITY		
Equity attributable to the owners of the parent		
Share capital	1,215,789	1,215,789
Reserves	1,077,835	1,066,049
	<hr/>	<hr/>
	2,293,624	2,281,838
	<hr/>	<hr/>
Non-controlling interests	202,995	209,202
	<hr/>	<hr/>
Total equity	2,496,619	2,491,040
	<hr/>	<hr/>

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”), accounting principles generally accepted in Hong Kong 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, a debt investment at fair value through other comprehensive income and bills receivable 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 2021. 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).

When the Company has, directly or indirectly, 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 (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) 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 revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

The nature and the impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group did not have any interest-bearing bank and other borrowings denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate (“HIBOR”) and United States dollars based on the London Interbank Offered Rate (“LIBOR”) as at 31 December 2021. Therefore, the amendment did not have any impact on the financial position and performance of the Group.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021 and since there was no rent concessions granted to the Group, the amendment did not have any impact on the financial position and performance of 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% (2020: 98%) of the Group’s revenue was generated from customers in Mainland China, and over 78% (2020: over 80%) the Group’s non-current assets, excluding financial instruments and deferred tax assets, were located in Mainland China.

Revenue of approximately HK\$26,916,000 (2020: HK\$23,437,000) 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from contracts with customers	<u>203,776</u>	<u>149,887</u>

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December

	2021 Total <i>HK\$'000</i>	2020 Total <i>HK\$'000</i>
Type of goods or services		
Sale of goods	195,194	143,274
Rendering of services	<u>8,582</u>	<u>6,613</u>
Total revenue from contracts with customers	<u>203,776</u>	<u>149,887</u>
Geographical markets		
Mainland China	203,776	147,550
Middle East	<u>–</u>	<u>2,337</u>
Total revenue from contracts with customers	<u>203,776</u>	<u>149,887</u>

During the year, the Group recognised revenue of HK\$28,394,000 (2020: HK\$28,554,000) 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Amounts expected to be recognised as revenue:		
Within one year	137,740	92,985
After one year	42,474	22,570
	<u>180,214</u>	<u>115,555</u>

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 two to fifteen 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.

	2021	2020
	HK\$'000	HK\$'000
Other income		
Bank interest income	4,195	12,069
Other interest income	16,283	19,313
Investment income of debt investment at fair value through other comprehensive income	4,081	3,900
Investment income of equity investments designated at fair value through other comprehensive income	8,568	2,493
Investment income of financial asset at fair value through profit or loss	2,141	–
Gross rental income from investment property operating leases	9,174	3,779
Dividend income	1,354	–
Government subsidies	95	831
Covid-19-related rent concessions from lessors	–	126
Others	426	380
	<u>46,317</u>	<u>42,891</u>
Gains		
Gain on disposal of property, plant and equipment	–	8,604
Fair value losses on investment properties, net	(2,409)	(2,695)
Fair value (loss)/gain on financial assets at fair value through profit or loss	(3,473)	1,894
(Loss)/gain on disposal of associates	(4,471)	3,504
Gain on bargain purchase	–	1,463
Foreign exchange differences, net	4,034	330
Reversal of impairment loss on investment in an associate	26,449	–
	<u>20,130</u>	<u>13,100</u>
	<u>66,447</u>	<u>55,991</u>

5. LOSS BEFORE TAX

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Cost of inventories sold	151,977	112,848
Cost of services provided	4,808	4,247
Depreciation of property, plant and equipment	10,348	10,685
Depreciation of right-of-use assets	23,833	21,239
(Reversal of impairment)/impairment of an investment in an associate	(26,449)****	22,253*
Impairment of an investment in a joint venture*	–	5,440
Lease payments not included in the measurement of lease liabilities	2,723	3,213
Auditor's remuneration	1,650	1,650
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	36,902	37,996
Pension scheme contributions (defined contribution schemes)**	9,342	5,609
	<u>46,244</u>	<u>43,605</u>
Loss on disposal of a subsidiary	–	27,337
Provision for compensation payment in relation to disposal of a subsidiary	–	21,265
(Reversal of impairment)/impairment of financial assets:		
Reversal of impairment of trade receivables, net***	(1,344)	(185)
Impairment of prepayments, other receivables and other assets, net***	8,975	33,544
(Reversal of impairment)/impairment of debt investment at fair value through other comprehensive income***	(601)	601
	<u>7,030</u>	<u>33,960</u>

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

** At 31 December 2021, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2020: nil).

*** These items are included in "Impairment losses on financial assets, net" in profit or loss of the consolidated statement of profit or loss and other comprehensive income.

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

6. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on bank and other borrowings	1,405	1,492
Interest on lease liabilities	<u>661</u>	<u>446</u>
	<u>2,066</u>	<u>1,938</u>

7. INCOME TAX

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current – PRC corporate income tax		
Charge for the year	1,788	1,133
Overprovision in prior years	(5,320)	(203)
Deferred	<u>(2,853)</u>	<u>(1,651)</u>
Total tax credit for the year	<u>(6,385)</u>	<u>(721)</u>

Hong Kong profits tax

During the year ended 31 December 2021, no Hong Kong profits tax had been provided as there were no assessable profits arising in Hong Kong during the year (2020: 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 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 (2020: 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\$39,410,000 (2020: HK\$185,324,000), and the weighted average number of ordinary shares of 6,078,944,027 (2020: 6,078,944,027) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2021 and 2020.

10. TRADE AND BILLS RECEIVABLES

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 3 months	11,646	19,472
4 to 6 months	15,589	7,123
7 to 12 months	2,529	3,126
Over 1 year	5,035	3,754
	<u>34,799</u>	33,475
Bills receivable	<u>–</u>	<u>1,069</u>
	<u>34,799</u>	<u>34,544</u>

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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 3 months	26,170	18,377
Over 3 months	20,254	15,947
	<u>46,424</u>	<u>34,324</u>

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

12. EVENTS AFTER THE REPORTING PERIOD

On 17 January 2022 and 20 January 2022, the Group purchased the senior unsecured bonds issued by Radiance Capital Investments Limited (the “Bond”) of principal amounts of US\$2,300,000 and US\$2,700,000, respectively, at the total consideration of approximately US\$4,512,000 (equivalent to approximately HK\$35,195,000) in the secondary market. The coupon of the Bond is 8.8% and due on 17 September 2023.

On 24 January 2022, the Group subscribed wealth management product with an aggregate amount of RMB60,000,000 (equivalent to approximately HK\$73,500,000) issued by Xiamen International Bank Co., Limited. The wealth management product is non-principal guaranteed with variable return and has each holding period represents 182 natural days with no fixed maturity period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Geriatric Care Business

Riding on the trend of ageing population in the Chinese society and the rigid market demand, the Group strived to develop bed space of geriatric care institutions and continued to explore the extended industry. Currently, the Group 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. As for the operating strategy, the Group adheres to the strategy of focusing on integrated medical and geriatric care, utilizing medical measures to assist the development of geriatric care and utilizing geriatric care to facilitate medical development, with an aim to develop geriatric care institutions that are professional, chain managed and with temperature. In order to ensure the sustainability of our business, the Group has also enlarged the professional talent pool to enrich the human resources for future development and ensure the stable development of business. The Group newly added 10 reserve hospital directors, 30 medical professionals and 15 talents of various professions in 2021.

During the year, the Group strived to overcome the serious impact brought by COVID-19 pandemic and achieved “zero infection” among elders and workers in all operating projects, which strengthened the confidence of consumers towards our brand and further enhanced the occupancy rate during the year. Among which, the Changzhou Aixin Nursing Home Project which was newly opened in June 2020 has recruited over 100 new elders as of the end of 2021. The dynamic occupancy rate of Wuxi Guangyi, Wuhe and Wuhu Project has always maintained at over 90%. In addition, the Group achieved significant progress in integrated medical and geriatric care as the Wuxi Guangyi Nursing Home has successfully obtained the medical qualifications and medical insurance payment qualifications.

During the year, the Group operated 5 geriatric care institutions with a total of 1,055 beds (mainly in the Yangtze River Delta region), including a total of 734 beds for medical care services in 3 medical institutions. During the year, the average occupancy rate of beds for geriatric care services reached 70% and the operating revenue reached RMB32.35 million[^] (2020: RMB25.64 million[^]), representing a year-on-year increase of 26.2%.

[^] This revenue included the revenue from the private non-enterprise entities which were founded by the Group's subsidiaries

Brief Description of Geriatric Care Project

1. Wuxi Liangxi District Guangyi Geriatric Care Center and Fuma 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.

- Opening Date: 2015
- Number of beds: 285, of which 214 beds are for medical care service
- Occupancy rate: 97%

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

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

- Opening Date: December 2018
- Number of beds: 160, of which 120 beds are for medical care service
- Occupancy rate: 92%

3. Changzhou Xinbei District Xuejia Aixin Nursing Home

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

- Opening Date: June 2020
- Number of beds: 400, of which 400 beds are for medical care service
- Occupancy rate: 30%

4. *Wuxi Liangxi District Huifeng Yikangyuan*

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

- Opening Date: December 2017
- Number of beds: 100
- Occupancy rate: 92%

5. *Wuhu Jinghu District Elderly Care Centre*

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

- Opening Date: August 2018
- Number of beds: 110
- Occupancy rate: 92%

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 2021, 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 2021, the progress of the Group’s projects under development as follows:

Location	Project Name	Land Area (m ²)	Shareholding Percentage	Future Planning of the Project	Project Status
Beijing	Chaoyang Port Project	87,607	82.24%	Conform to the global development trend, meet Beijing’s urban planning to set up a secondary distribution center and build a “green, innovative and intelligent integrated cluster in Beijing Central Business District”	<p>The preparation of relevant documents such as “Report on Project Planning and Operation Proposal” and the inclusion of relevant documents such as “Combination of Multiple Rules into One” was completed. The documents have been submitted to the Chaoyang District Commission of Planning and Natural Resources for approval, which is subject to corresponding adjustments according to the feedbacks from the government, and the procedure is still underway.</p> <p>Quality partners have been reserved for this project, which include investors, operators and tenants.</p>
Shanghai	Sanlu Road Project	20,480	20%	Office and commercial complex	Properties are recruiting tenants.
Shanghai	Hongmei Road Project	39,448	100%	<p>This project is located at the Zhongxin Industrial Park in Minhang, Shanghai and is in line with the policy of transforming industrial lands in Shanghai into commercial lands. It aims to build a new landmark for the district to serve residents by satisfying their needs for quality lifestyle, become a place for community gathering, and develop a “healthy and green commercial complex for the community and family”</p>	<p>Market analysis, customer base study, positioning of the project and the overall planning and design were completed, and the flagship stores were decided.</p> <p>Land transformation procedures for transforming industrial lands into commercial lands were completed, preconstruction developing procedures are in progress.</p> <p>Partners are being sought for joint development at this stage.</p>

Location	Project Name	Land Area (m ²)	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	Ovation	2,425	N/A ⁽¹⁾	Artistic health apartments	The pre-sale of this project began in April 2019, and approximately 67% of the saleable area were sold currently. The properties are expected to be delivered in early 2023.
Canada	Royal Tower	10,588	47.47%	Urban health apartments	We are preparing the application of replanning the nature of project land development.

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

Sale of Medical and Geriatric Products

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

Although the impact of novel coronavirus persists across the world, the level of the results gradually recovered to that for the past year as the Group has overcome the impact of pandemic in 2021. In the current year, the Group entered into collaboration contracts with various renowned domestic geriatric care, medical and education institutions such as Taikang Group, Greenland Group, Tianan Insurance, Capital Health, Guangzhou Concord Cancer Center, Shanghai Jiao Tong University, Tsing Hua University, Sichuan University of Media and Communications, Central University of Finance and Economics, etc. As of 31 December 2021, Vissam Prosperity has signed but undelivered contracts of approximately RMB222 million, and the recognised revenue of approximately RMB162 million.

To ensure the ongoing business development, in 2021, Vissam Prosperity obtained 20 new patents, 2 work registration copyrights, 3 software copyrights and 4 ergonomic certification documents on products, thereby improving the technological content of the enterprise on a continuous basis.

FUTURE PROSPECT

Despite the gradual containment on the pandemic as a result of the rising novel coronavirus vaccination rate, it is more difficult for the economy to recover given the successive emergence of variants. Meanwhile, with the surge of inflation across the world in 2021, it is anticipated that the United States will introduce tightened monetary policies and rate hikes to curb inflation in 2022. Numerous uncertainties will cause impacts on the short-term development of the Group. Taking into account the risk of increasing infection cases of novel coronavirus in various regions and the potential impact of the adverse macroenvironment on the progress of economic recovery, we have therefore started to slow down the progress of investments since 2020, where we have continuously promoted innovation and expanded our market share in businesses that we have in reserve, and no investment in new business will be expected in 2022.

Heading into 2022, the Group’s business is inevitably subject to many challenges. However, the Group is optimistic on and remain confident in Chinese geriatric market and its peripheral businesses (e.g. geriatric care related furniture and geriatric care related real estate). The Group will continue to manage its resources and businesses with caution and prudence to respond to and embrace the challenges in 2022 while developing plans and strategies to capture the post-pandemic opportunities.

* *For identification purpose only*

As for the geriatric service, as clarified in the Fourteenth Five-Year Plan for Healthy Aging issued by the State Council, the healthcare service system for the elderly will be basically established by 2025, with which the number of beds for geriatric care will increase by 9,000,000 across the PRC, thereby placing emphasis on the development of the seniors economy. Accordingly, we will continue to accelerate the enhancement of geriatric institutions' occupancy rate, management quality and cost effectiveness and maintain "zero infection" among elders, with an aim to accelerate promoting our brand. In 2022, we plan to expand our businesses in Wuxi and Changzhou, and increase 300 and 1,000 beds respectively.

In respect of health industrial park, which is an asset-heavy business, the Group will not increase its deployment on health industrial park as the macro-environment was unclear and the control on Chinese real estate enterprises was tightened. Through actively pushing forward government approval procedure and completing the preparation work before construction, the Group is expected to facilitate the inclusion of Chaoyang Inland Port Project, which is positioned as the intelligent cold chain distribution center in Chaoyang Inland Port of Beijing, into the key projects of Beijing in 2022, with an aim to develop a benchmark demonstration project for intelligent cold chain in Beijing.

In respect of medical and geriatric product business, the market is gradually recovering and the tenders of the projects which were previously suspended have been gradually released into the market. In 2022, we will enhance our development in this industry by increasing the efforts in research and development, continuously adopting the sale strategy of "Selling at Low Margins" and enlarging the market shares, with an aim to differentiate ourselves from our peers.

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.

The impact of the novel coronavirus on the operation of the Group

Due to the rising vaccination rate and in anticipation of the potentially extensive use of antiviral drugs in the near future, we remain prudent and optimistic about the recovery of the operation of the Group in the near future.

The novel coronavirus has no direct impact of materiality on the Group for the time being. As of 31 December 2021, "Zero Infection" still prevailed among the staff and households of the Group. However, the outbreak of virus has led to the closure of economic activities and slackening economic growth, which inevitably hinders the Group's business development. The Group will continue its prudent strategy of development, while slowing down or even suspending its investment in new businesses, and only expand on those relatively secured businesses we have in reserve.

MATERIAL INVESTMENTS

Other than the wealth management products in rolling purchases from banks of approximately HK\$718,616,000 in total (of which approximately HK\$499,537,000 has been redeemed upon maturity) as idle cash management, the Group had no additional material investment for the year ended 31 December 2021.

MAJOR ACQUISITIONS AND DISPOSALS

The Group did not have any major acquisitions and disposals for the year ended 31 December 2021.

FINANCIAL REVIEW

Operating revenue

As of 31 December 2021, the revenue of the Group was approximately HK\$203,776,000 (2020: HK\$149,887,000), representing an increase of 36% as compared to 2020, which was mainly due to the fact that the Covid-19 outbreak was substantially under control in 2021, and the economic activities had resumed to the previous levels. Those pending projects of customers in the last year have been launched in the current year, resulting in the increase of the related revenue from the sales of medical and geriatric products by 36% to HK\$195,194,000.

Cost of sales

Cost of sales was approximately HK\$156,785,000, representing a year-on-year increase of 34%. 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 23.1%, representing a slight increase of 1.2% as compared to 21.9% for the corresponding period last year and was still lower than the gross profit margin level of approximately 30% for the previous year, however, which was mainly due to the fact that the Group continued its sale strategy as “Selling at Low Margins” and signed certain contracts with low gross margin in order to maintain its sales volume since the Covid-19 outbreak has not yet come to an end.

Other income and gains, net

As of 31 December 2021, other income and gains was approximately HK\$66,447,000, representing an increase of 18.7% as compared to HK\$55,991,000 in 2020.

Other income and gains mainly included bank interest, other interest, dividend and investment income of HK\$36,622,000 (2020: HK\$37,775,000), rental income of HK\$9,174,000 (2020: HK\$3,779,000), reversal of impairment of financial assets of HK\$26,449,000 (2020: nil), gain on exchange differences of HK\$4,034,000 (2020: HK\$330,000) and impairment on fair value of financial assets at fair value through profit or loss of HK\$3,473,000 (2020: credit of HK\$1,894,000).

Selling and distribution expenses

As of 31 December 2021, the selling and distribution expenses of the Group were approximately HK\$13,783,000 (2020: HK\$20,026,000), representing 6.8% of the total sales amount (2020: 13.4%).

The selling and distribution expenses mainly comprise of remuneration of HK\$6,558,000 (2020: HK\$5,721,000), transportation costs of HK\$110,000 (2020: HK\$389,000), promotion fee of HK\$1,721,000 (2020: HK\$821,000). The decrease of HK\$6,243,000 in selling and distribution expenses was mainly due to the fact that there was no intermediary commission fee arising from the disposal of a subsidiary during the year (2020: approximately HK\$9,775,000).

Administrative expenses

As of 31 December 2021, the administrative expenses were HK\$119,095,000, representing an increase of 6.6% in expenses as compared to HK\$111,770,000 in 2020. The administrative expenses mainly include staff costs (excluding Directors' remuneration) of HK\$38,027,000 (2020: HK\$36,417,000), professional advisory fees of HK\$12,626,000 (2020: HK\$10,410,000), office expenses of HK\$5,940,000 (2020: HK\$5,967,000), depreciation and amortization costs of HK\$33,389,000 (2020: HK\$32,624,000), business entertainment expenses of HK\$3,794,000 (2020: HK\$4,636,000), travelling expenses of HK\$3,282,000 (2020: HK\$2,018,000), lease expenses of HK\$998,000 (2020: HK\$3,042,000) and maintenance fee of HK\$8,425,000 (2020: nil).

The increase in administrative expenses was mainly attributable to a one-off maintenance fee incurred during the year. Administrative expenses net of maintenance fee amounted to approximately HK\$110,670,000, which was similar to that of the corresponding period last year.

Impairment losses of financial assets

Impairment losses of financial assets were mainly attributable to the provision for impairment of the Group's receivables, other receivables and bond investments. Part of the other receivables failed to be repaid on schedule during the year as a result of the Covid-19 outbreak during the year. The Group had made a provision for impairment on the affected balance, taking into consideration the repayment ability of defaulters.

Other expenses and losses

Other expenses and losses were mainly attributable to the one-off expenses without cash outflow. Other expenses and losses of the Group as at 31 December 2021 was HK\$198,000, representing a significant decrease of 99.7% as compared to HK\$78,519,000 for the corresponding period of 2020. During the corresponding period in 2020, there was an impairment of investment in associates and joint ventures of approximately HK\$27,693,000, loss of approximately HK\$27,337,000 arising from the disposal of subsidiaries and provision for compensation payment in relation to a disposal transaction in previous years of approximately HK\$21,265,000. In 2021, no such expenses were incurred.

Finance cost

As of 31 December 2021, the total finance cost of the Group was approximately HK\$2,066,000(2020: HK\$1,938,000), representing an increase of 6.6% as compared to the corresponding period last year, which was mainly attributable to the fact that the Group leased more storage space for inventories during the year, resulting in a corresponding increase in the interest arising from the lease liabilities.

Share of profits and losses of joint ventures

Share of profits and losses of joint ventures were mainly the share of 50% of loss attributable to shareholders of Beijing Enterprises Fuyu Information Technology (Shanghai) Co., Ltd. of approximately HK\$71,000, as well as the share of 47.47% of loss attributable to shareholders of 1121695 B.C. Ltd. of approximately HK\$1,424,000.

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\$8,993,000, and the share of 20% of loss attributable to shareholders of Shanghai Junbo Textiles Limited of approximately HK\$6,078,000.

Net assets

As at 31 December 2021, the net assets of the Group was approximately HK\$2,496,619,000, representing a slight increase of approximately HK\$5,579,000 as compared to the total net assets of approximately HK\$2,491,040,000 in 2020. Excluding the generation of loss of approximately HK\$40,234,000 during the year, the net assets increased by HK\$45,813,000 as compared to 2020, which was mainly due to the appreciated exchange rate of RMB against Hong Kong dollar of approximately 3% during 2020, the Group recognised exchange gains of HK\$48,914,000 in other comprehensive income.

Liquidity and financial resources

As at 31 December 2021, cash and cash equivalents held by the Group was approximately HK\$239,136,000 (2020: HK\$477,420,000) and restricted bank balances was approximately HK\$3,994,000 (2020: HK\$2,217,000). Cash and cash equivalents decreased by approximately HK\$238,284,000, mainly due to the outstanding wealth management products still held by the Group of approximately HK\$222,479,000 as at 31 December 2021.

As at 31 December 2021, the Group's interest-bearing bank and other borrowings was approximately HK\$36,693,000 (2020: HK\$34,930,000).

As at 31 December 2021, the net current assets of the Group reached HK\$504,527,000 and the current ratio was 3 times. The Group maintains sufficient bank credit facilities to meet working capital needs and has 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 expenditure

As of 31 December 2021, the Group's capital expenditure was approximately HK\$1,579,000 (2020: HK\$9,709,000), mainly represented by the purchase of properties, plants and equipment.

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 year, the Group's operations were mainly financed by internal resources and bank loans.

Pledge of assets

The Group's bank loans as at 31 December 2021 are secured by properties included in property, plant and equipment and investment properties with carrying amounts at the end of the reporting period of HK\$26,363,000 (2020: HK\$52,495,000) and HK\$32,642,000 (2020: nil), respectively.

As at 31 December 2021, the Group's bank facility of RMB180,000,000 was secured by a land use right included in right-of-use assets with an aggregate carrying amount at the end of the reporting period of HK\$383,084,000 (2020: nil).

Contingent liabilities

As at 31 December 2021, the Group did not have any significant contingent liabilities.

Foreign exchange risk

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

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 2021, 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 2021, there was no significant and material dispute between the Group and its suppliers and/or customers.

Employee benefits and training

As at 31 December 2021, the Group had approximately 183 (2020: 248) employees and total staff cost (excluding Directors' remuneration) as of 31 December 2021 amounted to approximately HK\$46,244,000 (2020: HK\$43,605,000). 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 caliber 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 two-way 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 2021, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 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 10 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 2021.

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 2021.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: 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. Gary Zhao and Mr. Wu Yong Xin.

The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2021.

The independent auditors reviewed the initial result announcement

The financial figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2021 have been agreed by the Group's auditor, Ernst & Young. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

THE ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2021 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, 30 March 2022

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