



"WARM HOME" SENIOR CARE CENTER

BY
YUE GUO

AN INDEPENDENT STUDY SUBMITTED IN PARTIAL FULFILLMENT
OF THE REQUIREMENT FOR THE DEGREE OF MASTER OF
BUSINESS ADMINISTRATION (INTERNATIONAL PROGRAM)
SOUTHEAST ASIA UNIVERSITY
ACADEMIC YEAR 2022
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Abstract

The ageing population is a major issue in society today, and as people's standard of living increases, so does the demand for elderly care facilities. This business plan is a business analysis of the "Warm Home" elderly care centre in the context of the current situation in Chinese society. The company is entrepreneurial and is a comprehensive elderly care service provider with accommodation, catering and leisure as its main products.

The centre adheres to the service philosophy of "service first" and provides the best living experience for the elderly with quality services and comprehensive living facilities. This business plan adopts a qualitative research method, through the company profile, the senior care market, the senior care institution industry, a suitable organisational form and strategic plan for this senior care centre, and a scientific financial forecast, through which we understand that this senior care centre has a considerable development and will have a certain market share.

Keywords: Warm Home, Senior Care Center,

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Yue Guo

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Section 1

Executive Summary

At present, China's economy is developing at a rapid pace and people's material living standards are rising, which is accompanied by strong work pressure, fast-paced social life and unhealthy work and rest patterns, resulting in an increasing number of people suffering from sub-health symptoms and a tendency for chronic diseases to become younger. Coupled with the rapid development of China's ageing population, it is gradually becoming the country with the largest elderly population in the world. Against this backdrop, the huge demand for elderly care is becoming increasingly evident, and there is a growing demand for all kinds of healthy elderly care institutions. The "Warm Home" elderly care centre provides a good choice and guarantee for the needs of the middle-aged and elderly, and has a very promising future.

Section 2

Company Description

2.1 Company History

2.1.1 Company Profile

"Warm Home" is an elderly centre that combines catering, accommodation, entertainment and health care through the conversion of leased residential flats, which was opened in January 2023 with a registered capital of RMB 24.7 million. The project is located in Qiandao Lake Scenic Area, Chun'an County, Hangzhou. The project has a unique lake leisure pension base, based on the existing ecological resources and pension culture of the Qiandao Lake scenic area in Chun'an County, to create a multi-functional one-stop pension centre for "livability, health management, wellness and fun".

2.1.2 Corporate Culture

The company's vision is to be the leader and representative of the elderly care industry.

The company's philosophy is to provide seniors with warm, attentive and home-like services, hence the name "Warm Home" Senior Care Centre.

The company's mission is to serve the elderly industry, to meet the needs of society and to give the elderly a sense of security.

The company's values are patience, pragmatism, meticulousness, care and responsibility.

2.2 Mission Statement

"The mission of the Warm Home Centre is, firstly, to address the needs of the elderly in Hangzhou and the surrounding areas and to provide a comfortable retirement life for the elderly, and secondly, to promote the development of the local elderly industry and lay a solid foundation for its continuous improvement.

2.3 Products and Services

The company's main product is the elderly centre, based on the service of elderly health, combined with the characteristics of the local environment, including accommodation, restaurants, recreational activities, outdoor tourism activities and other functional areas, to provide the elderly with a full range of elderly life experience, such as clothing, food, housing, transportation, entertainment, fun.



Figure 2.3-1: Schematic diagram of the Warm Home Care Centre product

2.4 Current Status

"The Warm Home Centre is now decorated and staffed and is scheduled to start trial operations in December 2022 and official operations in March 2023.

2.5 Legal status and Ownership

The centre is a private company limited by shares, jointly owned by six partners, who invest in it in proportion to their shareholding.

2.6 Choosing a name for your business

The business is named Warm Home Care Ltd and operates under the name Warm Home Care Centre.

2.7 The main factors of enterprise naming

When naming the company, the first consideration was the clarity of the expression of the function, with "elderly care" as one of the key words; secondly, "Warm Home" was used as the theme part of the company's name, with "Warm" representing the warmth of humanity and symbolising the humanity of the company's services, and "Home" representing the comfort and closeness of the elderly people living in the centre as if they were at home, which is also the good vision and development goal of the company.

2.8 Corporate Innovation

2.8.1 Innovative content

The "Warm Home" Senior Care Centre adds a number of innovative elements to traditional senior care facilities, providing a new and unique service experience for the elderly population while safeguarding basic senior care needs, including.

(1) Affinity agreement: The family members of the elderly are required to visit the elderly at least once a month and make video calls at least twice a week to avoid the problem of family members neglecting to care for the elderly, so that the elderly can feel the warmth of their relatives at all times.

(2) Exclusive needs: equipped with different room types for different accommodation needs, the elderly can choose according to their financial ability, their own characteristics and personal preferences to meet as many different needs for their stay as possible.

(3) Outdoor ageing: The Warm Home Ageing Centre focuses on outdoor projects in the area of recreation and rehabilitation, with a series of experiential activities based on the local traditional culture of the Chun'an Qiandao Lake scenic area. These include local specialties, cereal picking experience, lake view appreciation and photography activities, outdoor opera learning and analysis, etc., allowing the elderly to go outdoors, enter nature and have fun on the basis of a sense of security.

2.8.2 Risk Management Programme for Outdoor Retirement Activities

In view of the safety risks associated with outdoor activities for the elderly population, we have developed a programme to manage the risks associated with outdoor ageing activities.

(1) Before the activities: Before the activity is carried out, the duties of the person in charge of the activity and the relevant staff should be clarified and arranged, and training on risk prevention measures for the elderly should be provided; before the activity is carried out, the nursing department should assess the elderly and work out with the organising department the appropriate content of the outdoor activity according to their physical condition, mobility and cognitive level.

(2) During the activities: The nursing department and medical staff will attend the activities so that they can take care of the elderly with disabilities and observe their physical changes in time to prevent risks; pay attention to order during the activities and do not arrange too many people to avoid accidents caused by overcrowding.

(3) After the activities: After the activity, the number of elderly people must be counted and confirmed to be correct before returning; after returning, they must hand over to the nursing staff in the room and arrange for the medical staff to

conduct a second assessment of the elderly's physical condition, etc.

(4) Prevention and control of the risk of wandering: The event organising department should arrange for accompanying caregivers according to the number of elderly people going out and give each caregiver a clear list of elderly people to look after; elderly people going out should wear a uniform bracelet and ensure that the elderly people are within a controllable range during the event.

(5) Fall risk prevention and control: The activity organising department needs to assess outdoor activities, avoid choosing activities with high levels of exercise and choose healthy, enjoyable and comfortable activities; check the project site before the activity is carried out to ensure that it is spacious, bright and free from obstacles.

(6) Prevent and control the risk of sudden illness:

arrange for nursing staff to observe the physical condition of the elderly at all times during the event. If there is any change in the physical condition of the elderly, immediately reassure them and take them back indoors to rest and check, and if necessary, arrange for them to go to the nearest hospital for medical treatment.

Section 3

Industry Analysis

This chapter analyses the general environment of China's institutional elderly care industry in which the elderly care centre is located. By analysing the demand and industrial situation of the elderly care industry in China, especially in Hangzhou, the current development status and trends of the elderly care industry are understood and the direction of the development of the Warm Home elderly care centre project is guided.

3.1 Industry size, growth rate and sales forecast

According to the United Nations, a country or region is considered to have an ageing population when the population aged 60 or above accounts for more than 10% of the total population, or when the population aged 65 or above accounts for more than 7%. According to data from the National Bureau of Statistics of China, the population aged 60 and above has reached 267 million, with a large elderly population and a rapid ageing rate. The "14th Five-Year Plan" issued by the State Council in 2022 pointed out that the demand structure of the elderly is changing from survival to development, and that there are still problems such as unbalanced and insufficient development of the cause of the elderly and elderly services; the "Opinions of the State Council of the Central Committee of the Communist Party of China on Strengthening the Work on Ageing in the New Era" issued in November 2021 pointed out that the demand structure of the elderly is changing from survival to development. The Opinions of the State Council on Strengthening Ageing Work in the New Era, issued in November 2021, provides the basic basis for promoting the integrated development of elderly services, health services, social security, social participation and protection of rights and interests.

In recent years, China's aging population has been rising and accelerating, according to the seventh census data, the population aged 65 and above has reached 190.64 million in 2020, with a year-on-year growth rate of 8.3%, far

exceeding the 3.5% in 2012. According to the definition of the United Nations, when the number of elderly people aged 65 and above in a country or region exceeds 7% of the total population, it means that the whole country or region has entered an "ageing society"; when the proportion reaches 14%, it enters a "deeply ageing society". According to the forecast of China Development Foundation, the proportion of elderly people aged 65 and above will exceed 14% in 2022, which means that China will enter a "deeply ageing society".



Figure 3.1-1: China's population aged 65+ and its proportion of the total population, 2011-2020

As the market scale of China's pension industry continues to expand, the pension industry has now entered the investment window, and along with the popularity of pension awareness, demand will further increase. The market scale of China's pension industry reached RMB6.6 trillion in 2018, up 17.9% year-on-year, and is expected to reach RMB9.6 trillion by 2023, and is expected to exceed RMB10 trillion by 2024.

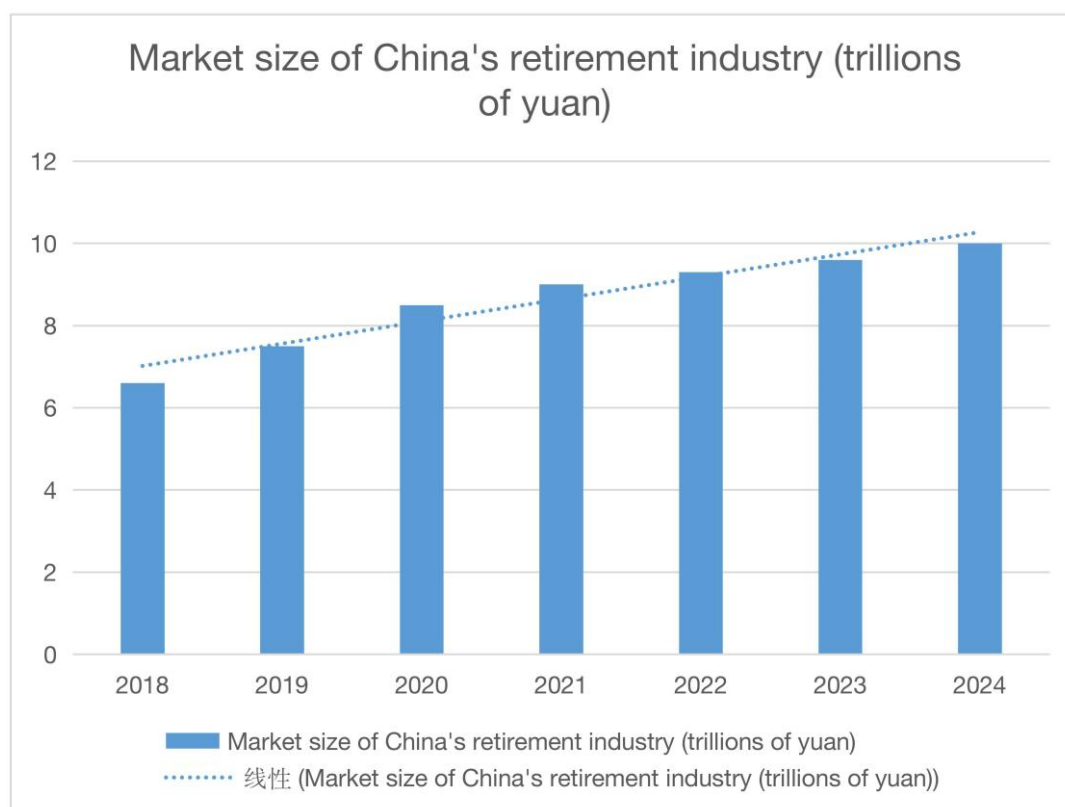


Figure 3.1-2: China Senior Living Industry Market Size Statistics and Forecast, 2018-2024

3.2 Industry Characteristics

At present, China's elderly care industry is structured in a variety of elderly care models, mainly including family care, community care at home and institutional care.

3.2.1 Ageing in place

Ageing in place is a traditional model of elderly care services, where older people live at home and are provided with services by family members, a model of ageing that is a feedback model with an interlocking chain. In terms of economic provision, ageing in place is an intergenerational economic transfer, a process that naturally achieves and completes old age security with the family as the carrier. Parents provide for their children and children provide for their parents, and this pattern of feedback from the next generation to the last is reciprocally balanced between the two generations, creating a natural process of contribution, accumulation, appreciation and payment of pension funds within the family unit.

For a long time, due to the influence of traditional culture, the Chinese people have been adhering to the traditional concept of "raising children for old age", especially in some rural areas of China. Therefore, the home care model is the first choice for these families with traditional attitudes. However, as China's urbanisation continues to grow and the pressure on the younger generation to provide for their old age increases, many people are realising that 'raising children for old age' is becoming less and less relevant to the needs of the times, and the structure of the elderly care industry is bound to change in the near future.

3.2.2 Community Aging at Home

Community-based home care is mainly in the form of home-based services and community day care. The main content is to provide day care, health care services and meal services for the elderly. The community-based model of ageing in place is very popular with the elderly population as it allows them to live in their own homes and continue to be cared for by their families while the relevant community services and people provide home care or day care services for the elderly, without them having to adapt to a new environment.

3.2.3 Aging in a senior centre

An elderly centre, also known as an institution for the elderly, is an institution that provides comprehensive services for the elderly such as food and living, cleaning and sanitation, life care, health management and cultural, sports and recreational activities. It can be an independent legal entity, a department or branch of a medical institution, an enterprise or institution, a social group or organisation, or a comprehensive social welfare institution. The majority of participants in elderly care institutions are elderly people living alone who are relatively well-off.

From 2015 to 2020, the number of beds in elderly institutions in China has been on a year-on-year growth trend. According to data released by the Ministry of Civil Affairs, there were a total of 4.831 million beds in aged-care institutions nationwide in 2020, an increase of 12.6% year-on-year, with the growth rate reaching

a new high in recent years, and as of the first quarter of 2021, there were 4.918 million beds in aged-care institutions nationwide.



Figure 3.1.3-1: Number of elderly beds per 1,000 elderly people in China, 2012-2020



Figure 3.1.3-2: Number of elderly beds per 1,000 elderly people in selected countries in the world, 2012-2020

Note: Average beds = number of beds in elderly care institutions / number of elderly population aged 65 or above (Source: Ministry of Civil Affairs, National Bureau of Statistics, Huajing Industry Research Institute) However, with the number of beds being tight, there is a polarisation in the utilisation rate of elderly care beds,

with some of the better and more luxuriously decorated institutions often having difficulty in finding a bed, while some of the more rudimentary and poorly furnished institutions have a vacancy rate of 48%. In general, there is still a serious scarcity of elderly care institutions, and there are fewer institutions that meet the requirements of the majority of elderly people, leaving the needs of a large number of elderly people unmet, and there is huge scope for the development of elderly care institutions.

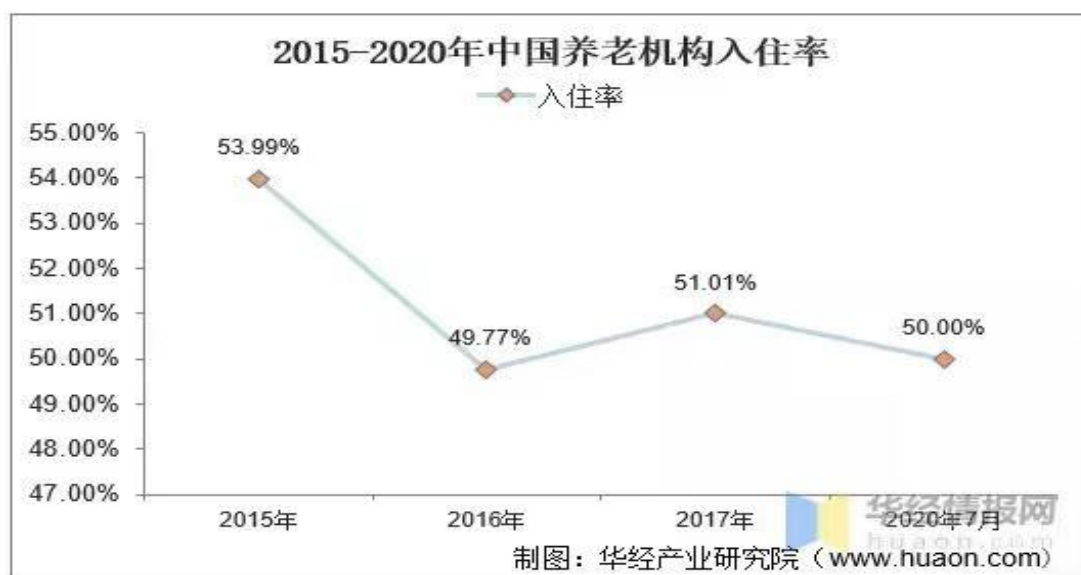


Figure 3.1.3-2:Occupancy rates of elderly care institutions in China, 2015-2020

3.3 Industry Trends

Since the 1970s, China has adopted a family planning policy, which has resulted in a decreasing fertility rate and a decreasing number of children in families. This poses a huge challenge to the ability of families to provide for the elderly. Moreover, with the development of technology and the continuous improvement of medical standards, the life expectancy of the elderly is also increasing.

Therefore, the traditional model of elderly care is no longer able to meet the needs of contemporary urban families. In addition, although community-based care is a combination of traditional and institutional care, it is more of an over-product of the change from traditional to institutional care. As people's mindset continues to change, it is an inevitable trend that the traditional home care model and community-based care model will be replaced by institutional care.

3.4 Long-term prospects

As the needs of the times evolve, people's requirements for elderly care services are also becoming diverse. People need residential level and service level to meet the needs of elderly people of different ages. In the future, the elderly services will be provided through market-oriented and industrialised channels, providing more differentiated and targeted services according to the physical condition, economic level, education level and demand level of the elderly, improving the level of specialisation and meticulousness of the services and meeting the special needs of the elderly groups for elderly services. 2022-2023, the elderly industry will develop from low-level to high-level elderly services, from dependent services to an independent sector of elderly services for the elderly, and the ageing economy will burst with great vitality.

Section 4

Marketing Plan

4.1 Overall marketing strategy

From the analysis in the previous section, the target market for the Warm Home Senior Living Centre is focused on a healthy elderly population with high incomes from overseas. The project is positioned to provide a quality one-stop senior living experience for this type of mid- to high-end clientele, with the following strategic positioning:

- (1) Improving the management system of the elderly centre and clarifying the government and corporate assistance to the elderly centre.
- (2) Defining the service standards of the elderly centres and improving the quality of services.
- (3) Strengthening the training of senior centre practitioners to improve management and service standards.
- (4) To innovate the operation of elderly centres and encourage the attraction of social capital investment.

In the following, the marketing strategy of this elderly centre project will be developed based on the 4P approach. The product is positioned to provide a high-value all-round elderly living experience for the elderly population; the price is adopted with reference to peer strategies in the region; the channel strategy is adopted with a diversified customer acquisition channel strategy; and the promotion strategy is mainly carried out with five promotion strategies: social reputation promotion, cross-border cooperation promotion, seasonal activity promotion and new media advertising promotion.

4.2 Pricing strategy

"The pricing strategy of the Warm Home elderly care centre is based on the rate of return on investment. The rate of return is calculated based on the average

market rate of return, which is approximately 15%. "The Warm Home Centre is aimed at the middle to high end of the market, with 160 beds, and the fixed monthly bank interest, depreciation, public expenditure and rent is approximately RMB 300,000. The comprehensive cost of the logistical and medical administrative staff is approximately RMB 50,000, and the comprehensive cost of each caregiver is RMB 3,500 per person. The cost of food for each elderly person is RMB 700/person/month.

Other cost sare RMB150/person/month and the average market rate of return is 20%. The forecast opening occupancy is 75 people.
$$\left[\frac{(300000+50000)}{75+3500/4+700+100} \right] * (1+20\%) * (1+15\%) = 8751(\text{RMB})$$

Taking ten whole numbers, the total charge for this elderly centre is RMB8,750/month per bed.

Considering the price difference between a single and a double room, the double room is charged at a discounted rate for a double bed. There are also different discounted packages depending on the length of stay.

List of pricing packages at the "Warm Home Care Centre"			
Unit: Yuan			
	Monthly Booking Packages	Quarterly Booking Packages	Annual Booking Packages
Single room	8750 (Bed prices)	29750 (Monthly Price*4*85%)	78750 (Monthly Price*12*75%)
Double room	12250 (Bed prices*2*70%)	41650 (Monthly Price*4*85%)	110250 (Monthly Price*12*75%)
Note: Prices are rounded to the nearest whole number and include all costs for meals, accommodation, activities, etc.			

Table 5.2-1 "Warm Home Care Centre" Pricing Schedule

The "Warm Home" retirement centre is a combination of institutional and holiday retirement, so consumers need to book the product on a monthly basis. Compared to first-tier cities such as Beijing and Shanghai, the centre is located in Hangzhou's Chun'an County, where the cost of land and other resources is lower than in first-tier cities, and consumers can receive high-quality integrated services at a higher price for the same value.

4.3 Sales process and mix of promotional activities

Word-of-mouth promotions: Through questionnaires we have learned that the most acceptable sales channel for consumers is "recommendation from acquaintances", which requires that the focus of the elderly centre should be on word-of-mouth building. The centre can invite some of the best, most prestigious and influential elderly people in the industry to conduct free experience activities, and film and post-promote their experiences so as to attract customers.

Social word-of-mouth building: The elderly centre can, firstly, actively participate in various awards and forums in the elderly care industry, hotel industry and tourism industry to expand the project's popularity by winning awards and spreading its culture; secondly, it can participate in public welfare activities such as helping elderly people living alone, so that it can be recognised by the public while practising its corporate social responsibility.

Experiential marketing: Experiential marketing refers to a series of sales actions in which customers participate in the sales process, experiencing the functions of the products and reflecting the advantages of the products sold in comparison with different products. Senior centres can involve short-term accommodation services, where the target customers are given a trial stay for a few days at a lower price, allowing the customer group to make a choice by conducting a field survey.

Seasonal activity promotions: With four distinct seasons in the town of Qiandao Lake in Chun'an County, the low and high seasons of tourism are also distinct, and preferential packages can be launched during the low and high seasons to attract guests with superb value for money.

New media advertising promotion: media channel promotion should also be

used as an auxiliary promotion method, first of all, the construction of the official website of the enterprise can be carried out. In the past, the criteria for enterprises were registered capital and plant, but now the criteria for enterprises should be added to the company's official website, WeChat public number and small program. In particular, the official website of an enterprise is not only a showcase platform, but actually a promotion platform as well. Promote through various social networking platforms, with strong quality and frequency of content output, pay attention to the preference settings of social software, and use big data to push to the elderly groups in the Yangtze River Delta region who have a need for elderly care. Secondly, advertising links can be placed on a number of senior care advisory websites, thus increasing the visibility and attention of the resort.

4.4 Distribution and sales

The sales model uses direct sales channels and indirect sales channels. The direct sales channel, also known as the zero-level channel, refers to the way in which the organisation obtains clientele without any intermediaries, while the indirect sales model refers to the delivery of products to customers through intermediaries, who make product purchases through them.

4.4.1 Direct sales model

For the Warm Home project, there are two types of direct sales.

4.4.1.1 Using the location of the centre as a point of sale to promote and sell products and services to guests.

4.4.1.2 Using the guest's location as the point of sale to promote and sell the centre's products and services to the guest, in which case the main methods of placing orders are by telephone, fax and the Internet.

The direct sales model for the "Warm Home" project is by telephone, official website, official microblog, door-to-door retail customers and by agreement with the company. The telephone is a direct method of purchase, as customers already know the centre; the official website and Weibo are key channels for direct

customer acquisition, as the content, images and topics are as innovative and engaging as possible; and door-to-door retail customers are often attracted to the centre by its excellent location and outstanding design and come to experience it. Agreement customers are those acquired by the centre's own sales team, and agreement prices are signed on a company basis.

4.4.2 Indirect sales model

Sales are made by working with the most collaborative intermediaries currently working in the senior living industry. This includes the various online website platforms and platform agents. Sales through senior website platforms, including China SeniorNet, China Senior Services, YouYue Senior Care, etc. This is also a more traditional sales channel. By working with senior websites, advertising is carried out and information about senior care centres is recommended to the elderly population in need through big data, thus gaining clientele.

Section 5

Management Team and Corporate Structure

5.1 Management Team and Organizational Structure

The development of elderly care centers requires good management. How the members of the entrepreneurial team manage the elderly service center systematically and orderly has an important impact on the normal operation of the enterprise. Organizational structure is the key to any project management and the basis for the smooth development of the project. In combination with the characteristics of this project, a "flat" functional organizational structure will be adopted. The structure chart is as follows:

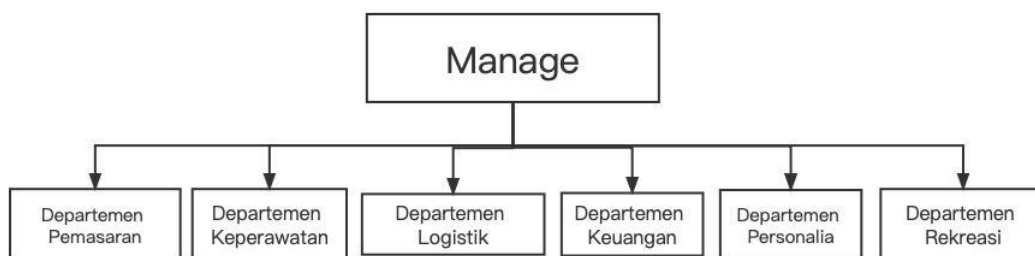


Figure 6-1 Bagan Organisasi Pusat Lansia Rumah Hangat

5.2 Board members

The senior center has six investors as board members, with the highest percentage of investment taking the position of general manager and the remaining members as shareholders, with positions arranged according to business capabilities, as follows:

Serial number	Position	Name
1	General Manager	Zhang Qiangguo
2	Marketing Manager	Li Na
3	Nursing Manager	Song Pengfei
4	Finance Manager	Chen Chen
5	Personnel Manager	Kerry Wu
6	Logistics Manager	Zhou Wanli

Table 6.2-1: List of Board Members

5.3 Advisory Board

The advisory board of the retirement centre is mainly composed of the following people.

Table 6.3-1: List of Advisory Board Members

Serial number	Name	Position	Areas of expertise
1	Wang Fei	Specialist of Hangzhou Senior Services Centre	Expertise in senior service design and smart ageing assessment
2	Li Qing	Deputy Director of Hangzhou Senior Services Centre	Expertise in senior services product design
3	Liang Qi	Deputy Director, Tourism Planning Bureau, Chun'an County, Hangzhou	Tourism Product Design and Tourism Activity Design

5.4 Other professionals

5.4.1 Sectoral professionals

Other professionals in the sector of this senior centre include the following:

Serial number	Name	Position
1	Zhao Qi	Deputy Marketing Manager
2	Qian Zi	Deputy Manager, Nursing
3	Sun Ning	Deputy Manager, Logistics
4	Li Dong	Finance Manager
5	Zhou Qi	Personnel Manager
6	Wu Xiao Yu	Recreation Manager
7	Su Na	Deputy Manager of Rehabilitation
8	Zhang Hong	Director of Nursing
9	Wang Yi	Director of Nursing

Table 6.4.1-1: Summary of the allocation of other professional staff in the department

5.4.2 Functions of the departments

(1) Rights and functions of the General Manager

Position	General Manager
Rights	<ol style="list-style-type: none"> 1. Decision-making power on business policies and major matters 2. Financial approval authority 3. The right to appoint and dismiss personnel and the right to make recommendations 4. The right to monitor all work
Responsibility	<ol style="list-style-type: none"> 1. Overall responsibility for the annual operating plan, expense budget and the results of the implementation of the plan and budget for the elderly centre 2. Leadership responsibility for significant losses caused by operational management failures 3. Liability for losses caused by poor business decisions in senior centres 4. Responsible for the accuracy and timeliness of reports, statements

Table 6.4.2-1: Summary of the content of the General Manager's rights and responsibilities

(2) Marketing Department

Responsible for marketing product promotion concepts, visiting customers and making plans for the development of the elderly service centre market. According to the market demand, create promotion and elderly service centre product packaging products, photograph the elderly service centre products, and create the corresponding promotional posters. Responsible for the planning of external activities of the elderly service centre and the organisation of internal activities of the elderly service centre.

(3) Nursing Department

The Nursing Department is the largest department in the centre and is responsible for the living and living conditions of the elderly, environmental hygiene and daily activities. The main responsibilities of the department include: taking care of the daily lives of the residents in the centre, improving the recognition and satisfaction of the elderly residents in the centre through the daily management and training and assessment of the nursing staff; assisting the relevant departments in the management of the records of the elderly residents, medical care and the organisation of activities.

(4) Logistics Department

The Logistics Department is the department whose main work is logistical support. This department acts directly on other departments within the group, and plays a vital role in the normal operation of other departments, and plays an indirect role in achieving the group's objectives and tasks. Related jobs are firstly canteen management. This includes being responsible for the day-to-day management of the staff canteen and guest rooms, supervision and the implementation of various systems and plans; timely and proper handling of staff complaints about the quality of canteen services; and timely suggestions for improving the conditions of the staff canteen and dormitories according to the development of the retirement centre and staff suggestions. Next is the management of cleanliness and greenery. Regular or irregular inspection of the cleaning work of the elderly centre and timely solution of problems found to ensure a good office environment; guidance and inspection of the greening work in the area and timely correction of problems found. Finally, safety and security management. Establish a safety and security system for the elderly centre, allocate security guards, etc.; regularly or irregularly inspect the safety situation and safety facilities in the elderly centre, find problems and solve them in time, and assist the relevant departments to deal with safety accidents in time.

(5) Finance Department

The Finance Department is the department responsible for the acquisition of assets (investment), financing of capital (funding), cash flow (working capital) and profit distribution within the overall objectives of the Centre. It is responsible for taxation, business affairs, credit checks on accounts payable and the payment of salaries to the staff of the service centre.

(6) Personnel Department

The Personnel Department is the department that manages people and affairs. The Human Resources Department has now been separated to reinforce the importance of people. It is responsible for the following tasks: developing and improving the company's job establishment, coordinating the company's various departments to effectively develop and utilise manpower to meet the company's operational and management needs; handling entry procedures, managing and maintaining personnel files and signing employment contracts; establishing and updating staff files in a timely manner, keeping statistics on annual/monthly staff movements (including departures, inductions, promotions, transfers, demotions, etc.); keeping staff attendance The department is also responsible for the audit and approval of overtime work, as well as the handling of employee benefits, social insurance and annual labour inspection; cooperating with other departments to do a good job in the ideological work of employees, accepting and solving employee complaints and labour disputes in a timely manner.

(7) Recreation and Wellness Department

The Recreation Department is a department set up according to the unique outdoor activity arrangements of the "Warm Home" resort, and its relevant responsibilities are firstly to develop a comprehensive outdoor activity plan for the elderly residents; secondly, to liaise with local tourism companies, to do a good job of outdoor recreation activities of the preliminary planning and post-arrangement follow-up, to ensure the smooth development of outdoor activities; Lastly, it is responsible for developing special recreational activities for the elderly.

Section 6

Operations and Production Plan

6.1 Business model and procedures

Based on the analysis and conclusions in Sections 5 and 6, we have defined the marketing plan for the project, developed the marketing strategy mix for the project and defined the organizational and management structure for the project.

6.1.1 The Perfect Stay Experience

"One of the highlights of the Warm Home Centre's business is the perfect living experience, which is designed to meet the needs of the elderly in an age-appropriate manner. First of all, in terms of diet, there is a special dietician who makes recipes according to the seasons and changes the menu frequently, so that the elderly can enjoy different flavors of healthy food. For some elderly people with special needs, personalized meals can also be provided, such as diabetic meals and low purine meals. Secondly, the elderly centre also has perfect accommodation. The beds, cupboards and bathrooms in the rooms are all professionally customized according to the living habits of the elderly, and are equipped with intelligent equipment such as computers and TVs. In terms of medical care, there is a professional medical department that conducts daily health checks on the elderly to ensure that they can have a perfect stay.

6.1.2 Specialised cultural and recreational services

"The most important feature of the Warm Home elderly centre compared to other medium to high-end elderly centres is that, in addition to the original indoor recreational activities, we have added a large number of outdoor activities. We advocate letting the elderly "go out and see the world", therefore, relying on the local tourism resources, we have designed a wealth of outdoor recreational activities, including special food production, fishing activities, photography activities and so on, the elderly can choose according to their physical and mental conditions, and try to let the elderly stay at ease, free and happy.

6.2 Business Location

"The Warm Home Elderly Centre is located on Pearl Avenue in Qiandao Lake Scenic Area, Chun'an County, Hangzhou, Zhejiang Province. It is the second 5A tourist attraction in Hangzhou after West Lake in Hangzhou. It receives more than ten million visitors every year and the total revenue of the tourism economy exceeds ten billion yuan, which is highly desired by people all over China.

6.3 Facilities and Equipment

"The ground floor has a reception lobby, an office area, a relaxing tea bar and a living supermarket; the first floor is a recreation centre, including a medical centre, a table tennis room, a tai chi room, an opera exchange room and a fitness and exercise room; the third floor is a restaurant area, including one Chinese and one Western restaurant; the fourth floor and above are accommodation areas. There are a total of 100 accommodation suites, including 40 one-bedroom suites and 60 two-bedroom suites, with a total of approximately 160 beds. The rooms are designed specifically for the elderly, with attention to barrier-free architectural details. The specific facilities and equipment are as follows:

(1) Bedroom equipment

The bedroom equipment includes beds, bedside tables, tables, chairs, ceiling fans, pagers, air-conditioners, mini-fridges, clothes racks, bookshelves and other furniture.

(2) Bathroom equipment content

The bathroom is equipped with a bathtub, toilet, pager, washbasin, pager, heater and other equipment.

(3) Laundry room equipment content

The laundry room is equipped with a sink, washing machine, dryer and other equipment.

(4) Equipment content of the medical room

The medical room should be equipped with appropriate medical equipment, medical supplies, disinfection equipment and air-conditioning and heating equipment according to the type and level of elderly care equipment, and should

have the corresponding tables, chairs and beds for diagnosis.

(5) Chinese and Western dining room equipment content

The Chinese and Western restaurants are equipped with various types of tables, dining chairs, dining carts and other equipment

(6) Equipment content of the activity area

The activity area is equipped with different equipment according to the different activity arrangements of the activity. For example, table tennis table, leisure tea table, leisure tea chairs, fitness equipment, rehabilitation exercise equipment, etc.

(7) Duty room equipment

The duty room is equipped with a paging and monitoring system, telephone, stretcher and wheelchair.

(8) Office area equipment content

The office area is equipped with basic office desks and chairs, printing equipment, conference tables and chairs, etc.

6.4 Operation strategy and plan

With the acceleration of the ageing process in China, the market for elderly care institutions is bound to enter a long period of rapid development. Taking into account all factors, the schedule for the first five-year implementation plan of this project is as follows:

	2023	2024 (January-June)	2024 (July-December)	2025	2026	2027
Start-up period						
Growth stage						
Stable phase						

Table 7.4-1: Strategic Plan table for the next five years

6.4.1 Start-up strategy

"The initial phase of the Warm Homes project will take place between 2023 and the first half of 2024, for a total of one and a half years. The project will be completed by the end of 2022 and will enter the start-up phase of the project. When the centre is officially established, it will complete the project application and approval process, site renovation and acceptance, hardware and equipment configuration and staff recruitment and induction. It will also gradually begin trial runs to hone the team fit. At the same time, preliminary marketing work will begin in early 2023 to lay a stable foundation for the project to enter a mature development phase.

The initial stage of project operation is after the completion of the project and through the promotion of activities during the construction period. At this stage, the marketing strategy will be adjusted and the marketing team will focus on the promotion of products and service content as well as further informing customers about the promotional activities of the retirement industrial park, with product strategy, service strategy and promotion strategy as the key marketing strategies to attract customers through quality products, good services and affordable prices in order to create The plan is to increase the occupancy rate to 50% through good reputation.

6.4.2 Long-term strategy

When the project enters the growth phase, both its capacity and strength will expand and market awareness will increase. Based on the characteristics of the retirement industry, the growth period will be relatively long, so the growth period is planned to be from 2024 to 2026, a total of three years. During this three-year period, the Warm Home Centre will continue to explore and develop its existing services and improve and optimise them to make them more standardised and stable.

In addition, during this three-year period, the project will have a stable customer base in the middle of its operation, so it is important to focus on emotional communication, branding and product and service innovation. First of all,

after the initial acquisition of customer data through various channels, through analysis, sort out different customer groups such as key customers and potential customers, establish corresponding personal files, grasp the security of customer personal files, and then match the needs of the elderly according to their specific requirements, so that the elderly feel family-like care and attention; secondly, after the initial marketing, constantly promote the brand and concept of the project, through Sponsoring activities for the elderly, actively participating in elderly activities, etc., to establish the organisation of elderly activities unique to its own brand, with the goal of becoming the most trusted brand of elderly care institutions; in addition, to provide quality services above standard services for the different needs of the elderly. Provide services with added value through big data analysis and daily attention, etc. Innovative approaches are used to meet the needs of the elderly and make them feel different from other elderly care institutions. The plan for the growth period is to achieve an occupancy rate of 70% or more.

6.4.3 Stabilisation Strategy

The project is planned to enter the stabilization period from 2026 to 2027, with a planned occupancy rate of 90% during the stabilization period. After the stabilization period, the centre has already gained a foothold in the market after the initial and mid-term brand building and maintenance, as well as the improvement of the overall service level within the centre.

Firstly, the centre will be able to reorganize its organizational structure, management processes and staffing. Through the management experience gained during the operation of the project, the organizational structure can be optimized and the operational efficiency improved. Secondly, the development of a corporate culture. The centre should combine its own corporate goals and corporate vision to create its own corporate culture, with the comfort, health and happiness of the elderly population as the first factor, and provide a good service.

6.5 Development status and tasks

6.5.1 Basic product development and tasks

The "Warm Home" elderly care centre has a comprehensive range of services for the elderly as its main product.

These include accommodation services, catering services, health management services and recreational services, with the following product content:

(1) Accommodation services

"The rooms in the Warm Home Senior Care Centre are equipped with small living rooms with original wooden upholstered leather sofas, wall paintings and greenery, giving the elderly a sense of comfort at home; the rooms are also equipped with independent bathrooms, with a large number of handrails in the bathrooms where the elderly often use, and all switches, basins, showers and so on have been adjusted downwards. All switches, basins, showerheads and so on have been adjusted downwards to make them easier for the elderly to operate and use. The rooms are designed to meet the different needs of the elderly and include single and double rooms.

(2) Catering services

This elderly centre uses professional nutritionists to customize nutritional recipes, ensuring food safety and nutrition while taking into account taste, so that people can not only eat with peace of mind, but also enjoy delicious food. The chef team selects safe ingredients and provides liquid and semi-liquid food that is easy to chew and digest according to the health conditions of the elderly population, while providing a customized diet for those suffering from chronic diseases such as hypertension and diabetes.

(3) Health management services

The centre is equipped with a basic medical room and a professional nursing team to provide health management services for the elderly population, including daily health monitoring, minor check-ups, physical assessment and exercise conditioning. In addition, the centre also cooperates with local tertiary hospitals, so if the elderly need to go to hospital for treatment, they will be accompanied by

nursing staff.

(4) Recreational services

The elderly centre is equipped with a table tennis room, a Tai Chi room, an opera exchange room and a fitness and sports room for the elderly, offering a variety of recreational activities for the elderly with different interests, greatly enriching their lives.

6.5.2 Special products and core competencies

The special features of the "Warm Home" elderly care centre include a variety of outdoor activities, combined with the natural beauty of nature, to give the elderly a different living experience. These include the following activities:

(1) Photo-taking activities

The scenic area of Qiandao Lake is known as the "Thousand Island Scroll", which means that the scenic area of Qiandao Lake is a beautiful scene when you take a picture of it. This photography activity will bring together senior citizens who are photography enthusiasts and allow them to take pictures of the beautiful scenery at their leisure, using the excellent viewpoints such as Tianyu Mountain and Pearl Peninsula as different photography spots. At the end of the event, the organisers will bind everyone's photographic works into a book for exhibition to convey the beautiful moments.

(2) Fishing activities

Outdoor fishing, with fresh air and plenty of sunshine, helps the elderly's respiratory system, hearing, vision and calcium absorption, and secondly, fishing can eliminate depression, anxiety and other negative emotions, making you feel relaxed. The Thousand Island Lake Scenic Area has a unique advantage in terms of fishing, and is a paradise for fishing enthusiasts. By cooperating with the Thousand Island Lake Fishing Island for a long time, the elderly centre regularly arranges active participation of fishing enthusiasts, thus enabling the elderly to relax physically and mentally.

6.6 Challenges and risks

6.6.1 Market Challenges and Risks

With the continuous development of the elderly care industry, more and more investment funds are pouring into the industry. The emergence of some industry groups has led to the development of a chain industry. The service contents of general elderly care institutions are similar in nature and are susceptible to imitation and competition. With the emergence of elderly care institutions, in order to gain a certain market share, it is necessary to firstly develop its own core competencies and grow its own market by combining quality services with effective marketing methods, and secondly be innovative and impress its customers with special and hard-to-replace products or services so as to have a stable customer base.

6.6.2 Financial risks and countermeasures

Senior centres have the financial risk of large initial capital investment, slow payback and low profitability. To address the financial risk, invitations can be extended to various welfare organisations in society during the capital preparation period to seek support funding. Secondly, during the operation of the elderly centre, it should cut costs and save money as much as possible.

6.6.3 Safety risks and countermeasures

Considering that the physical functions and thinking abilities of the elderly are in a degenerative stage, elderly centres need to pay more attention to the protection of the personnel safety of the elderly population, especially as some of the recreational activities in elderly centres are outdoors, and although the amount of exercise is not large, the bodies of the elderly population will be affected by factors such as driving, weather and the environment in the course of their activities, and in response to this risk, elderly centres should firstly enhance the nursing staff team. In order to address this risk, the centre should firstly enhance the professionalism of the nursing staff and ensure that there are professional nursing staff to monitor the physical condition of the elderly population, and secondly, assess the outdoor activities in advance to ensure that the amount of exercise is in

line with the physical condition of the participating elderly population, and also sign a good contract and purchase relevant insurance products in case of unexpected accidents.

6.7 Costs

"The main costs of the Warm Home service product come from the renovation of the premises, followed by the purchase of various facilities and equipment, as well as the cost of manual care, outdoor activities, vehicles and entrance fees.

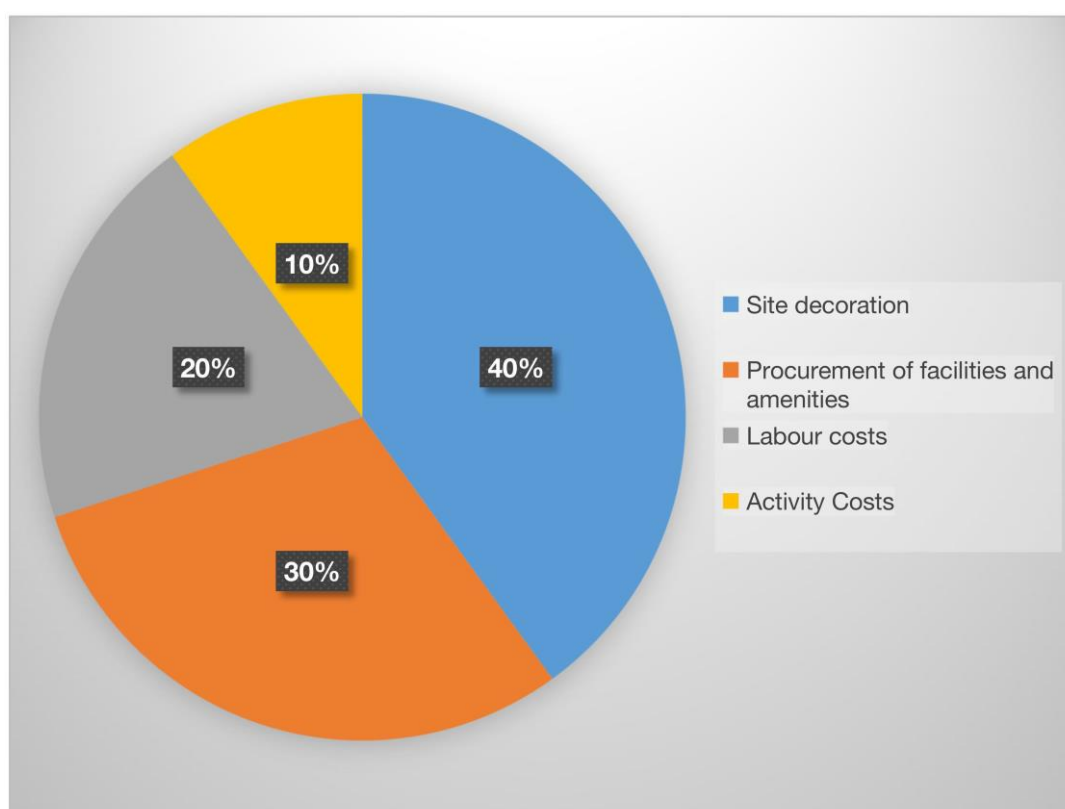


Table 8.3-1: Table of cost percentages

6.8 Intellectual Property Rights

In recent years, with the rapid development of the elderly service industry, there have been some infringement disputes in the protection of trademarks of elderly enterprises, the protection of software copyrights of elderly service information systems and the protection of patents of elderly-friendly products such as nursing beds, among which trademark infringement is particularly important. In 2019, the

Opinions of the General Office of the State Council on Promoting the Development of Elderly Services clearly put forward that it supports efforts to build a number of brands in the field of elderly services with influence and competitiveness of senior care service trademark brands, and strengthen the protection of senior care service trademark brands in accordance with the law. Therefore, senior care enterprises should pay more attention to the protection of intellectual property rights of senior care products. The operating equipment of the "Warm Home" elderly care centre is all purchased through third parties, and there is no independent research and development of production content, so the protection of intellectual property rights mainly starts with the application of patents for the company's name, trademark and service model, so as to protect intellectual property rights.

However, with the number of beds being tight, there is a polarisation in the utilisation rate of elderly care beds, with some of the better and more luxuriously decorated institutions often having difficulty in finding a bed, while some of the more rudimentary and poorly furnished institutions have a vacancy rate of 48%. In general, there is still a serious scarcity of elderly care institutions, and there are fewer institutions that meet the requirements of the majority of elderly people, leaving the needs of a large number of elderly people unmet, and there is huge scope for the development of elderly care institutions.

Section 7

Financial Projections

7.1 Sources of funds and description of use

7.1.1 Sources and Use of Funds

The "Warm Home" elderly care centre is financed by six investment partners in the amount of RMB 23.7 million, with the following table as a reference.

Name	Amount (million)	Proportion
Zhang Qiangguo	800	33.75%
Li Na	350	14.77%
Song Pengfei	350	14.77%
Chen Chen	350	14.77%
Wu Kaili	260	10.97%
Zhou Wanli	260	10.97%
Total	2370	100%

Table 9.1.1-1: Summary of contributions

According to the "Hangzhou Municipal Subsidy Method for Elderly Service Funds" and other methods, a total of 1 million RMB in total can be obtained from the municipal and county government subsidies, and a total of 24.7 million RMB was raised for the project for preliminary construction and operation. The centre is budgeted for six floors, including an office area, an activity area, a dining area and an accommodation area, with an estimated total area of approximately 8,300 square metres. The main front-end costs will be incurred for site rental, site decoration, fixed asset and equipment procurement, staff costs, vehicle procurement, office supplies procurement and operating working capital. "The initial investment in the Warm Home Centre was RMB24.7 million, with the following table showing the specific costs.

According to the "Hangzhou Municipal Pension Service Funding Subsidy Method" and other methods, a total of 1 million RMB can be obtained from the municipal and county government subsidies, and the project will raise a total of 24.7 million RMB for the preliminary construction and operation. The centre is budgeted according to six floors, including office areas, activity areas, dining areas and accommodation areas, with an estimated total area of approximately 8,300 square metres. The main front-end costs will be incurred for site rental, site decoration, fixed asset and equipment procurement, staff costs, vehicle procurement, office supplies procurement and operating working capital. "The initial investment in the Warm Home Centre was RMB24.7 million, with the following table showing the specific costs.

Project content	Amount (\$)
Venue rental	232 0000
Venue renovation costs	800 0000
Fixed asset equipment purchase costs	552 0000
Staff Costs	88 0000
Vehicle purchase fee	32 0000
Food ingredients purchase fee	42 0000
Maintenance costs	12 0000
Utilities costs	9 6000
Tableware purchases	6 0000
Office supplies purchase	9 6000
Advertising and promotion expenses	24 0000
Miscellaneous expenses	24 0000
Operating cash flow	638 8000
Total (\$)	2470 0000

9.1.1-2: Summary of Project Costs Expenditure

7.1.2 Main sources of income

"The main source of income for the Warm Home Retirement Centre is, firstly, room income. As there are three different price packages: monthly, quarterly and annual, the average room rate is calculated by taking one third of each package in the financial forecast.

7.1.3 Other sources of income

The other sources of income for the centre are twofold: firstly, the short stay experience will be arranged for the vacant rooms at a discounted rate of RMB850 per week for single and double occupancy; secondly, the daily sales of some health care products and household items for the elderly as a source of income.

7.1.4 Government subsidy income

Government subsidy income includes operating fee subsidy, professional post subsidy and technical allowance for nursing posts. The operating fee subsidy is approximately RMB200 per bed per month; the professional post subsidy and nursing post technical allowance are approximately RMB100,000 per year, averaging RMB8,300 per month.

7.2 Hypothesis table

Fessional post subsidy and nursing post technical allowance are approximately RMB100,000 per year, averaging RMB8,300 per month.

Occupancy rate	Occupancy rates for the next five years are: 50%, 60%, 70%, 80% and 90%.
Sales revenue	10% annual increase in revenue from merchandise sales.
Depreciation rate	Depreciation rate of 10% of total assets.
Dividends	The plan is to pay an annual dividend of 50% of net profit to shareholders.
Room options	One third of the occupancy is based on monthly, quarterly, and annual packages.
Salary increase	The average salary increase is calculated at 3%.
Fixed asset supplement purchase	Fixed assets are purchased as a supplement to the total amount of 5% of the previous year's net income, starting from a profitable year, and distributed according to the reality of the damage.

Table 9.2-1: Hypothesis table

7.3 Pro forma financial statements

According to the project funding plan, salary expenses total RMB 880,000 per year, RMB 73,300 per month; venue rentals total RMB 2.32 million per year, RMB 193,000 per month; venue renovation expenses total RMB 8 million, equally shared according to the first three years; fixed assets and equipment purchase expenses total RMB 5.52 million, equally shared according to the first three months; vehicle purchase expenses total RMB 320,000, equally shared according to the first year, equally shared every month, RMB 27

According to Article 2 of Hangzhou's Notice on the Implementation of Preferential Tax Relief Policies for Small and Micro Enterprises (Cai Shui [2019] No. 13), the portion of the annual taxable income of small and micro enterprises not exceeding RMB1 million shall be reduced by 25% of the taxable income and subject to corporate income tax at a rate of 20%; the portion of the annual taxable income of small and micro enterprises not exceeding RMB1 million shall be reduced by 25% of the taxable income and subject to corporate income tax at a rate of 20%; the portion of the annual taxable income of small and micro enterprises not exceeding RMB1 million shall be reduced by 25% of the taxable income and subject to corporate income tax at a rate of 20%. The portion of the annual taxable income exceeding RMB1 million but not exceeding RMB3 million shall be reduced by 50% of the taxable income and subject to corporate income tax at a rate of 20%.

	2023 Pro forma financial statements												
Month	January	February	March	April	May	June	July	August	September	October	November	December	Total
Number of single rooms	16	17	18	19	22	22	21	21	20	22	21	18	237.20
Number of double rooms	23	26	27	28	29	31	32	31	33	32	28	29	347.40
Number of trial rooms	49	46	46	44	41	38	39	40	38	38	40	41	
Average price of a single room	0.76	0.76	0.76	0.76	0.76	0.76	0.76	0.76	0.76	0.76	0.76	0.76	
Average price for a double room	1.06	1.06	1.06	1.06	1.06	1.06	1.06	1.06	1.06	1.06	1.06	1.06	
Average price of trial rooms	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	
Single room revenue	11.83	12.74	13.95	14.26	16.38	16.68	16.08	15.77	15.47	16.68	16.08	13.95	179.87
Double room revenue	24.17	27.35	28.62	29.26	31.16	33.07	33.71	32.44	34.98	33.71	29.26	30.53	368.24
Revenue from trial rooms	16.76	15.81	15.59	14.94	13.83	13.05	13.42	13.55	12.83	12.88	13.75	14.00	170.42
Revenue from merchandise sale	1.00	0.98	0.95	0.89	1.02	0.78	0.89	0.92	1.20	0.93	0.87	0.89	11.32
Government subsidy income	2.05	2.20	2.28	2.31	2.44	2.52	2.53	2.47	2.56	2.54	2.36	2.35	28.60
Total revenue	55.81	59.07	61.39	61.66	64.83	66.10	66.62	65.15	67.04	66.74	62.31	61.72	758.45
Cost of goods sold	0.35	0.34	0.33	0.31	0.36	0.27	0.31	0.32	0.42	0.33	0.30	0.31	3.96
													Average occupancy rate
Single room occupancy rate	39%	42%	46%	47%	54%	55%	53%	52%	51%	55%	53%	46%	49%
Double occupancy rate	38%	43%	45%	46%	49%	52%	53%	51%	55%	53%	46%	48%	48%
Trial room occupancy rate	80%	81%	84%	82%	83%	82%	84%	82%	81%	82%	79%	78%	82%

7.4 Predictive income statement

Income Statement (2023)												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Income												
Single room income	11.83	12.74	13.95	14.26	16.38	16.68	16.08	15.77	15.47	16.68	16.08	13.95
Double room income	24.17	27.35	28.62	29.26	31.16	33.07	33.71	32.44	34.98	33.71	29.26	30.53
Revenue from trial rooms	16.76	15.81	15.59	14.94	13.83	13.05	13.42	13.55	12.83	12.88	13.75	14.00
Item sales income	1.00	0.98	0.95	0.89	1.02	0.78	0.89	0.92	1.20	0.93	0.87	0.89
Government subsidy income	2.05	2.20	2.28	2.31	2.44	2.52	2.53	2.47	2.56	2.54	2.36	2.35
Total revenue	55.81	59.07	61.39	61.66	64.83	66.10	66.62	65.15	67.04	66.74	62.31	61.72
Cost of goods sold	0.35	0.34	0.33	0.31	0.36	0.27	0.31	0.32	0.42	0.33	0.30	0.31
Gross margin	55.46	58.73	61.06	61.34	64.47	65.83	66.31	64.83	66.62	66.42	62.01	61.41
Operating expenses												
Salary expenses	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30
Venue rental	19.30	19.30	19.30	19.30	19.30	19.30	19.30	19.30	19.30	19.30	19.30	19.30
Venue renovation expenses	22.20	22.20	22.20	22.20	22.20	22.20	22.20	22.20	22.20	22.20	22.20	22.20
Fixed assets and equipment pu	15.33	15.33	15.33	15.33	15.33	15.33	15.33	15.33	15.33	15.33	15.33	15.33
Vehicle purchase expenses	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70
Utilities expenses	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80
Maintenance expenses	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Food ingredients purchase cost	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Purchase of tableware	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Daily office supplies expenses	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80
Advertising and promotion exp	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Miscellaneous expenses	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Depreciation expenses	1.73	1.73	1.73	1.73	1.73	1.73	1.73	1.73	1.73	1.73	1.73	1.73
Total operating expenses	77.43	77.43	77.43	77.43	77.43	77.43	77.43	77.43	77.43	77.43	77.43	77.43
Operating profit (loss)	-21.97	-18.70	-16.37	-16.09	-12.96	-11.60	-11.12	-12.60	-10.81	-11.01	-15.42	-16.02
Less. Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income	-21.97	-18.70	-16.37	-16.09	-12.96	-11.60	-11.12	-12.60	-10.81	-11.01	-15.42	-16.02

7.4.1 Monthly profit and loss statement

7.4.2 Annual profit and loss statement

Income Statement (2023-2027)					
For the Year Ended, Dec., 31					
	2023	2024	2025	2026	2027
Income					
Single room income	179.87	218.39	254.79	291.19	327.59
Double room income	368.24	457.92	534.24	610.56	686.88
Revenue from trial rooms	170.42	146.88	110.16	73.44	32.64
Item sales income	11.32	13.58	16.30	19.56	23.47
Government subsidy income	28.60	33.00	36.84	40.68	44.52
Total revenue	758.45	867.51	947.35	1027.19	1102.95
Cost of goods sold	3.96	4.75	5.71	6.85	8.22
Gross margin	754.49	862.76	941.64	1020.34	1094.73
Operating expenses					
Salary expenses	87.60	90.23	92.93	95.72	98.59
Venue rental	231.60	231.60	231.60	231.60	231.60
Venue renovation expenses	266.40	266.40	266.40	0.00	0.00
Fixed assets and equipment purchase	183.96	183.96	191.36	18.18	65.58
Vehicle purchase expenses	32.40	0.00	0.00	0.00	0.00
Utilities expenses	9.60	9.60	9.60	9.60	9.60
Maintenance expenses	12.00	12.00	12.00	12.00	12.00
Food ingredients purchase cost	42.00	42.00	42.00	42.00	42.00
Purchase of tableware	6.00	0.00	0.00	0.00	0.00
Daily office supplies expenses	9.60	9.60	9.60	9.60	9.60
Advertising and promotion expenses	24.00	24.00	24.00	24.00	24.00
Miscellaneous expenses	24.00	24.00	24.00	24.00	24.00
Depreciation expenses	21.64	18.40	19.14	1.82	6.56
Total operating expenses	929.16	709.43	712.13	448.52	451.39
Operating profit (loss)	-174.67	153.33	229.51	571.82	643.34
Less. Taxes	0.00	7.67	11.48	57.18	64.33
Net income	-174.67	145.66	218.03	514.64	579.00

7.5 Projected Balance Sheet

For the year ended 31 December					
	2023	2024	2025	2026	2027
Balance Sheet (2023-2027)					
Assets					
Current assets					
Cash	2295.33	2382.84	2514.02	2843.61	3217.81
Office supplies	9.60	9.60	9.60	9.60	9.60
Total current assets	2304.93	2392.44	2523.62	2853.21	3227.41
Non-current assets					
Bedroom fixtures and equipment	65.00	63.00	64.00	2.00	1300
Bathroom fixed assets/equipment	35.00	33.00	35.00	3.00	5.14
Laundry fixed assets/equipment	25.00	25.00	25.00	3.00	5.00
Medical room fixed asset & and eq	22.00	22.76	25.00	2.00	20.00
Fixed assets and equipment for Cl	18.00	18.00	19.00	4.00	1000
Activity area fixtures	23.00	23.00	23.50	3.00	8.00
Outpatient room fixtures	5.60	5.60	6.00	2.00	6.00
Fixed assets and equipment in the	12.00	12.00	13.00	1.00	5.00
Accumulated depreciation	21.64	18.40	19.14	1.82	6.56
Total non-current assets	183.96	183.96	191.36	18.18	65.58
Total assets	2488.89	2576.41	2714.99	2871.39	3292.99

Liabilities and owner's equity

Liabilities					
Accounts payable	186.29	11.38	106.07	63.83	440.57
Notes payable					
Salaries payable	7.30	7.52	7.74	7.98	8.22
Total liabilities	193.59	18.90	113.81	71.81	448.79
Owner's equity	2470.00	2470.00	2470.00	2470.00	2470.00
Infrastructure					
Retained earnings	-174.67	87.52	131.18	329.59	374.20
Total owners' equity	2295.33	2557.52	2601.18	2799.59	2844.20

7.6 Projected Cash Flow

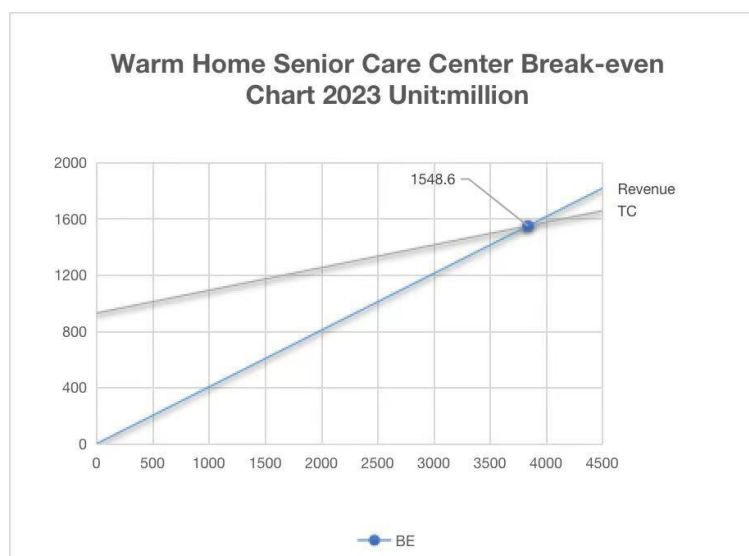
7.6.1 Monthly cash flow statement

Cash Flow Statement (2023)												
For the Month Ended, 2023												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Cash balance, beginning of year	2470.00	2448.03	2429.33	2412.96	2396.87	2383.92	2372.31	2361.19	2348.59	2337.78	2326.77	2311.35
Cash flows from operating activities												
Cash received from sale of goods and p	55.81	0.98	0.95	0.89	1.02	0.78	0.89	0.92	1.20	0.93	0.87	0.89
Cash received from government subsid	2.05	2.20	2.28	2.31	2.44	2.52	2.53	2.47	2.56	2.54	2.36	2.35
Total cash inflow from operating activ	55.81	59.07	61.39	61.66	64.83	66.10	66.62	65.15	67.04	66.74	62.31	61.72
Cash paid for purchase of goods	0.35	0.34	0.33	0.31	0.36	0.27	0.31	0.32	0.42	0.33	0.30	0.31
Cash paid to employees	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30
Various taxes and fees paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other cash paid in connection with ope	70.13	70.13	70.13	70.13	70.13	70.13	70.13	70.13	70.13	70.13	70.13	70.13
Total cash outflow from operating activ	77.78	77.77	77.76	77.74	77.79	77.70	77.74	77.75	77.85	77.76	77.73	77.74
Cash flows from financing activities												0.00
Equity contributions												0.00
Dividends												0.00
Total cash flows from investing activi	0.00											0.00
Net change in cash balances	-21.97	-18.70	-16.37	-16.09	-12.96	-11.60	-11.12	-12.60	-10.81	-11.01	-15.42	-16.02
Cash balance, end of period	2448.03	2429.33	2412.96	2396.87	2383.92	2372.31	2361.19	2348.59	2337.78	2326.77	2311.35	2295.33

7.6.2 Annual cash flow statement

Cash Flow Statement (2023-2017)					
For the Year Ended, Dec., 31					
	2023	2024	2025	2026	2027
Cash balance, beginning of year	2,470.00	2,295.33	2,382.84	2,514.02	2,843.61
Cash flows from operating activities		856.19	936.03	1,015.87	1,091.63
Cash received from sale of goods	758.45	13.58	16.30	19.56	23.47
Cash received from government subsid	28.60	33.00	36.84	40.68	44.52
Total cash inflow from operating	758.45	869.77	952.33	1,035.43	1,115.10
Cash paid for purchase of goods	3.96	4.75	5.71	6.85	8.22
Cash paid to employees	87.60	90.23	92.93	95.72	98.59
Various taxes and fees paid	0.00	7.67	11.48	57.18	64.33
Other cash paid in connection with	841.56	803.16	810.56	370.98	418.38
Total cash outflow from operating	933.12	709.43	712.13	448.52	451.39
Cash flows from financing activities					
Equity contributions					
Dividends	0.00	72.83	109.02	257.32	289.50
Total cash flows from investing ac	0.00	-72.83	-109.02	-257.32	-289.50
Net change in cash balances	-174.67	87.52	131.18	329.59	374.20
Cash balance, end of period	2,295.33	2,382.84	2,514.02	2,843.61	3,217.81

7.7 Break-even analysis



7.8 Ratio Analysis

	2023	2024	2025	2026	2027
Total assets	2488.92	2465.31	2498.93	3271.90	3673.42
Net profit	-174.67	-30.63	45.55	571.82	643.34
Total shareholders' equity	2295.53	2446.39	2504.60	2799.59	2844.20
ROE	-7.02%	-1.24%	1.82%	17.48%	17.51%
ROI	-7.61%	-1.25%	1.82%	20.43%	22.62%

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