AIDIGONG MATERNAL & CHILD HEALTH LIMITED

愛 帝 宮 母 嬰 健 康 股 份 有 限 公 司

(Incorporated in Bermuda with limited liability)

(Stock code: 286)

ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

HIGHLIGHTS

During the Year, the Group completed the further acquisition of Shenzhen Aidigong. Given the financial contribution from Shenzhen Aidigong, there was a general improvement in the Group's overall financial performance for 2019.

– Revenue increased by HK$233.6 million or 62.0% to HK$610.6 million for the period, as compared to that of 2018.

– Gross profit increased by HK$94.0 million or 96.4% to HK$191.6 million for the period, as compared to that of 2018.

– Profit for the year increased by HK$6.0 million or 53.8% to HK$17.1 million for the period, as compared to that of 2018.

– Profit for the year attributable to owners of the Company increased by HK$9.1 million or 420.2% to HK$11.2 million for the period, as compared to that of 2018.

– Earnings per share was HK0.35 cents for 2019, as compared to HK0.07 cents in 2018.

– The Board resolved to propose the payment of a final dividend of HK0.067 cents per share of the Company for the Year.

The board of directors (the “**Board**”) of Aidigong Maternal & Child Health Limited (the “**Company**”) is pleased to announce the unaudited consolidated annual results (the “**Unaudited Annual Results**”) of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2019 (the “**Year**”) together with the audited comparative amounts for the corresponding year in 2018. The Unaudited Annual Results have been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) as below. For the reasons explained in the paragraph headed “Review of Unaudited Annual Results” in this announcement, the auditing process for the annual results of the Group for the Year has not been completed.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	**2019** ***HK$'000*** **(Unaudited)**	2018 *HK$'000* (Audited)
Revenue	*3*	**610,612**	377,035
Cost of sales		**(419,031)**	(279,492)
Gross profit		**191,581**	97,543
Other income	*5*	**10,219**	3,627
Administrative expenses		**(89,081)**	(64,005)
Selling and distribution expenses		**(37,906)**	(1,318)
Share of result of associates		**8,351**	17,371
Profit from operations		**83,164**	53,218
Impairment loss recognised in respect of interest in an associate		**(13,034)**	–
Fair value change on derivative financial liabilities		**–**	(2,438)
Loss on fair value change of contingent consideration payable		**(5,821)**	–
Gain on disposal of an associate		**16,625**	–
Loss on deemed disposal of associates		**–**	(571)
Gain on derecognition of convertible note		**–**	7,391
Finance cost	*6*	**(44,808)**	(37,724)
Profit before income tax	*7*	**36,126**	19,876
Income tax expense	*8*	**(19,039)**	(8,768)
Profit for the year		**17,087**	11,108

	Note	2019 HK$'000 (Unaudited)	2018 HK$'000 (Audited)
Other comprehensive income/(expense), net of income tax			
Items that may be reclassified subsequent to profit or loss			
Share of other comprehensive expense of associates		**(985)**	(2,437)
Exchange differences on translating foreign operations		**(26,338)**	(24,880)
Items that will not be reclassified to profit or loss			
Change in value of equity investments at fair value through other comprehensive income		**24,352**	2,067
Other comprehensive expense for the year, net of income tax		**(2,971)**	(25,250)
Total comprehensive income/(expense) for the year		**14,116**	(14,142)
Profit for the year attributable to:			
Owners of the Company		**11,237**	2,160
Non-controlling interests		**5,850**	8,948
		17,087	11,108
Total comprehensive income/(expense) for the year attributable to:			
Owners of the Company		**3,635**	(12,988)
Non-controlling interests		**10,481**	(1,154)
		14,116	(14,142)
Earnings per share for the year attributable to owners of the Company	*10*		
Basic and diluted *(HK cents per share)*		**0.35**	0.07

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019	2018
		HK$'000	*HK$'000*
		(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment		**211,125**	30,106
Right-of-use assets		**331,780**	–
Intangible assets		**822,952**	214,288
Goodwill		**566,446**	229,010
Interests in associates		**191,561**	223,789
Equity investments at fair value through other comprehensive income		**24,500**	77,684
Deposits, prepayments and other receivables		**43,159**	111,350
Deferred tax assets		**6,517**	–
		2,198,040	886,227
Current assets			
Deposits, prepayments and other receivables		**254,057**	135,266
Trade receivables	*11*	**34,987**	31,351
Inventories		**35,918**	29,062
Loan to a shareholder		**45,443**	28,574
Properties under development		**246,106**	209,174
Short-term loans receivable		**34,733**	40,048
Financial assets at fair value through profit or loss		**146,164**	–
Bank and cash balances		**80,098**	8,016
		877,506	481,491

	Note	2019 HK$'000 (Unaudited)	2018 HK$'000 (Audited)
Current liabilities			
Trade payables	*12*	**21,419**	442
Accruals and other payables		**119,993**	35,574
Contract liabilities		**225,934**	87,227
Obligation under finance leases		**–**	367
Lease liabilities		**77,012**	–
Contingent consideration payable		**208,613**	–
Bank and other borrowings		**106,727**	16,138
Guaranteed notes and bonds payable		**32,616**	213,209
Tax payable		**24,596**	2,811
		816,910	355,768
Net current assets		**60,596**	125,723
Total assets less current liabilities		**2,258,636**	1,011,950
Capital and reserves			
Share capital		**38,309**	29,962
Reserves		**1,060,920**	720,535
Equity attributable to owners of the Company		**1,099,229**	750,497
Non-controlling interest		**207,578**	211,730
Total equity		**1,306,807**	962,227
Non-current liabilities			
Contingent consideration payable		**117,203**	–
Deferred tax liabilities		**106,489**	15,157
Obligation under finance leases		**–**	983
Bank borrowings		**374,738**	–
Lease liabilities		**264,478**	–
Guaranteed notes and bonds payable		**88,921**	33,583
		951,829	49,723
		2,258,636	1,011,950

1. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

1.1 New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs has had no material impact on the Group's financial positions and performance for the current year and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 Leases

Transition and summary of effects arising from initial application of HKFRS 16

On 1 January 2019, the Group has applied HKFRS 16. HKFRS 16 superseded HKAS 17, and the related interpretations. The Group applied the HKFRS 16 in accordance with the transition provisions of HKFRS 16.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HKFRIC – Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessor

During the year ended 31 December 2019, application of HKFRS 16 by the Group as a lessor has no material impact on the Group's consolidated financial statements.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

ii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in Hong Kong was determined on a portfolio basis;

iii. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension options;

iv. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and

v. relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The incremental borrowing rate applied by relevant group entities was 6.16%.

	At 1 January 2019 *HK$'000* (Unaudited)
Operating lease commitment as at 31 December 2018	19,467
Recognition exemption –short term or low value leases	(7,868)
Less: total future interest expenses	(1,659)
Add: finance lease liabilities recognised as at 31 December 2018	1,350
Total lease liabilities as at 1 January 2019	11,290
Analysed as:	
Current	4,615
Non-current	6,675
Total lease liabilities as at 1 January 2019	11,290

The carrying amount of right-of-use assets for own use as at 1 January 2019 comprises the following:

	Right-of-use assets *HK$'000* (Unaudited)
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	**9,940**
Amount included in property, plant and equipment under HKAS 17 – Assets previously under finance leases	**2,444**
	12,384
By class	
Office equipment	**23**
Motor vehicles	**2,421**
Office premises	**9,940**
	12,384

The following table summarises the impacts of the adoption of HKFRS 16 on the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported as at 31 December 2018 *HK$'000* (Audited)	**Adjustments** *HK$'000* (Unaudited)	**Carrying amounts under HKFRS 16 as at 1 January 2019** *HK$'000* (Unaudited)
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16			
Non-current assets			
Property, plant and equipment	30,106	(2,444)	27,662
Right-of-use assets	–	12,384	12,384
Current liabilities			
Lease liabilities – due within one year	–	4,615	4,615
Obligations under finance lease	367	(367)	–
Non-current liabilities			
Lease liabilities – due over one year	–	6,675	6,675
Obligations under finance lease	983	(983)	–

1.2 New and amendments to HKFRSs in issue but not yet effective

HKFRS 17	Insurance Contracts[4]
Amendments to HKFRS 3	Definition of a Business[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendment to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[2]

[1] Effective for annual periods beginning on or after a date to be determined.

[2] Effective for annual periods beginning on or after 1 January 2020.

[3] Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

[4] Effective for annual periods beginning on or after 1 January 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance ("**CO**").

(b) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instrument which are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

3. REVENUE

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Revenue from contracts with customers:		
Disaggregated by major products or service lines		
Postpartum care services	**232,828**	–
Health Industry		
– Natural health food	**284,381**	249,795
– Medical anti-aging healthcare services	**82,437**	108,132
– Sales of pharmaceutical products and others	**3,687**	6,843
	603,333	364,770
Timing of revenue recognition		
At a point in time	**285,336**	255,647
Over-time	**317,997**	109,123
	603,333	364,770
Revenue from other sources:		
Interest income from investment and finance	**7,279**	12,265
	610,612	377,035

All revenue contracts are for period of one year or less, as permitted by practical expedient under HKFRS 15, the transaction price allocated to these unsatisfied contacts is not disclosed.

4. OPERATING SEGMENTS

For the purposes of resource allocation and assessment of segment performance, information reported to the Executive Directors of the Company, being the chief operating decision makers (the "**CODM**"), focus on types of goods or services delivered or provided.

In the current year, the Group reorganised its internal reporting structure which resulted in changes to the composition of its reportable segments. In the prior year, the Group's Health Industry segments included "Natural Health Food", "Medical Anti-aging and Health Preservation Base", and "Medical and Healthcare Industry Investment Management" segments. In accordance with the way in which information is now reported internally to the CODM for purpose of resource allocation and performance assessment and the recent streamlining of certain reportable segments, the financial information of the Group's "Medical Anti-aging and Health Preservation Base" segment and "Medical and Healthcare Industry Investment Management" segment are now reported within the "Medical Anti-aging and Healthcare Industry Investments" segment. Prior year's segment disclosures have been represented to conform with the current year's representation. Particulars of the Group's reportable operating segments are summarised as follows:

Postpartum care services	–	provision of maternal and child healthcare services in the PRC
Health industry	–	including natural health food trading in the PRC and medical anti-aging and healthcare industry investments

"Other" segment primarily comprises investment and finance business and others operations that do not meet the quantitative thresholds. Information regarding the above segments is reported below.

Information about major customers

One individual customer contributed over 10% of the total revenue of the Group during the year ended 31 December 2019 (2018: nil) as follows:

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Customer A[1]	**78,358**	N/A[2]

[1] *Revenue from natural health food business*

[2] *The corresponding revenue did not contribute over 10% of the total Group.*

Operating segment information is presented below:

Segment revenue and results

			Health Industry									
	Postpartum Care Services		Natural Health Food		Medical Anti-aging and Healthcare industry invetsments		Sub-total		Others		Consolidated	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
Revenue												
Revenue from external customers	**232,828**	–	**284,381**	249,795	**86,124**	114,975	**370,505**	364,770	**7,279**	12,265	**610,612**	377,035
Results												
Segment results for reportable segment	**52,920**	–	**2,540**	1,245	**34,708**	68,065	**37,248**	69,310	**(49,566)**	(31,788)	**40,602**	37,522
Bank interest income	**15**	–	**3**	2	**5**	3	**8**	5	**36**	1	**59**	6
Interest income from financial assets at FVTPL	**3,199**	–	**–**	–	**–**	–	**–**	–	**–**	–	**3,199**	–
Unallocated expenses, net*											**(18,538)**	(17,081)
Gain on disposal of associates											**16,625**	–
Loss on deemed disposal of associate											**–**	(571)
Loss on fair value change of contingent consideration payable											**(5,821)**	–
Income tax expense	**(17,154)**	–	**(77)**	(162)	**(1,808)**	(8,606)	**(1,885)**	(8,768)	**–**	–	**(19,039)**	(8,768)
Profit for the year											**17,087**	11,108

* *Unallocated expenses mainly include certain depreciation on property, plant and equipment, general office expenses and unallocated employee benefit expenses.*

Segment assets and liabilities

			Health Industry									
	Postpartum Care Services		Natural Health Food		Medical Anti-aging and Healthcare industry invetsments		Sub-total		Others		Consolidated	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
Assets												
Segment assets for reportable segments	**1,702,455**	–	**170,294**	98,834	**1,107,873**	1,180,649	**1,278,167**	1,279,483	**78,101**	72,115	**3,058,723**	1,351,598
Unallocated assets											**16,823**	16,120
Total assets											**3,075,546**	1,367,718
Liabilities												
Segment liabilities for reportable segments	**1,258,363**	–	**108,965**	53,865	**164,748**	56,375	**273,713**	110,240	**109,736**	283,485	**1,641,812**	393,725
Unallocated liabilities											**126,927**	11,766
Total liabilities											**1,768,739**	405,491

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during both years.

Segment results represent the profit earned/(the loss incurred) by each segment without allocation of corporate expenses, gain on disposal of associates, loss on deemed disposal of associates, interest income from financial assets at FVTPL, bank interest income and income tax expense.

For the purposes of monitoring segment performance and allocating resources between segments:

All assets are allocated to reportable segments other than unallocated corporate assets which mainly include certain property, plant and equipment, prepayments and deposits and corporate bank balances.

All liabilities are allocated to reportable segments other than unallocated corporate liabilities which mainly include certain accruals, deposits received and other payables and deferred tax liabilities.

Geographical information

In determining the Group's geographical information, revenue information is based on the location of the customers, and asset information is based on the location of the assets.

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		**Non-current assets***	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
The People's Republic of China (the "**PRC**")	**535,458**	273,639	**1,631,371**	240,618
Hong Kong	**75,154**	103,396	**344,091**	344,136

* *Non-current assets excluded those relating to interests in associates, equity investments at fair value through other comprehensive income and deferred tax assets.*

Other segment information

	Postpartum Care Services		Health Industry		Others		Consolidated	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
Depreciation of property, plant and equipment	**15,656**	–	**6,640**	12,084	**2,451**	2,145	**24,747**	14,229
Depreciation of right-of-use assets	**20,355**	–	**8,347**	–	**1,129**	–	**29,831**	–
Share of result of associates	**212**	–	**8,139**	17,371	**–**	–	**8,351**	17,371
Impairment loss recognised in respect of interest in an associate	**–**	–	**13,034**	–	**–**	–	**13,034**	–
Interests in associates	**1,134**	–	**190,427**	223,789	**–**	–	**191,561**	223,789
Capital expenditure*	**10,186**	–	**17,551**	23,548	**1,207**	1,983	**28,944**	25,531

* *Capital expenditure consists of addition (excluding business combinations) to property, plant and equipment and right-of-use assets.*

5. OTHER INCOME

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Bank interest income	**59**	6
Gain on fair value change of financial assets at FVTPL	**631**	–
Interest income from financial assets at FVTPL	**3,199**	–
Dividend income from unlisted investments	**854**	3,355
Rental income	**3,423**	–
Management fee income	**292**	–
Government grant	**1,011**	–
Others	**750**	266
	10,219	3,627

6. FINANCE COST

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Interest on convertible notes	**–**	7,807
Interest on guaranteed notes and bonds payable	**28,144**	28,766
Interest on bank and other borrowings	**11,651**	1,151
Interest on lease liabilities	**5,013**	–
	44,808	37,724

7. PROFIT BEFORE INCOME TAX

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Profit for the year has been arrived at after charging/(crediting):		
Total staff costs including remuneration of the directors of the Group:		
Salaries and other benefits	**75,332**	17,064
Retirement benefit scheme contributions	**3,111**	1,014
	78,443	18,078
Auditors' remuneration for audit services	**1,800**	1,500
Auditors' remuneration for non-audit services	**1,680**	330
Fair value changes on derivative financial liabilities	**–**	2,438
Written-off of property, plant and equipment	**1,450**	730
Cost of inventories recognised as expenses*	**307,595**	247,584
Exchange loss, net	**137**	149
Impairment loss recognised in respect of interest in an associate	**13,034**	–
Allowance/(reversal) of expected credit losses of		
– trade receivables	**1,021**	(30)
– other receivables	**6,021**	3,702
– loan to a shareholder	**27**	(46)
– short-term loans receivable	**336**	–
Loss on fair value change of contingent consideraton payable	**5,821**	–
Gain on fair value change of financial assets at FVTPL	**631**	–
Depreciation of property, plant and equipment	**24,747**	14,229
Depreciation of right-of-use assets	**29,831**	–

* *Included in "Cost of sales" of the consolidated statement of profit or loss and other comprehensive income*

8. INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Income tax expense comprises		
Current – Hong Kong		
Charge for the year	**4,023**	7,230
Over provision in prior year	**(4,025)**	–
Current – PRC		
Charge for the year	**15,092**	449
Under provision in prior year	**1,861**	881
Deferred tax	**2,088**	208
	19,039	8,768

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. Accordingly, starting from the year ended 31 December 2018, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million. The profits of group entities not qualified for the two-tiered profits tax rates regime continue to be taxed at a flat rate of 16.5%.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

9. DIVIDENDS

The proposed final dividend of HK0.067 cents per ordinary share (2018: Nil) for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These financial statements do not reflect the final dividend payable.

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**11,237**	2,160
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**3,209,882**	2,996,255

The calculation of earnings per share for the years ended 31 December 2019 and 2018 is based on the profit attributable to the owners of the Company for the years and the weighted average number of shares for the relevant period.

Diluted earnings per share is the same as the basic earnings, per share for the years ended 31 December 2019 and 2018 as there were no potential dilutive ordinary shares in issue.

11. TRADE RECEIVABLES

The Group generally allows an average credit period ranging from 30 to 90 days (2018: 30 to 90 days) to its trade customers. The following is an aged analysis of trade receivables (net of allowance for expected credit losses), at the end of the reporting period:

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 30 days	**14,403**	2,575
31 to 60 days	**19,084**	14,832
61 to 90 days	**1,500**	9,288
91 to 120 days	**–**	34
121 to 180 days	**–**	4,622
	34,987	31,351

12. TRADE PAYABLES

The following is an aged analysis of trade payables, based on the invoice date:

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 30 days	**17,135**	246
31 to 60 days	**3,560**	–
181 to 365 days	**724**	154
Over 365 days	**–**	42
	21,419	442

The average credit period granted by suppliers ranges from 0 to 30 days.

BACKGROUND AND CHANGE OF COMPANY'S NAME

During the Year, the Company has further acquired interests in Shenzhen Aidigong Modern Maternity Health Management Co., Ltd.* (深圳愛帝宮現代母嬰健康管理有限公 司) ("Shenzhen Aidigong"). Following such further acquisition, it was considered that, among other things, the change of Company's name would provide the Company with a more appropriate corporate image and identity in respect of its business scope, therefore, the name of the Company was changed from "Common Splendor International Health Industry Group Limited" to "Aidigong Maternal & Child Health Limited" and the secondary name in Chinese of the Company has been changed from "同佳國際健康產業集團有限公司" to "愛帝宮母嬰健康股份有限公司".

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

Over the past year, the healthcare industry still maintained a strong development momentum despite the fact that certain industries were affected to some extent by multiple challenges faced by the national economy.

The postpartum care industry is an emerging healthcare service industry providing healthcare services to mothers and infants. According to the Report on the Research and Investment Prospects of Postpartum Care Centre Industry in China from 2016 to 2022 (《2016-2022年中國月子中心行業研究與投資前景分析報告》) published by Industry Information Web (產業資訊網), the market size of postpartum care services in Mainland China achieved a compound annual growth rate of 42% from 2010 to 2014. The postpartum care clubhouses had entered into a rapid development stage since 2011. However, it is still at an early stage of development and they are mainly located in large and medium-sized cities in Mainland China. The market potential has yet to be fully unleashed as there are plenty of room for development in the future. The Report on Market Demand and Investment Planning and Analysis of Postpartum Care Centre Industry in China from 2018 to 2023 (《2018-2023年中國月子中心行業市場需求與投資規劃分析報告》) published by Qianzhan Industry Research Institute (前瞻產業研究院) has revealed that the postpartum care centres penetration rate was approximately 5% to 8% in first-tier cities in Mainland China as compared with that of over 70% in Taiwan, indicating that there is a huge development potential for the postpartum care centres in first-tier cities in Mainland China. Contributed by multiple factors such as the increased number of new-born, increase in consumption level, changes in consumption mentality and industrial policies implementation etc., the size of postpartum care market is expected to continue to expand. The analysis report from Qianzhan Industry Research Institute has stated that, assuming the penetration rate of postpartum care centres in Beijing, Guangzhou and Shenzhen will increase to 18% by 2022, the postpartum care centres in Shanghai will have a penetration rate of up to 20%, as there are more postpartum care centres in Shanghai, and their demand for such services is higher, and on the basis of that assumption, the penetration rate for 32 second-tier cities will be 10%, the penetration rate for other economically developed cities and third-tier cities will be 8% and 3%, respectively. Assuming a stable growth, and based on the service fees charged by mainstream postpartum care centres prices, the market size of postpartum care centres in Mainland China is expected to reach RMB35 billion by 2022.

BUSINESS REVIEW

Postpartum care services

During the Year, the Group completed the further material acquisition of Shenzhen Aidigong and consolidated its financial statements. Shenzhen Aidigong is one of the first batch of enterprises in China providing in-house living maternal and child healthcare services. After over ten years of development, it currently has five postpartum care centres located in Shenzhen, Beijing and Chengdu. During the year, its business performance was as follows:

	Period from completion of acquisition to 31 December 2019 *HK$'000*	**2019 whole Year** *HK$'000*
Turnover	232,828	658,483
Gross Profit	119,137	288,519
Administrative expenses	12,668	46,074
Selling and distribution expenses	33,276	112,892
Profit before income tax	77,098	136,852
Profit after income tax	59,944	104,952

List of number of rooms

Postpartum care centres	As at 31 December 2019 *Rooms*
Xiangmihu, Shenzhen	112
Silver Lake, Shenzhen	48
Nanshan, Shenzhen	149
Beijing	54
Chengdu	72
Total	435

On 31 December 2019, Shenzhen Aidigong had bank and cash balances of approximately HK$53,818,000, structured bank deposits with principal amount of approximately HK$145,533,000, and receipts in advance of approximately HK$208,633,000. The gross profit ratio for the year was 43.8% and the return on equity of Shenzhen Aidigong was 38.6%.

The postpartum care services contributed very strong performance in sales and profit growth to the Group as well as plenty of continuous cash flow. In the future, the Group will focus on the development of postpartum care service business.

Health Industry

Medical Anti-aging and Healthcare Industry Investments

The Group's medical anti-aging business including both life anti-aging business and medical beauty anti-aging business, which mainly targets at providing health services to the elites. It enjoyed organic and stable development over the past year, but is vulnerable to global pandemic development have exerted negative impact on the business to a certain extent lately.

Located in the Guangdong-Hong Kong-Macao Greater Bay Area, the Health Preservation Base of the Group in Luofu Mountain, our special project under construction, has obtained a land area of approximately 123 mu with a land cost of RMB632,500 per mu. The plot ratio is 2.0 and the maximum saleable floor area is not more than 16,398 square metres, which is equivalent to a land floor price of RMB474.4 per metre. It is expected that sales will commence in mid-2020 and the expected selling prices of health preservation apartment and health preservation villa will be around RMB10,000 per square square metre and RMB15,000 to RMB20,000 per square metre, respectively. The Health Preservation Base is targeted at the elites. It will provide integrated health preservation services such as Chinese medical health preservation, sleeping health preservation, and diet health preservation. The relevant health preservation properties are expected to be available for lease or for sale.

Investment projects currently held by the Group includes JP Partners Medical Group, Fengshuo Bio Medical Tech Group and Wanqi Marine Bio. The JP Partners Medical Group comprises eighteen private medical centres in Hong Kong. The Fengshuo Bio Medical Tech Group is principally engaged in the research of the dioscorea composita root extract technology's commercial applications and production. The Wanqi Marine Bio, a national high-tech enterprise located in Shenzhen, is principally engaged in seahorse breeding, which is a health product for food and medical purposes. For the above industrial investments, the Company will take profit maximisation as its objective and will pull out when appropriate.

During the Year, revenue from Medical Anti-aging and Healthcare Industry Investments amounted to approximately HK$86,124,000 (2018: HK$114,975,000), which represented a decrease of approximately HK$28,851,000 compared to 2018. The decrease was mainly due to the downturn of the performance of the medical beauty anti-aging group during second half of 2019.

Natural Health Food Business

The main business of the Group's natural health food is grain and oil trading. Its revenue had increased to approximately HK$284,381,000 in 2019 from approximately HK$249,795,000 in 2018. Sales for the year went up but its profit margin is relatively low and its sales are also susceptible to market fluctuations. The Group has downsized its business substantially since 2020.

RESULTS FOR THE YEAR

Revenue of the Group for the Year amounted to HK$610,612,000 (2018: HK$377,035,000), which represented a year on year increase of HK$233,577,000 or 61.95%. The increase was mainly due to the net effect of (i) the revenue of a newly acquired segment of postpartum care services acquired in 2019 which contributed to the Group amounted to HK$232,828,000; (ii) increase in sales revenue of the natural health food business from HK$249,795,000 in 2018 to HK$284,381,000 in 2019; and (iii) decrease in revenue from Medical anti-aging and healthcare industry investments from HK$114,975,000 in 2018 to HK$86,124,000 in 2019.

Gross profit of the Group for the Year amounted to HK$191,581,000 (2018: HK$97,543,000), an increase of HK$94,038,000 or 96.4% as compared to previous year. Gross profit margin for the Year had increased and was 31.4% for 2019 (2018: 25.9%). The increase in the Group's gross profit and gross profit margin were mainly due to the increase in income generated from the postpartum care services which has a higher profit margin.

Profit before income tax of the Group for the Year increased by HK$16,250,000 or 81.8% from HK$19,876,000 in 2018 to HK$36,126,000 in 2019. The increase in profit was mainly due to the net effect of (i) the increase in revenue and gross profit of the postpartum care services; (ii) increase in administrative expenses and selling and distribution expenses from HK$64,005,000 in 2018 to HK$89,081,000 in 2019 and from HK$1,318,000 in 2018 to HK$37,906,000 in 2019 respectively due to the new segment of postpartum care services; (iii) decrease in share of result of associates from HK$17,371,000 in 2018 to HK$8,351,000 in 2019; (iv) one-off gain on disposal of an associates of HK$16,625,000 in 2019; (v) fair value change of contingent consideration payable amounted to a loss of HK$5,821,000 in 2019; (vi) impairment loss recognised in respect of interest in an associate of HK$13,034,000 in 2019; (vii) no fair value change on derivative financial liabilities which had a loss of HK$2,438,000 in 2018 and (viii) no gain on derecognition of convertible notes which had a gain of HK$7,391,000 in 2018.

Profit attributable to the owners of the Company for the Year was approximately HK$11,237,000 (2018: HK$2,160,000), which represented an increase of HK$9,077,000 or 420.2%, as compared to that of 2018. This resulted in the increase in basic and diluted earnings per share attributable to the owners of the Company of HK0.35 cents respectively (2018: HK0.07 cents).

FUTURE PROSPECTS

In the past year, by acquiring the 88.5184% equity interest of Shenzhen Aidigong Maternity Health Co., Ltd. (深圳愛帝宮母嬰健康股份有限公司) and changed our name to "Aidigong Maternal & Child Health Limited", the Group quickly became one of the leading enterprises in the postpartum care service industry. In the future, the Company will further expand its market share by continuously focusing on its operation to reinforce its leadership position.

The postpartum care service industry is an emerging health service industry that provides healthcare services for postnatal mothers and babies. The industry is currently at a high-growth stage with tremendous market potential in future. Consumer groups have rapidly penetrated from first-tier cities into second-tier and third-tier cities with increasing double-digit market penetration rate. It is the choice of more and more pregnant mothers to enjoy health care at postpartum care centres after labour and it has become an irresistible trend. The postpartum care services are obviously the most rigid demand segment in the health service industry.

The healthcare of the branded postpartum care centres has a complete range of nursing expertise and functions, which is incomparable than hiring a housekeeping helper to take care of household works. We expect that the future pattern of the postpartum care service industry will be a long-term coexistence between postpartum care centre and housekeeping helper. The market share of postpartum care centres will surpass that of housekeeping helpers and occupy a leading position in the postpartum care service industry on a long-term basis. The postpartum care centres will continue to differentiate into high-end and general categories to meet the different needs of high-income and middle-income classes. The market share of branded enterprises will constantly be expanding and industry concentration will increase accordingly. The low-end, poor-quality postpartum care centres will be eliminated by branded postpartum care centres and housekeeping helpers and eventually exit the postpartum care centre industry.

At present, the Group's brand of "Aidigong" occupies a high-end position, and its main consumer targets are high income groups such as socialites and industry elites. Since 2007 it has served over 20,000 mothers and received excellent reputation. The "Aidigong" brand has opened shops in Shenzhen, Beijing and Chengdu.

As more and more pregnant mothers choose postpartum care services after labour, we realize that there is also a large demand of postpartum care services for middle-income class. To this end, we will create new brands and open comfortable postpartum care centres nationwide targeting at middle-income class, so as to achieve comprehensive coverage of high-end and general postpartum care services.

At present, the concentration of the postpartum care service industry is extremely low with a large number of companies and qualities are uneven, which is a common phenomenon for an industry in its early stage of development. And for this reason, a large number of industry consolidation opportunities exist in the postpartum care service industry and for us, a good timing to conduct external mergers and acquisition integration.

The next ten years will be the golden decade of the postpartum care service industry development. We will focus on postpartum care services and rapidly develop the postpartum care service market through "endogenous + extension" development measures. We will give priority to develop the high-end postpartum care service market layout to accelerate the "Aidigong" brand distribution nationwide, focus on first-tier and new first-tier cities; and at the same time layout comfortable postpartum care centres to serve middle-income class, and deploy distribution in first-tier, new first-tier, second-tier, and third-tier cities to further expand the coverage of postpartum care service market across the country.

FINANCIAL HIGHLIGHTS

Net asset value

As at 31 December 2019, total net assets of the Group amounted to approximately HK$1,306,807,000 (2018: HK$962,227,000), representing an increase of HK$344,580,000, as compared to 2018. The increase was mainly due to the net effect of (i) proceeds from the issue of new shares by placing and subscription amounted to HK$342,176,000; (ii) exchange loss on translating foreign operations arising during the Year of HK$26,338,000; (iii) profit for the Year of HK$17,087,000, and (iv) change in value of equity investments at fair value through other comprehensive income amounted to HK$24,352,000.

As at 31 December 2019, net asset value per issued ordinary shares of the Company was HK$0.34 (2018: HK$0.32).

The current ratio (calculate as current assets to current liabilities) for the Year was 1.07 (2018: 1.35).

Equity

The number of issued ordinary shares of the Company as at 31 December 2019 was 3,830,915,008 (2018: 2,996,255,008).

Liquidity and financial resources

As at 31 December 2019, the Group has a principal amount of HK$132,700,000 (31 December 2018: HK$107,800,000) unsecured bonds payable, approximately HK$466,465,000 (31 December 2018: HK$16,138,000) secured bank borrowings and HK$15,000,000 other borrowings.

The Group fully redeemed the secured convertible notes (31 December 2018: US$8,000,000 (equivalent to approximately HK$62,400,000)) and the secured guaranteed notes (31 December 2018: HK$80,000,000) during the Year.

Save as disclosed above, the Group did not have any other borrowing as at 31 December 2019.

Note (the "WT Note") issued to Wan Tai Investments Limited ("Wan Tai") and the convertible bond (the "Great Wall CB") issued to China Great Wall AMC (International) Holdings Co., Ltd.（中國長城資產（國際）控股有限公司）("Great Wall")

Reference is made to the Company's announcements dated (i) 14 December 2016, 21 December 2016, 15 August 2018 and 3 January 2020 regarding, among other things, the WT Note issued by the Company in a principal amount of HK$100,000,000 to Wan Tai, an indirect wholly-owned subsidiary of CCB International (Holdings) Limited; and (ii) 5 August 2016, 16 August 2016 to 15 August 2018 and 3 January 2020 regarding, among other things, the Great Wall CB issued by the Company in a principal amount of US$10,000,000 to Great Wall.

In December 2019, each of the WT Note and the Great Wall CB was redeemed in full and following the redemption, they were both cancelled.

The Group maintains sufficient working capital and cash position for daily operations. Bank and cash balances as at 31 December 2019 amounted to approximately HK$80,098,000 (31 December 2018: HK$8,016,000).

The cash and bank balances were denominated in RMB, Hong Kong dollar and United State dollar and the bank borrowings facilities available to the Group were denominated in Renminbi and bear floating interest rates. The Group continued to have no foreign exchange contracts and investment in listed shares, bonds and debentures. As at 31 December 2019, the Group held SBDs at certain banks. Pursuant to the relevant underlying agreements, the SBDs carry interest at a variable rate per annum with reference to the performance of interest rate during the investment period and the principal sums are denominated in RMB. These structured bank deposits are principal protected. The maturity date of structured bank deposits ranged from three to six months. Early withdrawal or termination of SBDs will not create penalties for the Group. The Group is not exposed to material fluctuations risks in exchange rates.

Pledge of assets

During 2019 and immediately prior to the relevant discharge due to the redemption of the Great Wall CB, the entire issued share capital of a wholly-owned subsidiary of the Company, namely Common Splendor Hong Kong Investment Fund Management Limited ("**CSHK Investment Fund Management**"), which was charged to China Great Wall AMC (International) Holdings Co., Limited as a security for convertible notes issued by the Company in the principal amount of US$8,000,000 (equivalent to approximately HK$62,400,000) was released. The total assets of CSHK Investment Fund Management and its subsidiaries amounted to approximately HK$308,064,000 as at 31 December 2018. Furthermore, the entire issued capital of two wholly-owned subsidiaries of the Company, namely Harvest Luck Investment Limited ("**Harvest Luck**") and Great King Limited ("**Great King**") which was charged to Wan Tai as a security for guaranteed notes issued by the Company in the principal amount of HK$80,000,000 was released due to the redemption of the guaranteed notes during the Year. The total assets of Harvest Luck, Great King and their subsidiaries amounted to approximately HK$448,267,000 as at 31 December 2018.

Reference is made to the Company's announcement dated 16 September 2019 regarding, among other things, the loan agreements entered into between Guangdong Common Splendor Health Industry Group Limited (廣東同佳健康產業集團有限公司) ("**Guangdong CS**"), a wholly-owned subsidiary of the Company, as borrower, with Dongguan Rural Commercial Bank Co., Ltd. ("**DRC Bank**"), as lender, pursuant to which, DRC Bank, Donglian Branch agreed to make available to Guangdong CS the loan facilities of up to an aggregate principal amount of RMB340 million. Guangdong CS provided share pledge of up to RMB510 million over 88.5184% share interest in Shenzhen Aidigong. The Company provided guarantee and Mr. Cheung provided a personal guarantee to the loan facilities. The provision of such personal guarantee constitutes financial assistance to the Group under Chapter 14A of the Listing Rules. Given that the personal guarantee is not secured by any assets of the Group, and that the Directors consider that the personal guarantee is conducted on normal commercial terms or better to the Group, the personal guarantee is fully-exempted from the shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

Save as disclosed above, no asset was pledged by the Group as at 31 December 2019 and 31 December 2018.

Remuneration policies and share option scheme

It is the Group's policy to recruit the right person for each position based on the person's qualification and experience. The remuneration of each employee is reviewed every year based on the performance of the employee with reference to the prevailing market conditions. During the Year, total staff costs excluding Directors' emolument was approximately HK$72,365,000 (2018: HK$14,972,000).

At the annual general meeting of the Company held on 11 October 2012, the shareholders of the Company approved the adoption of a share option scheme ("**2012 Share Option Scheme**"). The purpose of the 2012 Share Option Scheme is to provide incentives or rewards to Eligible Participants (as defined in the 2012 Share Option Scheme) of the 2012 Share Option Scheme for their contribution to, and continuing efforts to promote the interests of the Group. The Eligible Participants include any employees of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Company or any of its subsidiaries) and any customer, supplier, service provider, shareholder, adviser or consultant and any person who, in the sole discretion of the Board, has contributed or may contribute to the Group. Unless otherwise cancelled or amended, the 2012 Share Option Scheme will remain in force for ten years from the commencement date. During the Year, no share option was granted pursuant to the 2012 Share Option Scheme. As at 31 December 2019, no share option was outstanding (31 December 2018: Nil).

The Board has approved the adoption of a share award scheme (the "**Scheme**") on 5 July 2018 and it was approved by the shareholders of the Company at the special general meeting held on 30 August 2018. The purposes and objectives of the Scheme are to recognise the contributions by certain employee, director, officer, consultant or adviser of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group. During the Year, no share award was granted pursuant to the Scheme (30 August 2018 to 31 December 2018: Nil).

Contingent liabilities

The Group did not have any material contingent liabilities (2018: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS

Acquisition of subsidiaries

Reference is made to the announcements of the Company dated 25 January 2019, 27 February 2019, 29 April 2019, 28 June 2019, 23 July 2019 and 13 September 2019 and the circular of the Company dated 26 July 2019. On 28 August 2019, an ordinary resolution was passed at the Company's special general meeting to approve the acquisition of 88.5184% of the issued share capital of Shenzhen Aidigong at the aggregate maximum consideration of RMB888,000,000.

The transfer of the equity interest has been completed on 13 September 2019. Upon completion of the transfer, (i) the Shenzhen Aidigong is owned by the Company through Guangdong Common Splendor Health Industry Company Limited (a wholly-owned subsidiary of the Company) as to 88.5184% and through Dongguan Common Splendor Investment Management Partnership (Limited Partnership) (a non-wholly owned subsidiary owned as to 56% by the Company) as to 11.4816%; and (ii) Shenzhen Aidigong has become an indirect non-wholly owned subsidiary of the Company and its financial results was consolidated to the consolidated financial statements of the Group since the completion date.

Pursuant to the conditional equity transfer agreement dated 24 January 2019 (as amended and supplemented) in relation to the subject acquisition, as earn-out payment, Guangdong CS may be required to pay the forth and fifth installment consideration for the acquisition with reference to the audited consolidated net profit attributable to the equity owners of the parent company of Shenzhen Aidigong. The maximum amount of such earn-out payment would be RMB309,358,000. For details of the calculation for payment of such earn-out payment and the relevant mechanisms, please refer to the Circular.

Disposal of associates

Reference is made to the announcements of the Company dated 6 March 2019 and 1 April 2019. On 6 March 2019, the Group has entered into a disposal agreement with Yellow Dragon Medical Alliance Limited, a major shareholder of an associate of the Company, Dragon Pride Enterprises Limited ("Dragon Pride"). Pursuant to the agreement, the Group agreed to disposal the 12.2% of the issued shares of Dragon Pride at a consideration of approximately HK$19.52 million. The Disposal was completed on 1 April 2019 in accordance with the terms and conditions as set out in the Disposal Agreement. Upon completion of the Disposal, the Company's indirect interest in Dragon Pride will fall from approximately 24.4% to approximately 12.2%.

Other Information

Profit guarantee in respect of the Group's medical beauty anti-aging business

Reference is made to the announcement of 3 January 2019, the profit target of Golden Time Ventures Limited and its subsidiaries (the "**GTV Group**") for the twelve-month period ended 31 October 2018 under the sale and purchase agreement dated 12 August 2017 has been fulfilled. Accordingly, the first tranche consideration shares issued to several vendors in October 2017, being 290,000,000 Shares, in aggregate, are no longer subject to the relevant lock-up undertaking.

The remaining consideration shares, being 90,000,000 Shares, in aggregate, shall remain to be subject to the respective lock-up undertaking from each relevant vendor pending fulfilment of the relevant profit target of GTV Group of 2019.

Profit and technical guarantee of an associate

Reference is made to the announcements dated 23 November 2015, 28 March 2018. 6 September 2018, 30 November 2018, 19 December 2018, 1 November 2019 and 15 November 2019, the guarantee technical requirement of Guangdong Fengyuan Huake Bio Tech Company Limited ("**Guangdong Fengyuan**") has been achieved. However, the guarantee profit of RMB38 million for the year ended 31 December 2017 had not been met.

On 30 November 2018, among other parties, the Group and Guangdong Fengyuan Technology Innovation Bio Tech Company Limited*（廣東豐源科創生物科技有限公司）(the "**Vendor**"), Guangdong Fengyuan and Fengshuo Bio Medical Tech Company Limited entered into a supplemental agreement ("**Supplemental Agreement**"). According to the Supplemental Agreement, the Vendor has agreed to compensate the Group in the amount of RMB5.69 million. Under the Supplemental Agreement, the guarantee net profit of Guangdong Fengyuan for the years ending 31 December 2018, 31 December 2019 and 31 December 2020 will not be less than RMB20 million, RMB20 million and RMB38 million respectively. Based on the audited financial statements of Guangdong Fengyuan for the year ended 31 December 2018, the net profits amounted to approximately RMB22.7 million. Accordingly, given the guarantee net profit for the year ended 31 December 2018 has been met, no equity interest in Guangdong Fengyuan held by the Vendor has to be transferred to the Purchaser. As at the date of this announcement, the Company understands that Guangdong Fengyuan is in the progress of preparing its audited financial statements for the year ended 31 December 2019 ("**FY2019**"), and the amount of its actual net profit for FY2019 ("**Actual 2019 Net Profit**") was not available as at the date of this announcement. Accordingly, the amount of Actual 2019 Net Profit, and whether the guarantee net profit for FY2019 has been met, are expected to be disclosed in the Company's 2019 annual report. In the event that the guarantee net profits are not achieved, the Vendor shall transfer a percentage of the equity interest in Guangdong Fengyuan held by the Vendor to the Group at no further consideration based on the relevant formula. Please refer to the Company's announcements stated in the paragraph above.

CONTINUING CONNECTED TRANSACTION

On 27 September 2012, the Company, as lender, entered into a loan agreement with Champion Dynasty Limited ("**Champion Dynasty**"), a controlling shareholder of the Company, as borrower, and Mr. Cheung, as an individual guarantor, and Guangdong Allad Commercial Development Company Limited*（廣東奧理德商業發展有限公司）(formerly known as Guangdong Allad Yiliao Touzi Company Limited*（廣東奧理德醫療投資有限公司）), as a corporate guarantor, to grant a three-year revolving loan facility of up to HK$220,000,000 to Champion Dynasty at an interest rate of HIBOR plus 2.5% per annum (the "**Loan Agreement**"). The loan facility was approved by the independent Shareholders at the special general meeting held on 20 November 2012. The loan was repayable on demand.

On 2 October 2015, the Company, as lender, entered into a new facility agreement and agreed to renew the Loan Agreement with Champion Dynasty, as borrower, and Mr. Cheung, as individual guarantor, for a period of three years from 20 November 2015 to 19 November 2018 in relation to a three-year revolving loan facility of up to HK$200,000,000 to Champion Dynasty at an interest rate of 10% per annum (the "**First Renewed Shareholder Loan Transaction**"). The First Renewed Shareholder Loan Transaction was approved by the independent Shareholders at the special general meeting held on 19 November 2015. The loan is repayable on demand.

On 5 October 2018, the Company, as lender, entered into a new facility agreement and agreed to renew the loan agreement with Champion Dynasty, as borrower, and Mr. Cheung Wai Kuen, one of the Company's controlling shareholders, as individual guarantor, for a period of three years from 19 November 2018 to 18 November 2021 in relation to a three-year revolving loan facility of up to HK$200,000,000 to Champion Dynasty at an interest rate of 12% per annum (the "**Second Renewed Shareholder Loan Transaction**"). The Second Renewed Shareholder Loan Transaction was approved by the independent Shareholders at the special general meeting held on 19 November 2018. The loan is repayable on demand.

As at 31 December 2019, the outstanding balance of the loan to Champion Dynasty amounted to HK$45,443,000 (2018: HK$28,574,000). During the year ended 31 December 2019, the Group recognised an allowance for expected credit losses of HK$27,000 (2018: reversal of expected credit losses of HK$46,000).

FINAL DIVIDEND

The Board resolved to propose to the Shareholders in the forthcoming annual general meeting ("**AGM**") for the distribution of a final dividend of HK0.067 cents per share for the Year. The final dividend is expected to be paid in an aggregate of approximately HK$2,563,000. The final dividend will be distributed in HK dollars. The proposal for the distribution of the final dividend above is subject to the consideration and approval of the Shareholders at the AGM. The final dividend is expected to be distributed on or before 30 June 2020. Please refer to further announcement(s) to be issued by the Company for details on the closure of registers of members and/or record date in determining the Shareholders who are eligible for the final dividend and the specific date of payment of such dividends.

EVENTS AFTER REPORTING PERIOD

The outbreak of COVID-19, has adversely impacted global economic activity in the period subsequent to the reporting date. Given the widespread nature of the outbreak, the relative impact to the Group's operation cannot be reliably quantified or estimated as at the date of this announcement. The Company continues to closely monitor the situation.

Other than this and such other matters disclosed in this announcement, the Company is not aware of any matters that have occurred subsequent to the reporting date which have significantly affected, or may significantly affect the Group's operations, results or state of affairs.

CORPORATE GOVERNANCE

Save as disclosed below, the Company has applied the principles and complied with the code provisions of the Corporate Governance Code ("**CG Code**"), as set out in Appendix 14 of the Listing Rules throughout the Year. The Company had complied with the code provisions set out in the CG Code during the Year.

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. Under the organisation structure of the Company and following Ms. Zhu's appointment as an executive Director, on even date, she was also appointed as a joint chairman of the Board and the chief executive officer of the Company ("**CEO**"). With Ms. Zhu's extensive experience in the maternal and child healthcare industry, the Board considers that vesting the roles of chairman and CEO in the same person is beneficial to the business prospects and management of the Group. The check and balance of power and authority are ensured by the operation of the senior management and the Board, which comprises experienced and high calibre individuals. Accordingly, the Board believes that this arrangement will not impact on the balance of power and authorisations between the Board and the management of the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Listing Rules as a code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standards set out in the Model Code throughout the Year.

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process for the annual results for the Year has not been completed due to the COVID-19 coronavirus outbreak. Furthermore, the Company is unable to arrange for any site visit to its operation centres in China by professional parties in Hong Kong. Accordingly, the Company does not rule out the possibility that the impairment assessments conducted by the Company's management over the fair value of accounting items set out in this announcement may be adjusted during the course of the audit process.

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to: (i) the audited results for the Year as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein; (ii) the proposed date of the forthcoming annual general meeting of the Company (the "**2020 AGM**"); and (iii) the book closure period for the purpose of ascertaining shareholders' eligibility to attend and vote at the 2020 AGM. In addition, the Company will issue further announcement(s) as and when necessary if there are other material development in the completion of the auditing process.

The Unaudited Annual Results contained herein have been reviewed by the audit committee of the Company, but have not been agreed with the Company's auditors.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This Unaudited Annual Results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (http://www.hkex.com.hk) and the Company. Due to the delay in the completion of the financial reporting and auditing works as disclosed above, the Company currently expects that the annual report of the Company for the Year containing all the information as required by the Listing Rules should be dispatched to the shareholders of the Company and made available for review on the same websites on or before 15 May 2020.

The financial information contained in this announcement in respect of the annual results of the Group have not been audited nor agreed with the Company's auditors. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Aidigong Maternal & Child Health Limited
Zhu Yufei and Cheung Wai Kuen
Joint Chairmen

Hong Kong, 30 March 2020

As at the date of this announcement, the Board comprises, Ms. Zhu Yufei, Mr. Cheung Wai Kuen and Mr. Lin Jiang as executive Directors; Mr. Wong Kin Man as non-executive Director; and Mr. Mai Yang Guang, Mr. Lam Chi Wing and Mr. Wong Yiu Kit, Ernest as independent non-executive Directors.