爱帝宫

愛帝宮母嬰健康股份有限公司

AIDIGONG MATERNAL & CHILD HEALTH LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 286)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

The board (the "**Board**") of directors (the "**Directors**") of Aidigong Maternal & Child Health Limited (the "**Company**") would like to announce the unaudited consolidated interim results of the Company and its subsidiaries (together, the "**Group**") for the six months ended 30 June 2020 (the "**Period**") together with the comparative figures for the corresponding period in 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		For six months ended 30 June	
		2020	2019
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**324,342**	230,841
Cost of sales		**(185,232)**	(181,895)
Gross Profit		**139,110**	48,946
Other income	*5*	**5,842**	860
Administrative expenses		**(25,497)**	(30,994)
Selling and distribution expenses		**(51,135)**	(1,391)
Share of results of associates		**651**	4,763
Profit from operations		**68,971**	22,184
Gain on disposal of subsidiaries		**7,423**	–
Gain on disposal of associate		**–**	255
Finance cost		**(32,703)**	(15,131)

	Notes	For six months ended 30 June **2020** **(Unaudited)** ***HK$'000***	 2019 (Unaudited) *HK$'000*
Profit before income tax		**43,691**	7,308
Income tax expense	*6*	**(18,023)**	(5,180)
Profit for the period	*7*	**25,668**	2,128
Other comprehensive income, net of income tax			
Item that may be reclassified subsequent to profit or loss			
Exchange differences on translating foreign operations arising during the period		**(15,103)**	1,057
Total comprehensive income for the period		**10,565**	3,185
Profit for the period attributable:			
Owners of the Company		**25,990**	523
Non-controlling interests		**(322)**	1,605
		25,668	2,128
Total comprehensive income for the period attributable to:			
Owners of the Company		**14,855**	1,275
Non-controlling interests		**(4,290)**	1,910
		10,565	3,185
Earnings per share for the period attributable to owners of the Company	*9*		
Basic and diluted (HK cents per share)		**0.68**	0.02

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	Notes	**30 June 2020 (Unaudited) *HK$'000***	31 December 2019 (Audited) *HK$'000*
Non-current assets			
Property, plant and equipment		**182,412**	211,125
Right-of-use assets		**278,124**	331,780
Intangible assets		**808,793**	822,952
Goodwill		**619,831**	627,529
Interests in associates		**189,822**	191,561
Equity investments at fair value through other comprehensive income		**24,500**	24,500
Deposits, prepayments and other receivables	*10*	**52,184**	43,159
Deferred tax assets		**4,666**	6,517
		2,160,332	2,259,123
Current assets			
Deposits, prepayments and other receivables	*10*	**386,174**	254,057
Trade receivables	*11*	**38,751**	34,987
Inventories		**35,718**	35,918
Loan to a shareholder		**16,488**	45,443
Properties under development		**255,513**	246,106
Short-term loans receivable		**32,859**	34,733
Financial assets at fair value through profit or loss		**55,482**	146,164
Bank and cash balances		**77,351**	80,098
		898,336	877,506

	Notes	**30 June 2020 (Unaudited)** ***HK$'000***	31 December 2019 (Audited) *HK$'000*
Current liabilities			
Trade payables	*12*	**23,727**	21,419
Accruals and other payables	*13*	**137,757**	119,993
Contract liabilities	*13*	**130,326**	225,934
Lease liabilities		**61,358**	77,012
Contingent consideration payable		**198,964**	208,613
Bank and other borrowings		**71,228**	106,727
Bonds payable		**30,722**	32,616
Tax payable		**21,463**	24,596
		675,545	816,910
Net current assets		**222,791**	60,596
Total assets less current liabilities		**2,383,123**	2,319,719
Capital and reserves			
Share capital		**38,309**	38,309
Reserves		**1,079,410**	1,065,100
Equity attributable to owners of the Company		**1,117,719**	1,103,409
Non-controlling interest		**196,171**	203,398
Total equity		**1,313,890**	1,306,807
Non-current liabilities			
Contingent consideration payable		**–**	117,203
Deferred tax liabilities		**164,622**	167,572
Bank and other borrowings		**582,299**	374,738
Lease liabilities		**234,431**	264,478
Bonds payable		**87,881**	88,921
		1,069,233	1,012,912
		2,383,123	2,319,719

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

1. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

These unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2019.

These unaudited condensed consolidated financial statements have been prepared on the historical cost basis.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than change in accounting policies resulting from application of new and amendments and interpretation to Hong Kong Financial Reporting Standards ("**HKFRSs**"), the accounting policies and methods of computation used in the preparation of condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those applied in the preparation of the Group's annual financial statements for the year ended 31 December 2019.

Application of new and amendments and interpretation to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments and interpretation to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE

	For six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue from contracts with customers:		
Disaggregated by major products or service lines		
Provision of postpartum care services	**313,395**	–
Health Industry		
– Sales of natural health food	**–**	171,152
– Provision of medical anti-aging healthcare services	**6,561**	54,946
– Sales of pharmaceutical products and others	**–**	1,509
	319,956	227,607
Timing of revenue recognition:		
At a point in time	**3,893**	180,017
Over-time	**316,063**	47,590
	319,956	227,607
Revenue from other sources:		
Interest income from loans receivable	**4,386**	3,234
	324,342	230,841

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.

During the second half of 2019 and the current period, the Group reorganised its internal reporting structure which resulted in changes to the composition of its reportable segments. In the first half of 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. The segment disclosures of the same period in the previous year have been represented to conform with the current period'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 and pharmaceutical products trading in the PRC, medical anti-aging, healthcare industry investments and healthcare property development in the PRC

"Others" 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.

Operating segment information is presented below:

For the six months ended 30 June 2020

Segment revenue and results

		Health Industry				
	Postpartum Care Services *HK$'000*	**Natural Health Food** *HK$'000*	**Medical Anti-aging and Healthcare industry investments** *HK$'000*	**Sub-total** *HK$'000*	**Others** *HK$'000*	**Consolidated** *HK$'000*
Revenue						
Revenue from external customers	**313,395**	**–**	**6,561**	**6,561**	**4,386**	**324,342**
Results						
Segment results for reportable segment	**66,294**	**(34)**	**(6,967)**	**(7,001)**	**1,005**	**60,298**
Bank interest income						**98**
Interest income from financial assets at FVTPL						**3,611**
Unallocated expenses, net*						**(27,739)**
Gain on disposal of subsidiaries						**7,423**
Income tax expense						**(18,023)**
Profit for the year						**25,668**

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

As at 30 June 2020

Segment asset and liabilities

	Postpartum Care Services	Health Industry: Natural Health Food	Health Industry: Medical Anti-aging and Healthcare industry investments	Health Industry: Sub-total	Others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets						
Segment assets for reportable segments	**1,598,819**	**65,114**	**1,326,204**	**1,391,318**	**56,817**	**3,046,954**
Unallocated assets						**11,714**
Total assets						**3,058,668**
Liabilities						
Segment liabilities for reportable segments	**1,221,932**	**12,081**	**314,718**	**326,799**	**55,838**	**1,604,569**
Unallocated liabilities						**140,209**
Total liabilities						**1,744,778**

For the six months ended 30 June 2019

Segment revenue and results

		Health Industry				
	Postpartum Care Services	Natural Health Food	Medical Anti-aging and Healthcare industry investments	Sub-total	Others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue						
Revenue from external customers	–	171,152	56,455	227,607	3,234	230,841
Results						
Segment results for reportable segment	–	2,575	27,573	30,148	(17,963)	12,185
Unallocated expenses, net*						(4,877)
Income tax expense						(5,180)
Profit for the year						2,128

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

As at 31 December 2019

Segment asset and liabilities

		Health Industry				
	Postpartum Care Services	Natural Health Food	Medical Anti-aging and Healthcare industry investments	Sub-total	Others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets						
Segment assets for reportable segments	1,763,538	170,294	1,107,873	1,278,167	78,101	3,119,806
Unallocated assets						16,823
Total assets						3,136,629
Liabilities						
Segment liabilities for reportable segments	1,258,363	108,965	164,748	273,713	109,736	1,641,812
Unallocated liabilities						188,010
Total liabilities						1,829,822

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales during the same period in both years.

Segment results represent the profit earned/(the loss incurred) by each segment without allocation of corporate expenses, gain on disposal of subsidiaries, 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 bonds payable.

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:

	For six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
PRC	**317,287**	180,016
Hong Kong	**7,055**	50,825
	324,342	230,841

	30 June	31 December
	2020	2019
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Non-current assets*		
PRC	**1,596,215**	1,692,454
Hong Kong	**345,128**	344,091

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

5. OTHER INCOME

	For six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Bank interest income	**98**	6
Interest income from financial assets at FVTPL	**3,611**	–
Dividend income	**377**	854
Government grants *(note)*	**1,565**	–
Others	**191**	–
	5,842	860

Note: Government grants were mainly granted to the Group as subsidies to support the operation of the PRC and Hong Kong subsidiaries. The government grant had no conditions or contingencies attracted to them and they were non-recurring in nature.

6. INCOME TAX EXPENSE

	For six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Income tax (income)/expense comprises		
Current tax:		
Hong Kong Profits Tax	**(2,892)**	4,151
PRC Enterprise Income Tax	**22,014**	1,029
Deferred tax	**(1,099)**	–
	18,023	5,180

(a) Hong Kong profits tax

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%.

(b) PRC enterprise income tax

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.

(c) Cayman islands and british virgin islands corporate income tax

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "**BVI**"), the Company and the Company's subsidiaries registered in the BVI are not subject to any income tax in the Cayman Islands and BVI, respectively.

7. PROFIT FOR THE PERIOD

	For six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit for the period has been arrived at after charging:		
Total staff costs, including Directors' emoluments:		
Salaries and other benefits	**81,832**	8,523
Retirement benefit scheme contributions	**2,920**	581
	84,752	9,104
Auditors' remuneration	**900**	750
Cost of inventories recognised as expenses	**1,346**	182,568
Depreciation of property, plant and equipment	**6,294**	4,413
Depreciation of right-to-use assets	**40,579**	6,482
Interest expense on lease liabilities	**7,793**	502

8. DIVIDEND

The Directors do not recommend any payment of interim dividend for the Period (2019: Nil).

9. EARNINGS PER SHARE

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

	For six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of Basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**25,990**	523
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**3,830,915**	2,996,255

No adjustment has been made to the basic earnings per share amounts presented for the period ended 30 June 2020 and 2019 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during these period.

10. DEPOSITS, PREPAYMENT AND OTHER RECEIVABLE

	30 June 2020 (Unaudited) ***HK$'000***	31 December 2019 (Audited) *HK$'000*
Deposits	**18,120**	26,846
Prepayment *(note 1)*	**342,907**	190,756
Other receivables *(note 2)*	**89,293**	92,945
	450,320	310,547
Less: Allowance for expected credit losses	**(11,962)**	(13,331)
	438,358	297,216
Analysed for reporting purposes as:		
Non-current	**52,184**	43,159
Current	**386,174**	254,057
	438,358	297,216

The directors of the Company consider that carrying amounts of deposits paid and other receivables approximate to their fair values.

Notes:

1. The prepayments mainly comprised of (i) prepaid land cost situated at Luofu Mountain in Guangdong Province of approximately HK$19,746,000, (ii) prepaid construction and development costs for Luofu Mountain projects of approximately HK$304,234,000 and (iii) prepaid cost for procurement of raw material and finished goods for health industry business of approximately HK$Nil (31 December 2019: HK$20,135,000, HK$60,840,000 and HK$89,972,000 respectively).

2. As at 30 June 2020, the other receivables mainly comprised of payment related to medical anti-aging business and healthcare industry investment business of approximately HK$66,123,000 (31 December 2019: HK$74,908,000).

11. TRADE RECEIVABLES

	30 June 2020 (Unaudited) *HK$'000*	31 December 2019 (Audited) *HK$'000*
Trade receivables	**40,721**	36,045
Less: Allowance for expected credit losses	**(1,970)**	(1,058)
	38,751	34,987

The Group generally allows an average credit period ranging from 30 to 90 days (31 December 2019: 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:

	30 June 2020 (Unaudited) *HK$'000*	31 December 2019 (Audited) *HK$'000*
0-30 days	**2,008**	14,403
31-60 days	**1,422**	19,084
61-90 days	**33,680**	1,500
91-120 days	**1,417**	–
121-180 days	**224**	–
	38,751	34,987

12. TRADE PAYABLES

The following is an aged analysis of trade payables at the end of the reporting period:

	30 June 2020 (Unaudited) *HK$'000*	31 December 2019 (Audited) *HK$'000*
0-30 days	**19,753**	17,135
31-60 days	**475**	3,560
61-90 days	**406**	–
91-120 days	**270**	–
121-180 days	**2,027**	–
181-365 days	**272**	724
Over 365 days	**524**	–
	23,727	21,419

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

13. ACCRUALS, DEPOSITS RECEIVED AND OTHER PAYABLES/CONTRACT LIABILITIES

(a) Accruals, deposits received and other payables

	30 June 2020 (Unaudited) *HK$'000*	31 December 2019 (Audited) *HK$'000*
Accruals	**49,908**	35,596
Other payables *(note)*	**87,849**	84,397
	137,757	119,993

Note:

Other payables mainly comprised of approximately HK$83,210,000 (31 December 2019: HK$65,668,000) advance payment from independent third parties.

(b) Contract liabilities

	30 June 2020 (Unaudited) *HK$'000*	31 December 2019 (Audited) *HK$'000*
Contract liabilities *(note)*	**130,326**	225,934

Note:

At 30 June 2020, contract liabilities mainly comprised of approximately (a) HK$12,239,000 (31 December 2019: HK$52,156,000) of deposits received from customers on sales of raw materials and finished goods of natural health food and (b) HK$118,087,000 of deferred income relating to postpartum care services and medical anti-aging healthcare services (31 December 2019: HK$168,464,000).

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

In the first half of 2020, the novel coronavirus epidemic had ravaged the world and retarded global economic growth. The businesses of most industries were suspended due to the epidemic. As the service targets of this industry are postpartum mothers and newborn babies, the demand for postpartum care services are seen as necessity for some. Our operational results has fully reflected this unique characteristic of rigid demand. During the epidemic period, the demand for services remained strong and was able to maintain its normal overall operation, and it became one of the few industries operating normally despite facing the epidemic. However, despite its strong industry demand, the situation also impacted the postpartum care centres in the PRC in different degrees in general due to the epidemic prevention requirements during the epidemic period. On the other hand, there were a large number of postpartum care centres in the PRC providing different quality services. The survival of the fittest continues to navigate while the industry is developing rapidly and industry concentration continues to increase.

BUSINESS REVIEW

Postpartum Care Service Business

During the epidemic period, apart from certain potential high-risk customers that we had rejected due to the epidemic prevention requirements, and some customers from Hong Kong who had reserved our services but were unable to come to Shenzhen due to customs quarantine requirements, our postpartum care service business maintained normal operation. Meanwhile, the postpartum care centres under the "Aidigong" brand received high recognition from mothers due to its implementation of high-standard infection prevention and control programmes since the opening of its founding centre, as well as its resolute and efficient implementation of high-standard epidemic prevention measures, giving mothers and their families the comfort that it is safer to stay at "Aidigong" postpartum care centres than staying at home during the epidemic period. They regard "Aidigong" as their safe haven during the epidemic period and some residents have also raised requests to extend their stays.

During the Period, the turnover of the postpartum care service business continued to grow and increased by 12.3% year-on-year to HK$313 million. Net profit increased by13.1% year-on-year to HK$48.0 million.

During the Period, its business performance was as follows:

	For the six months ended 30 June 2020	For the six months ended 30 June 2019
	HK$'000	*HK$'000*
Turnover	**313,395**	279,111
Gross profit	**129,715**	116,446
Administrative expenses	**12,951**	14,627
Selling and distribution expenses	**51,680**	48,910
Profit for the period	**47,967**	42,421

Postpartum care centres	**As at 30 June 2020 Rooms**
Xiangmihu, Shenzhen	**112**
Silver Lake, Shenzhen	**48**
Nanshan, Shenzhen	**149**
Beijing	**54**
Chengdu	**72**
Total	**435**

Health Industry

Medical Anti-Aging and Healthcare Industry Investment Business

Located in the Guangdong-Hong Kong-Macao Greater Bay Area, the Health Preservation Residential Project of the Group in Luofu Mountain, our project under construction in which the Group held 51% equity interests, has obtained approximately 123 mu（畝）of residential land with a useful life of 70 years and maximum saleable floor area of not more than 160,000 square metres, mainly consisting of saleable health preservation villas and health preservation bungalows, and is scheduled to open for sale in the second half of the year. The Health Preservation Residential Project in Luofu Mountain is a rare residential project at the foot of Luofu Mountain, a 5A-class scenic spot in the PRC. Located at the Luofu Mountain, with a natural forest oxygen chamber, it becomes an ideal location for healthcare and living and has access to high-speed railways, urban railways and expressways. The target customer groups of the project are mainly consumer groups from four cities, namely Shenzhen, Guangzhou, Dongguan and Huizhou, and it will become a beautiful stop in the one-hour healthcare circle in the Greater Bay Area. The Health Preservation Residential Project in Luofu Mountain is expected to contribute considerable cash flows to the Group from the second half of the year onwards.

The industrial 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 mainly comprises of 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 Period, revenue from medical anti-aging and healthcare industry investments amounted to approximately HK$6,561,000 (2019: HK$56,455,000), which represented a decrease of approximately HK$49,894,000 compared to 2019, which was mainly due to the impact of the COVID-19 epidemic on the service industry, including special circumstances such as customs quarantine requirements in Hong Kong, resulting in the downturn of the performance of the medical beauty anti-aging business.

FINANCIAL REVIEW

Results

Revenue for the Period was approximately HK$324,342,000 (2019: HK$230,841,000), increased by approximately HK$93,501,000 or 40% as compared to the same period of last year. Gross profit for the Period was approximately HK$139,110,000 (2019: HK$48,946,000), increased by approximately HK$90,164,000 or 170% as compared to the same period of last year. The gross profit margin of the Group for the Period was 42.9% (2019: 21.2%). The increase in revenue and gross profit for the Period was mainly attributable to the further acquisition of Shenzhen Aidigong Maternity Health Management Co., Ltd. (深圳愛帝宮母嬰健康管理股份有限公司) in the second half of 2019 and its financial performance of postpartum care service was consolidated to the consolidated financial statements of the Group. The gross profit margin of postpartum service was higher than other businesses of the Group, therefore, it also recorded an increase in gross profit margin.

Other income

Other income for the Period was approximately HK$5,842,000 (2019: HK$860,000), representing an increase of approximately HK$4,982,000 or 579.3% as compared to the same period of last year. The increase was mainly due to (i) interest income from financial assets at fair value through profit or loss during the Period; and (ii) subsidies from the governments in the PRC and Hong Kong.

Administrative expenses

Administrative expenses for the Period were approximately HK$25,497,000 (2019: HK$30,994,000), representing a decrease of approximately HK$5,497,000 or 17.7% as compared to the same period of last year. Such decrease was mainly due to (i) the decrease in commission expenses and related salary expenses of medical anti-aging business resulting from the outbreak of COVID-19; and (ii) scale reduction of the natural health food business.

Selling and distribution expenses

Selling and distribution expenses for the Period were approximately HK$51,135,000 (2019: HK$1,394,000), representing an increase of approximately HK$49,744,000 or 3,576.1% as compared to the same period of last year. Such increase was mainly due to the fact that the Group completed the further acquisition of Shenzhen Aidigong Maternity Health Management Co., Ltd.（深圳愛帝宮母嬰健康管理股份有限公司）in the second half of 2019 and the financial performance of its postpartum care services was consolidated into the consolidated financial statements of the Group.

Share of results of associates

Share of results of associates for the Period was approximately HK$651,000 (2019: HK$4,763,000), representing a decrease of approximately HK$4,112,000 or 86.3% as compared to the same period of last year. Such decrease was mainly due to the disposal of an associate by the Group in 2019.

Finance costs

Finance costs for the Period were approximately HK$32,703,000 (2019: HK$15,131,000), representing an increase of approximately HK$17,572,000 or 116.1% as compared to the same period of last year. Such increase was mainly due to (i) the HK$7,793,000 non-cash interest expenses on lease liabilities; and (ii) the increase in interest on bank borrowings.

Profit for the Period

Compared with profit before income tax of approximately HK$7,308,000 last year, profit before income tax of the Group for the Period was approximately HK$43,691,000, representing an increase of approximately HK$36,383,000. The increase in profit was mainly due to the combined effect of (i) increase in high-margin revunue from postpartum care services; and (ii) gain on disposal of subsidiaries.

Basic and diluted earnings per share attributable to the owners of the Company for the Period were HK0.68 cents and HK0.68 cents respectively (2019: basic and diluted earnings per share: HK0.02 cents and HK0.02 cents).

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Period (2019: Nil).

PROSPECTS

In the first half of 2020, the novel coronavirus epidemic brought challenges to our development. However, the postpartum care service business was still able to maintain its sound growth, thus fully reflected the anti-cyclical ability of the postpartum care service business and further justified the Group's smart choice to focus on the long-term development of the postpartum care service business. During the Period, we completed the disposal of the medical anti-aging business in the PRC, moving towards to our operation concentration regime further. The Health Preservation Residential Project of the Group in Luofu Mountain is scheduled to open for sale in the second half of the year. It is expected to contribute considerable profits and cash flows to the Group and provide more financial support for us to develop the postpartum care service business.

The outbreak of the epidemic in 2020 brought both challenges and opportunities to the Group, which have prompted our team to grow faster, improve its management capability continuously, and respond to future development in a more matured manner. Not only the management team of the postpartum care service business quickly formulated the epidemic prevention measures, they also strictly implemented and followed the same and achieved zero infection, thereby creating a secured place for mothers, babies and family members during the postpartum care period.

As the postpartum care service business is in contrarian growth, we firmly believe that the already recognized, high-quality, safe and professional postpartum care centres with brand influence will equip stronger risk prevention capabilities. The impact of the epidemic on the economy and increasing property vacancy rate will lead to a drop in property price. We will seize the opportunities brought by the epidemic to expand against the tide, and grab the increasing industry concentration opportunities by leveraging the advantages as a leading company to obtain market share further.

FINANCIAL HIGHLIGHT

Net assets value

As at 30 June 2020, the net assets of the Group was approximately HK$1,313,890,000 (31 December 2019: HK$1,306,807,000), representing an increase of approximately HK$7,083,000 as compared to the corresponding period in 2019. The increase was mainly due to the total comprehensive income for the Period.

Net assets value per issued ordinary share of the Company as at 30 June 2020 was approximately HK$0.34 (31 December 2019: HK$0.34).

As at 30 June 2020, the current ratio of the Group (calculate as current assets to current liabilities) was 1.33 (31 December 2019: 1.07).

Equity

The number of issued ordinary shares of the Company as at 30 June 2020 was 3,830,915,008 shares (31 December 2019: 3,830,915,008 shares).

Liquidity and financial resources

As at 30 June 2020, the Group has a principal amount of HK$118,603,000 (31 December 2019: HK$132,700,000) unsecured bonds payable, approximately HK$587,784,000 (31 December 2019: HK$459,753,000) secured bank loan, HK$2,904,000 (31 December 2019: HK$5,593,000) unsecured bank loan, HK$18,649,000 (31 December 2019: HK$1,119,000) guaranteed bank loan, HK$30,000,000 (31 December 2019: Nil) secured other borrowings and HK$15,000,000 (31 December 2019: HK$15,000,000) unsecured other borrowings.

Save for disclosed above, the Group did not have any other borrowing as at 30 June 2020.

The Group maintains sufficient working capital and cash position for daily operations. Bank and cash balances as at 30 June 2020 amounted to approximately HK$77,351,000 (31 December 2019: HK$80,098,000).

The Group has adopted a prudent financial management approach towards its treasury policies. 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 30 June 2020, the Group held structured bank deposits ("**SBDs**") at certain banks. Pursuant to the relevant underlying agreements, the SBDs generally carry income at a variable rate per annum with reference to the performance of foreign currency, commodity price, or assets during the investment period and the principal sums are denominated in RMB. Certain of the structured bank deposits are principal protected. The structured bank deposits are either redeemable on demand or have a maturity date ranges from three to seven months. The Group is not exposed to material fluctuations risks in exchange rates.

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 Period, total staff costs excluding Directors' emolument were approximately HK$81,457,000 (2019: HK$6,578,000).

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 effective date. As at 30 June 2020, no share option was outstanding (31 December 2019: 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. The Company was informed by the trustee of the Scheme that, in May 2020, it has purchased on the open market an aggregate of 1,100,000 Shares, representing approximately 0.03% of the issued share capital of the Company for the purpose of the Scheme. No share award was granted pursuant to the Scheme during the Period.

Pledge of assets

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 Wai Kuen, the executive Director and Joint Chairman ("**Mr. Cheung**"), provided a personal guarantee to the loan facilities.

On 22 April 2019, the Group obtained a loan facility of RMB71 million from Bank of Dongguan Co., Ltd., and the loan was secured by, among other things, a parcel of land of the Group in Luofu Maintain, the PRC, with carrying amount of approximately HK$87.6 million and a personal guarantee by Mr. Cheung. The pledged land has been released as the loan has been repaid during the Period.

During the Period, the Group obtained a loan facility of RMB300 million from Bank of Dongguan Rural Commercial Bank Co., Ltd. and the loan was secured by, among other things, a parcel of land of the Group in Luofu Maintain, the PRC, with carrying amount of approximately HK$85.4 million, and a personal guarantee by Mr. Cheung.

Save as disclosed above, no other assets were pledged by the Group as at 30 June 2020 and 31 December 2019.

CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have any material contingent liability (31 December 2019: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS

Disposal of Subsidiaries

Reference is made to the announcement of the Company dated 5 August 2020. After the Period, the Company has, through its wholly-owned subsidiary, namely Guangzhou Common Splendor Health Technology Limited* (廣州同佳醫療科技有限公司), completed the disposals (the "**Disposals**") of its entire interests in each of (i) Guangzhou Ruiang Comprehensive Clinic Co., Ltd.* (廣州瑞昂綜合門診部有限公司) ("**Guangzhou Ruiang Clinic**"); (ii) Huizhou Common Splendor Medical Technology Co., Ltd.* (惠州市同佳醫療科技有限公司) ("**Huizhou CS Medical Tech**"); (iii) Shenzhen Common Splendor Clinic* (深圳同佳門診部) ("**Shenzhen Clinic**"); and (iv) Guangzhou Common Splendor Cell Technology Co., Ltd* (廣州同佳細胞科技有限公司) ("**Guangzhou CS Cell Tech**") ((i) to (iv), collectively, the "**Disposed Subsidiaries**"). After the completion of the Disposals, the Company ceased to hold any interest in the Disposed Subsidiaries, and accordingly, the financial results of the Disposed Subsidiaries will no longer be consolidated into the Company's consolidated financial statements.

OTHER INFORMATION

Subscription of 500,000,000 new Shares under the Suntek Global Subscription Agreement in September 2019

Reference is made to the announcements of the Company dated 28 May 2019, 15 August 2019 and 17 September 2019 (the "**Announcements**"), and the circular of the Company dated 26 July 2019 (the "**Circular**").

On 28 May 2019, the Company entered into a subscription agreement with the subscriber (the "**Suntek Global**") pursuant to which Suntek Global has conditionally agreed to subscribe for an aggregate of 500,000,000 subscription shares at the subscription price of HK$0.4 per subscription share (the "**Suntek Global Subscription**"). The completion of the Suntek Global Subscription took place on 17 September 2019 whereby an aggregate of 500,000,000 Shares were allotted and issued to Suntek Global at HK$0.40 per Share.

The aggregate net proceeds of the Suntek Global Subscription, after the deduction of related expenses, is approximately HK$199.0 million. The following table sets out the breakdown of the use of proceeds:

Intended use of net proceeds under the Suntek Global Subscription	**Allocation of net proceeds** *HK$ (million)* *(Approximate)*	**Utilisation for the financial year ended 31 December 2019** *HK$ (million)* *(Approximate)*
Financing of the consideration in relation to the acquisition of 88.5184% equity interest in Shenzhen Aidigong	199.0	199.0
Total	199.0	199.0

Placing of 750,000,000 new Shares under specific mandate in September 2019

Reference is made to the Announcements and the Circular. On 28 May 2019, the Company entered into a placing agreement with a placing agent pursuant to which the placing agent conditionally agreed to procure not less than six placees on a best efforts basis to subscribe for up to a maximum of 750,000,000 placing shares at HK$0.4 per placing share (the "**May Placing**"). Completion of the May Placing took place on 17 September 2019, whereby an aggregate of 234,660,000 Shares have been placed.

The aggregate net proceeds of the May Placing, after the deduction of related expenses, amounted to approximately HK$92.9 million. The following table sets out the breakdown of the use of proceeds:

Intended use of net proceeds under the May Placing	**Allocation of net proceeds** *HK$ (million)* (Approximate)	**Utilisation for the financial year ended 31 December 2019** *HK$ (million)* (Approximate) *(Note)*
Financing part of the consideration in relation to the acquisition of 88.5184% equity interest in Shenzhen Aidigong	55.7	66.1
Repayment of the outstanding principal amount interest bearing, secured, guaranteed note to Wan Tai Investments Limited, being an indirect wholly-owned subsidiary of CCB International (Holdings) Limited and convertible notes to China Great Wall AMC (International) Holdings Co., Ltd. (中國長城資產(國際)控股有限公司)	37.2	26.8
Total	92.9	92.9

Note: The final allocation of proceeds from the May Placing was adjusted given that the number of shares placed thereunder was less than it's maximum, and taking into account the funding requirement for Shenzhen Aidigong's then acquisition.

Placing of 100,000,000 new Shares under general mandate in December 2019

Reference is made to the announcement of the Company dated 18 December 2019 and 31 December 2019 (collectively, the "**December Placing Announcements**") in relation to the placing of an aggregate of up to 100,000,000 new shares of the Company under the general mandate. On 18 December 2019, the Company entered into placing agreements (the "**December Placing Agreements**") with the placing agents to procure on a best efforts basis for placees to subscribe up to an aggregate of 100,000,000 placing shares at HK$0.5 per placing share (the "**December Placing**").

The aggregate net proceeds of the December Placing, after the deduction of related expenses, amounted to approximately HK$49,170,000. The following table sets out the breakdown of the use of proceeds:

Intended use of net proceeds under the December Placing	**Allocation of net proceeds** *HK$ (million)* (Approximate)	**Utilisation for the financial year ended 31 December 2019** *HK$ (million)* (Approximate)	**Utilisation for the financial year ended 30 June 2020** *HK$ (million)* (Approximate)
Repayment of the outstanding principal amount interest bearing, secured, guaranteed note to Wan Tai Investments Limited, being an indirect wholly-owned subsidiary of CCB International (Holdings) Limited and convertible notes to China Great Wall AMC (International) Holdings Co., Ltd. (中國長城資產(國際)控股有限公司)	44.6	44.6	–
General working capital	4.6	–	4.6
Total	**49.2**	44.6	4.6

Save as disclosed above, the proceeds from the Suntel Global Subscription, the May Placing and the December Placing were used according to the intentions previously disclosed by the Company in the relevant announcements, and there were no material change or delay in the use of proceeds.

Impairment assessment of interests in associates

Reference is made to the annual report of the Company for the year ended 31 December 2019 (the "**Annual Report 2019**"). As disclosed in the Annual Report 2019, as at 31 December 2019, the management performed an impairment assessment and an impairment loss on interest in associates of approximately HK$13,034,000 was recognised in respect of the of Shenzhen Wanqi Marine Bio Tech Company Limited (深圳市萬騏海洋生物科技有限公司) ("**Shenzhen Wanqi**"). Please refer to the Annual Report 2019 for details of the impairment loss.

This conclusion was based on value in use model that required management judgement with respect to the discount rate and the underlying cash flows, in particular, future revenue growth and capital expenditure. An independent external valuation report (the "**Valuation Report**") prepared by Vincorn Consulting and Appraisal Limited (the "**Valuer**") was obtained on the value in use of a cash generating unit of Shenzhen Wanqi in order to support the management's estimates. The Valuer is a one-stop appraisal and consulting service provider offering a comprehensive range of services which covers tangible assets and intangible assets and the valuation report was signed off by a "Member of the Chartered Financial Analyst Institute, Member of Association of Chartered Certified Accountants, Financial Risk Manager, and Member of the Royal Institution of Chartered Surveyors".

Basis and assumptions

According to the Valuation Report, Shenzhen Wanqi has been valued on value in use basis, which is defined as "the present value of the future cash flows expected to be derived from an asset or cash-generating unit" in accordance with HKAS 36.A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Valuer have considered all the prominent factors affecting the value and assumed, including but not limited to, the following:

– there will be no material change in the existing political, taxation, legal, technological, fiscal or economic conditions, which might adversely affect the business of Shenzhen Wanqi;

– the conditions in which the business is operated, and which are material to the revenue and the costs of businesses will have no material change;

– the information has been prepared on a reasonable basis after due and careful consideration by the management;

– competent management, key personnel and technical staff will be maintained to support the ongoing operation and development of the Shenzhen Wanqi;

– all licenses and permits that are essential to the operation of the Target Company can be obtained and are renewable upon expiry; and

– there are no hidden or unexpected conditions associated with the businesses valued that might adversely affect the reported value. Further, the Valuer assumes no responsibility for changes in market conditions after the valuation date.

The discount rate used in connection with the valuation method is the required rate of return of the comparable companies. The Weighted Average Cost of Capital ("**WACC**") of 14.25% is adopted for determination of the discount rate in the valuation. According to the Valuation Report, it is the appropriate discount rate to be applied to cash flows with risk that is similar to that of the overall company. The WACC is the weighted average of the costs of each of the different types of capital and the weights are in proportion to the Shenzhen Wanqi's capital that comes from respective sources, and comprised of the cost of equity and cost of debt. The cost of equity is calculated by considering the yield of China Generic 10-years as at 31 December 2019, expected market return market risks, small companies risks and company specific risks. The cost of debt is determined with reference to the prime rate of China.

Reason for choice of valuation approaches

According to the Valuation Report, among the different valuation approaches, the Valuer considered the income approach to be appropriate to estimate the value of Shenzhen Wanqi. Market approach was considered not applicable as there are no similar intangible asset in the market for comparison purpose, and the cost approach disregards the future profit potentials in the intangible asset and hence was not considered the most appropriate. Income approach assesses the value of asset by reference to the capitalized value of income, cash flows or cost savings that could hypothetically be earned or achieved by a market participant owning the asset, and was considered as the most appropriate valuation approach among the three approaches considered.

Profit guarantee in relation to the major acquisition of 88.5184% equity interest in Shenzhen Aidigong Group

On 31 March 2020, the Company announced that the net profit of Shenzhen Aidigong Group for the financial year ended 31 December 2019 amounted to approximately RMB70,724,000, which was higher than the net profit target of RMB52,000,000 for that year. As disclosed in the same announcement, the Group would pay the relevant installment in the maximum amount of RMB200,000,000 to the management vendors in proportion to their respective shareholdings.

Profit and technical guarantee of an associate

Reference is made to the Company's announcements dated 23 November 2015, 28 March 2018, 6 September 2018, 30 November 2018, 19 December 2018, 1 November 2019 and 15 November 2019, relating to the profit and technical guarantee of Guangdong Fengyuan Huake Bio Tech Company Limited ("**Guangdong Fengyuan**"). Based on the audited financial statements of Guangdong Fengyuan for the years ended 31 December 2018 and 2019, the guaranteed net profits of the respective years have been met and the technical guarantee has already been met, and no equity interest in Guangdong Fengyuan held by the Vendor has to be transferred to the Group. Please refer to the 2019 Annual Report of the Company for details. Under the relevant supplemental agreement entered into among the parties on 30 November 2018, the guaranteed net profit of Guangdong Fengyuan for the year ending 31 December 2020 will not be less than RMB38,000,000.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there are no other significant events after the end of the Period that either require adjustment to the financial statements or are material to the understanding of the Group's current position.

DIRECTORS' AND CHIEF EXECUTIVE(S)' INTERESTS IN THE SECURITIES OF THE COMPANY AND ASSOCIATED CORPORATIONS

	Number of Shares					
Name of Director	**Ordinary Shares**	**Underlying Shares**	**Total**	**Capacity**	*Note*	**Percentage of issued share capital**
Mr. Cheung	930,379,671	–	930,379,671(L)	Interest of controlled corporation	*1*	24.29%

Notes:

(1) Mr. Cheung, through his controlled corporation, Champion Dynasty Limited ("**Champion Dynasty**") is deemed to be interested in 930,379,671 shares of the Company held by Champion Dynasty. 500,000,000 Shares registered in the name of Champion Dynasty were charged in favour of Golden Full Holdings Limited ("**Golden Full**") pursuant to a share charge made by Champion Dynasty as chargor based on a share charge agreement dated 8 January 2020.

(2) The letter "L" denotes the long position in shares of the Company held by this person.

Save for disclosed above, as at 30 June 2020, none of the Directors, chief executives of the Company, nor their associates, had or were deemed to have any interest or short position in the shares of the Company, underlying shares of the Company or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), that was required to be recorded in the register maintained by the Company under section 352 of the SFO, or otherwise notified the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDER'S INTEREST IN THE SECURITIES OF THE COMPANY

As at 30 June 2020, so far as are known to any Director or chief executives of the Company, the following party (other than the Directors or chief executives of the Company) was recorded in the register maintained by the Company under section 336 of the SFO, or as otherwise notified the Company, as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share of the Company:

Name of substantial Shareholder	**Number of ordinary shares of the Company**	**Capacity**	*Notes*	**Percentage of issued share capital**
Champion Dynasty	930,379,671 (L)	Beneficial owner	*1*	24.29%
Wang Aier	900,000,000 (L)	*(Notes 1 and 2)*	*1, 2*	23.49%
Golden Full	500,000,000 (L)	*(Notes 1 and 2)*	*1, 2*	13.05%
Suntak Global Growth Fund SPC – Suntek Global Growth Fund Number One SP Limited	500,000,000 (L)	Investment manager	*3*	13.05%

Notes:

(1) Mr. Cheung is the sole director of Champion Dynasty and owned its entire issued capital. 500,000,000 Shares registered in the name of Champion Dynasty were charged in favour of Golden Full pursuant to a share charge made by Champion Dynasty as chargor based on a share charge agreement dated 8 January 2020.

(2) 500,000,000 Shares were held by Wang Aier through Golden Full, which is wholly owned by Wang Aier, and 400,000,000 Shares were held by Wang Aier as a beneficial owner.

(3) According to the relevant Disclosure of Interest Notice ("**DI Notice**") in connection with the Company available on www.hkex.com.hk as at 30 June 2020 and 3,830,915,008 Shares in issue as at 30 June 2020.

(4) The letter "L" denotes the long position in shares of the Company held by that person.

All the interests stated above represent long position which included interests in shares of the Company and underlying shares of the Company. Save for disclosed above, as at 30 June 2020, the Directors were not aware of any persons (who were not directors or chief executives of the Company) who had an interest or short position in the shares of the Company, underlying shares or bonds of the Company or its associated corporations which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the Period, none of the Directors was interested in any business which competed or was likely to compete, either directly or indirectly, with the Group's businesses.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

There were no arrangements to which the Company, its subsidiaries, its holding company or its holding company's subsidiaries were a party to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate during the Period.

CONTINUING CONNECTED TRANSACTION

On 5 October 2018, the Company, as lender, entered into a facility agreement and agreed to renew a 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 "**Loan Transaction**"). The 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 30 June 2020, the outstanding balance of the loan to Champion Dynasty amounted to HK$16,488,000 (31 December 2019: HK$45,443,000).

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies. Substantial amounts of the Group's cash and cash equivalent are deposited in major financial institutions located in Mainland China. The Group seeks to maintain strict control over its outstanding receivables and the senior management of the Company reviews and assesses the creditworthiness of the Group's existing customers on an ongoing basis. To manage liquidity risk, the Group monitors its exposure to a shortage of funds by considering the maturity of both its financial liabilities and financial assets and projected cash flows from operations. Cash and cash equivalents of the Group is mainly denominated in RMB.

CORPORATE GOVERNANCE

Except for the deviation from code provision A.2.1 of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Listing Rules, The Company had fully applied the principles and complied with the requirements of the CG Code throughout the Period. Under the code provision A.2.1 of the CG Code, the roles of the Chairman and the CEO should be separate and performed by different individuals. Ms. Zhu Yufei was appointed as an executive Director, a joint chairman of the Board and the chief executive officer on 6 December 2019. Ms. Zhu currently holds both positions as a joint chairman and a chief executive officer. Ms. Zhu has been responsible for the overall management of the Group, including operation and business development, the arrangement of which may be able to improve the efficiency of the Group's decision making and execution process. The Company has put in place an appropriate check-and-balance mechanism through the Board, the INEDs and the Board committees. The Board considers that Ms. Zhu is suitable candidate to hold both positions and such arrangement will be beneficial to the Group.

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

During the Period, 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 by the Company, all Directors confirmed that they have complied with the required standards set out in the Model Code throughout the Period.

REVIEW BY AUDIT COMMITTEE

The interim results for the Period are unaudited and have not been reviewed by the auditor of the Company. The Audit Committee, comprised all independent non-executive Directors, has reviewed the accounting principles and practices adopted by the Group and the unaudited condensed consolidated financial statements for the Period.

CHANGES IN INFORMATION OF DIRECTORS

As at 14 February 2020, Mr. Ye Jiong Xian and Mr. Hou Kai Wen, has resigned as an executive Director and a non-executive Director and Mr. Lin Jiang has been re-designated as an executive Director. Details of which have been disclosed in the Company's announcement dated 14 February 2020.

As at 16 April 2020, Mr. Li Runping has been appointed as an executive Director and Mr. Yang Zhibo has been appointed as a non-executive Director. Details of which have been disclosed in the Company's announcement dated 16 April 2020.

APPRECIATION

We would like to take this opportunity to express our gratitude to the shareholders of the Company for their great support, and to our fellow Directors and those who have worked for the Group for their valuable contribution.

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

Hong Kong, 28 August 2020

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