



AIDIGONG MATERNAL & CHILD HEALTH LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 286)

Interim Report 
2023



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Corporate Information

DIRECTORS

EXECUTIVE DIRECTORS

Ms. Zhu Yufei (*Chairman and Chief Executive Officer*)
Mr. Cheung Wai Kuen
Mr. Lin Jiang
Mr. Li Runping
Ms. Meng Lijia

NON-EXECUTIVE DIRECTORS

Mr. Guo Qifei
Ms. Liang Linmin

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Yu Lin
Mr. Wong Yiu Kit, Ernest
Mr. Huang Wenhua
Mr. Wang Qingyu

AUDIT COMMITTEE

Mr. Wong Yiu Kit, Ernest (*Chairman*)
Ms. Yu Lin
Mr. Huang Wenhua

REMUNERATION COMMITTEE

Ms. Yu Lin (*Chairman*)
Mr. Wong Yiu Kit, Ernest
Mr. Huang Wenhua

NOMINATION COMMITTEE

Ms. Zhu Yufei (*Chairman*)
Ms. Yu Lin
Mr. Huang Wenhua

COMPANY SECRETARY

Mr. Wong Wing Cheung

AUDITOR

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31st Floor, Gloucester Tower
The Landmark, 11 Pedder Street
Central, Hong Kong

PRINCIPAL BANKERS

Bank of Dongguan Co., Ltd.
China Merchants Bank Co., Ltd.
China Construction Bank Corporation
CMB Wing Lung Bank Limited
Dongguan Rural Commercial Bank Co., Ltd.
The Bank of East Asia Limited

PLACE OF INCORPORATION

Bermuda

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL OFFICE

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China Resources Building,
26 Harbour Road, Wan Chai,
Hong Kong

PRINCIPAL REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th Floor North Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

BRANCH REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
17/F, Far East Finance Centre
16 Harcourt Road
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WEBSITE

www.aidigong.hk

STOCK CODE

286

BOARD LOT

2,000 shares

INVESTOR RELATIONS

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Chairman's Statement

Dear Shareholders,

We are pleased to present the interim results of the Group for the six months ended 30 June 2023 ("**Period**") to the shareholders of the Company (the "**Shareholders**").

In the Chairman's Statement in this interim report, I wish to make it clear with the least number of words as we are on the road of rapid march, so let's talk less, do more and present substance. There are six sentences altogether.

- I. Time is the best proof of a truly valuable enterprise, and it is difficult to judge the value of an enterprise without experiencing a cycle. Just like many of the emerging peers we have seen in these years, they unfortunately disappeared soon after, and despite of, their grand emergence. After 16 years of operation, we are moving forward in a steadier and better manner. We will maintain this and strive to always be so stable and good.
- II. We have gradually fulfilled our commitments in these years. We overcame these extreme difficulties smoothly and kept our scale and teams. In addition, we began to make significant achievements with our extensive experience.
- III. After three exceptional years and although the postpartum care services business was loss-making in 2022, in the first half year of 2023, our postpartum care services business segment returned to a profitable state. It should be noted that such profit from operations was achieved while we are on our path of business expansion and also under the current environment, which is very valuable. It is also another testimony to some of our unique abilities that have been honed over time.
- IV. In the 2022 annual report, the Company announced the expansion plan of "establishing a presence in 50 cities in five years", including the achievement of a presence in 10 cities by the end of this year. At present, we have announced our presence in Zhuhai, Dongguan and Xiamen. Together with those cities that are currently under preparation, the expansion pace is normal and is as expected. From the current progress, we are confident that we can achieve our short, medium, and long-term goals.
- V. The penetration rate and concentration of postpartum care centre in China are still at the infancy stage. Considering the new cities that we are currently stepping into, we believe the truly high-quality products and excellent services after years of accumulation are actually what the market has been waiting for.
- VI. Lastly, the same sentence goes: Enterprises should be practical and time is fair and impartial. A good enterprise that is practical, earnest and honest will eventually be rewarded with time.

We would like to take this opportunity to express our sincere gratitude to the Shareholders for their continuous support and the directors of the Company ("**Directors**") for their dedication and valuable contributions to the Group.

Management Discussion and Analysis

BUSINESS REVIEW

POSTPARTUM CARE SERVICES BUSINESS

THE OPERATION IS GRADUALLY GETTING OUT OF THE IMPACT OF THE EPIDEMIC AND THE POSTPARTUM CARE SERVICES BUSINESS CONTINUES TO EXPAND WHICH RETURNS TO PROFITABILITY

During the Period, the revenue of the postpartum care services business decreased by 6.0% year-on-year to HK\$307.23 million. The decrease in revenue was due to exchange rates conversion. The net profit of the postpartum care services business was HK\$14.48 million. The significant increase in net profit was mainly attributable to the fact that (1) the postpartum care services business was at a steady recovery stage after gradually overcoming the difficulties caused by the pandemic; (2) the ultra-light asset model of operation adopted by new centres had further reduced the initial investment in new centres and optimised the financial model for matured centres, resulting in a 74.5% year-on-year increase in gross profit to HK\$93.18 million; and (3) the innovative marketing methods were applied to improve marketing efficiency, resulting in a 7.8% year-on-year decrease in selling and marketing expenses to HK\$58.76 million.

During the Period, the number of postpartum care centres was as follows:

City	Brand	As of 30 June 2023 Centres	As of 30 June 2022 Centres
Shenzhen	Aidigong	6	5
Beijing	Aidigong	2	2
Chengdu	Aidigong	2	2
Zhuhai	Yuegege	2	N/A
Xiamen	Aidigong	1	N/A
Total		13	9

Management Discussion and Analysis (Continued)

BUSINESS REVIEW (CONTINUED)

POSTPARTUM CARE SERVICES BUSINESS (CONTINUED)

ULTRA-LIGHT ASSET MODEL FACILITATING THE ACCELERATION IN NEW CITIES EXPANSION, CAPTURING TWO NEW CITIES OF XIAMEN AND DONGGUAN DURING THE PERIOD

In 2022, the Group set up two new business divisions, namely the innovative Aidigong business division and the “Yuegege” brand business division, the new sub-brand of postpartum care centres. Leveraging the perfect maternal and child healthcare systems developed by the Group after 16 years, the strong “digital management platform of postpartum care centres” that we have developed independently, the systematic talent base as well as the extremely strong brand-building capability and brand effect, the innovative Aidigong business division and the Yuegege brand business division adopt the operation strategy of strong back-end platform, large centre platform and small front-end platform, which not only does it realise the sharing of experience and resources and the unification of core standards, it also leverages the initiative of the front line to achieve the purpose of flexible deployment and innovation. They initiated the optimised ultra-light asset model, achieving rapid opening of postpartum care centres and further reducing capital expenditure.

The Yuegege brand business division entered the Zhuhai market in Guangdong Province in May 2022, launched the “Yuegege” brand and opened Zhuhai No. 1 Store, the first new postpartum care centre under the brand. It opened Zhuhai No. 2 Store in November 2022. During the Period, the innovative Aidigong business division entered into two new cities, Xiamen and Dongguan, in June and July 2023, respectively, and opened the No. 1 store in Xiamen and No. 1 store in Dongguan under the brand name of Aidigong at Xiamen InterContinental Hotel and Dongguan Wanda Vista Hotel, respectively.

The brand, Aidigong, was established in 2007. In the past 15 years, the Group has opened a total of 10 branches under the Aidigong brand in Shenzhen, Beijing and Chengdu. Following the adoption of the ultra-light asset model in 2022, the Group has sped up its expansion to new cities and entered into three new cities, namely Zhuhai, Xiamen and Dongguan, and opened four new centres in about a year. As of the date of this report, a total of 14 centres are opened and operating in China and the Group has achieved market coverage in six cities, namely, Shenzhen, Beijing, Chengdu, Zhuhai, Xiamen and Dongguan.

INNOVATIVE CENTRES UNDER THE BRANDS OF AIDIGONG AND YUEGEGERE ADOPTED THE ULTRA-LIGHT ASSET MODEL WHILE THE ADVANTAGES OF AIDIGONG’S CLASSIC MODEL OF OPENING STANDARDISED CENTRES REMAINED UNCHANGED

Since 2022, the two new business divisions of the Group opened postpartum care centres under the optimised ultra-light asset model, namely the “smaller service units + flexible rooms” model by renting smaller service units to carry out the business first, and thereafter flexibly renting more rooms according to future orders. Such a “light model” is complementary to Aidigong’s classic model of opening standardised centres. It is the best compound centre-opening model in the PRC, which is unique to the Group. Such model can resist cyclical fluctuations, so as to move forward steadily in the long run. It also reacts quickly to seize beachhead positions. The property types selected by this unique compound centre-opening model of Aidigong include independent parks, hotels, hotel apartments, pure apartments and holiday garden villas and others. The inventory of potential target properties is large and diverse, and there are many choices, so centres can be opened quickly. The ultra-light asset model of innovative divisions under the brands of Aidigong and Yuegege also has some obvious advantages, which not only reduces the initial investment of new centres significantly, but also effectively reduces the loss caused by room vacancy during the incumbent occupancy rate of new centres, thus further shortens the investment payback period and improves the return on net assets. Nevertheless, we believe that the compound centre-opening model combining such two models is fundamental for leading enterprises of the industry in the PRC to occupy a leading position.



Management Discussion and Analysis *(Continued)*

BUSINESS REVIEW *(CONTINUED)*

HEALTH INDUSTRY

HEALTHCARE INDUSTRY INVESTMENT BUSINESS

The investment projects held by the Group include Prance Dragon Medical Group which is owned by the Group as to 9.47%. In July 2023, the Company disposed of its entire 9.47% equity interest in Prance Dragon Medical Group. During the Period, the Group ceased to carry out business activities in relation to the healthcare industry.

FINANCIAL REVIEW

REVENUE AND GROSS PROFIT

Revenue for the Period was approximately HK\$307,229,000 (six months ended 30 June 2022: HK\$328,791,000), representing a decrease of approximately HK\$21,562,000 or 6.6% as compared to the corresponding period in 2022. The decrease in revenue was mainly due to the depreciation of the exchange rate of Renminbi (“RMB”) against Hong Kong Dollar. Gross profit for the Period was approximately HK\$93,178,000 (six months ended 30 June 2022: HK\$55,190,000), representing an increase of approximately HK\$37,988,000 or 68.8% as compared to that of the corresponding period in 2022. The gross profit margin of the Group for the Period was 30.3% (six months ended 30 June 2022: 16.8%). The increase in gross profit for the Period was attributable to the fact that the ultra-light asset model of operation adopted by new centres had further reduced the initial investment in new centres and optimised the financial model for matured centres, resulting in a significant increase in gross profit.

ADMINISTRATIVE EXPENSES

Administrative expenses for the Period were approximately HK\$30,631,000 (six months ended 30 June 2022: HK\$37,972,000), representing a decrease of approximately HK\$7,341,000 or 19.3% as compared to that of the corresponding period in 2022. Such a decrease was mainly due to a decrease in non-cash expenses related to the share award scheme of the Company adopted in 30 August 2018 (the “Scheme”).

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses for the Period were approximately HK\$58,759,000 (six months ended 30 June 2022: HK\$63,755,000), representing a decrease of approximately HK\$4,996,000 or 7.8% as compared to that of the corresponding period in 2022. Such a decrease was mainly due to the decrease in selling and marketing expenses resulting from the innovative marketing methods applied to the postpartum care services business in order to improve marketing efficiency as compared to that of the corresponding period in 2022.

Management Discussion and Analysis *(Continued)*

FINANCIAL REVIEW *(CONTINUED)*

FINANCE COSTS

Finance costs for the Period were approximately HK\$31,942,000 (six months ended 30 June 2022: HK\$34,881,000), representing a decrease of approximately HK\$2,939,000 or 8.4% as compared to that of the corresponding period in 2022. Finance costs mainly include interest on bonds payable of approximately HK\$3,953,000 (six months ended 30 June 2022: HK\$5,932,000), interest on bank and other borrowings of approximately HK\$16,490,000 (six months ended 30 June 2022: HK\$15,178,000), non-cash interest expense on lease liabilities of approximately HK\$9,036,000 (six months ended 30 June 2022: HK\$13,771,000) and interest on convertible preference shares of approximately HK\$2,463,000 (six months ended 30 June 2022: Nil).

LOSS FOR THE PERIOD

Net loss for the Period was approximately HK\$22,925,000 (six months ended 30 June 2022: HK\$61,965,000), representing a decrease of approximately HK\$39,040,000. The decrease was mainly attributable to the facts that (i) the postpartum care services business was at a steady recovery stage after overcoming the difficulties caused by the pandemic gradually, and the postpartum care services business segment has returned to profitability; (ii) the ultra-light asset model of operation adopted by new centres had further reduced the initial investments in new centres and optimised the financial model for matured centres, resulting in significant increase in gross profit; and (iii) the postpartum care services business applied innovative marketing methods to improve marketing efficiency, resulting in decrease in selling and marketing expenses as compared to that of the corresponding period in 2022.

Basic and diluted loss per share attributable to the owners of the Company for the Period were both HK0.54 cents (six months ended 30 June 2022: basic and diluted loss per share: both HK1.43 cents).

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Period (six months ended 30 June 2022: Nil).

FINANCIAL HIGHLIGHT

NET ASSETS VALUE

As of 30 June 2023, the net assets of the Group were approximately HK\$932,638,000 (31 December 2022: HK\$925,410,000), representing an increase of approximately HK\$7,228,000 as compared to the net assets of the Group as of 31 December 2022. Such an increase was mainly due to the increase in equity of approximately HK\$72,844,000 as a result of the completion of the issuance of the convertible preference shares by the Company under the special mandate on 23 March 2023, and offset by comprehensive expenses of approximately HK\$63,366,000 during the Period.

Net assets value per issued ordinary share of the Company as of 30 June 2023 was approximately HK\$0.21 (31 December 2022: HK\$0.21).

As of 30 June 2023, the current ratio of the Group (calculated as current assets divided by current liabilities) was 1.36 (31 December 2022: 1.06).



Management Discussion and Analysis *(Continued)*

FINANCIAL HIGHLIGHT *(CONTINUED)*

EQUITY

The number of issued ordinary shares of the Company (the “**Shares**”) as of 30 June 2023 was 4,345,014,974 (31 December 2022: 4,345,014,974).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As of 30 June 2023, the Group had a principal amount of HK\$63,000,000 (31 December 2022: HK\$80,800,000) unsecured bonds payable, approximately HK\$342,006,000 (31 December 2022: HK\$348,165,000) secured bank loan and HK\$31,270,000 (31 December 2022: HK\$52,097,000) unsecured other borrowings.

Save as disclosed above, the Group did not have any other borrowing as of 30 June 2023. The gearing ratio of the Group was 0.94 as of 30 June 2023 (31 December 2022: 0.95). The gearing ratio is calculated by dividing the total of bank and other borrowings, convertible preference shares, bonds payable and leasing liabilities by the total equity.

The Group maintains sufficient working capital and cash position for daily operations. Bank and cash balances of the Group as of 30 June 2023 amounted to approximately HK\$81,256,000 (31 December 2022: HK\$53,847,000).

In addition to the above bank and cash balances, as of 30 June 2023, the Group held structured bank deposits (“**SBDs**”) of approximately HK\$45,149,000 (31 December 2022: HK\$34,022,000) 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. Such structured bank deposits are principal protected, either redeemable on demand or have a maturity date ranging from two to three months.

The cash and bank balances were denominated in RMB, Hong Kong dollars and United State dollars and the bank borrowings facilities available to the Group were denominated in RMB and bear floating interest rates. The Group continued to have no foreign exchange contracts and investment in listed shares, bonds and debentures or any other material financial instruments for hedging foreign exchange risks purpose. The Group is not exposed to material fluctuations risks in exchange rates.

Management Discussion and Analysis *(Continued)*

FINANCIAL HIGHLIGHT *(CONTINUED)*

REMUNERATION POLICIES, SHARE OPTION SCHEME AND SHARE AWARD SCHEME

As at 30 June 2023, the Group had 1,501 employees (31 December 2022: 1,581) in total. 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\$112,396,000 (2022: HK\$113,864,000).

The Group provides different career development and training programs to all levels of staff. Continuous learning is one of the Group's core values. Employees may be provided with in-house training sessions or may enroll in external training courses, such as seminars, workshops, visits and demonstrations, so as to upgrade their skills and strengthen their knowledge, thus enabling them to fulfill their duties more efficiently.

The Group has adopted a share option scheme on 28 June 2022 ("**Share Option Scheme**"). According to the terms of the Share Option Scheme, its purpose is to provide incentives or rewards to Eligible Participants (as defined in the Share Option Scheme) for their contribution to the Group. Eligible Participants include any employees, executives or officers of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Company or any of its subsidiaries). Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for 10 years from the effective date.

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme when aggregated with the maximum number of Shares in respect of which options may be granted under any other scheme shall not exceed 10% of the Company's issued Shares on the adoption date without prior approval from the Shareholders. The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other options granted and yet to be exercised under any other scheme shall not exceed 30% of the Company's issued Shares from time to time. No option may be granted to any person such that the total number of Shares issued and to be issued upon the exercise of options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued Shares from time to time, unless the approval of the Shareholders is obtained. The current mandate limit of the Share Option Scheme entitled the Company to grant up to 431,501,497 share options, representing 10% of the then issued ordinary share capital of the Company as at 28 June 2022.

Pursuant to the Share Option Scheme, no share option was granted, outstanding, exercised, cancelled or lapsed under the Share Option Scheme since its adoption.

As at 1 January 2023 and 30 June 2023, the number of shares available for issue under the Share Option Scheme was 431,501,497, representing approximately 10% of the total number of shares in issue of the Company as at 1 January 2023 and 30 June 2023 respectively. The weighted average number derived from dividing the number of shares that may be issued pursuant to share options and awards granted under all share schemes of the Company for the Period by the number of relevant class shares in issue at 30 June 2023 is approximately 0.015.

Management Discussion and Analysis (Continued)

FINANCIAL HIGHLIGHT (CONTINUED)

REMUNERATION POLICIES, SHARE OPTION SCHEME AND SHARE AWARD SCHEME (CONTINUED)

In addition, the Board has approved the adoption of the Share Award Scheme on 5 July 2018 and it was approved by the Shareholders at the special general meeting held on 30 August 2018. The purposes and objectives of the Share Award 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 Board will, from time to time, consider and if appropriate, identify relevant participants of the Share Award Scheme to carry out the purposes and achieve relevant objectives of the Share Award Scheme. Subject to any early termination determined by the Board of Directors of the Company, the Share Award Scheme is valid and effective for a period of ten years commencing on 30 August 2018. The Board may at its discretion grant any eligible participant awarded shares, provided that the total number of awarded shares shall not exceed 3% of the issued share capital of the Company as at the date of grant. The Share Award Scheme is operated through a trustee which is independent of the Group. The Board may either (i) cause to allot and issue new Shares to the trustee at the subscription price under the scheme mandate or a general mandate (as the case may be) (1) as awarded Shares in the event that the Board has selected certain eligible persons as selected participants or (2) from time to time for future award, and the Board shall in such events cause an amount equal to the subscription price of such new Shares to be allotted and issued under the scheme mandate or a general mandate (as the case may be) be transferred from the Company's resources as soon as practicable prior to the allotment and issuance of such shares as subscription monies for the new Shares to the trustee or (ii) from time to time instruct the trustee in writing to purchase Shares on the Stock Exchange out of the trust fund.

On 12 November 2021, the Company granted 63,500,000 award shares to 69 selected persons thereunder in the form of issue of shares under general mandate pursuant to the Share Award Scheme. The Company has set a number of exercising conditions for the grantees who can only exercise their award shares upon fulfilling the conditions (unless an exemption from the Company is obtained). Pursuant to one of the exercising conditions, the grantees may exercise 30% of the awarded shares after 12 months, 30% of the awarded shares after 24 months and 40% of the award shares after 36 months from the date of issuance of the share award. For the period ended 30 June 2023, none of such award shares were exercised.

	Date of grant	Outstanding at 1 January 2023	Movement during the period			Outstanding at 30 June 2023	Exercising period
			Granted	Exercised	Lapsed		
Employees and others	12 November 2021	19,050,000	-	-	-	19,050,000	48 months from 12 November 2021
	12 November 2021	19,050,000	-	-	-	19,050,000	48 months from 12 November 2021
	12 November 2021	25,400,000	-	-	-	25,400,000	48 months from 12 November 2021
	Total	63,500,000	-	-	-	63,500,000	

During the Period, for the purpose of the Share Award Scheme, the trustee of the Share Award Scheme has purchased on the open market an aggregate of 1,160,000 Shares, representing approximately 0.03% of the issued share capital of the Company as at 30 June 2023. For details, please refer to the paragraph headed "PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES" of this report and the voluntary announcements of the Company dated 20 June 2023, 21 June 2023 and 29 June 2023. As at 30 June 2023, the total number of Shares held by the trustee under the Share Scheme Award for the purpose of setting aside a pool of Shares available for allocation to selected participants was 2,036,000 (31 December 2022: 876,000) Shares. During the Period, no award shares were granted to anyone including but not limited to the Directors and the five highest paid individuals by the Company.

Management Discussion and Analysis (Continued)

FINANCIAL HIGHLIGHT (CONTINUED)

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 Goodtop Health Industry Group Limited (廣東萬佳健康產業集團有限公司) ("**Guangdong Goodtop**"), 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 grant loan facilities to Guangdong Goodtop to acquire Shenzhen Aidigong Maternity Health Management Co., Ltd.* (深圳愛帝宮母嬰健康管理有限公司) ("**Shenzhen Aidigong**"). The balance of such loan as at 30 June 2023 was approximately RMB303,000,000. Guangdong Goodtop provided a share pledge of over 94.95% share interests in Shenzhen Aidigong. The Company and its subsidiaries provided guarantees and Mr. Cheung Wai Kuen, an executive Director, provided personal guarantees to the loan facilities. The provision of such personal guarantees constitutes financial assistance to the Group under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**"). Given that the personal guarantees are not secured by any assets of the Group, and that the Directors consider that the personal guarantees are conducted on normal commercial terms or better to the Group, the personal guarantees are fully exempted from the Shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules. Subsequent to the reporting period, Guangdong Goodtop's application to DRC Bank, Donglian Branch for facilities of RMB16 million was approved and any executive Director was authorised to sign contracts related to the loan.

Save as disclosed above, no other assets were pledged by the Group as of 30 June 2023 and 31 December 2022.

CONTINGENT LIABILITIES

As of 30 June 2023, the Group did not have any material contingent liability (31 December 2022: Nil).

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS

During the Period, the Group did not have any significant investments, material acquisitions and disposals of subsidiaries and associates. There was no plan for material investments or capital assets as at 30 June 2023.

OTHER INFORMATION

COMPLETION OF THE ISSUE OF CONVERTIBLE PREFERENCE SHARES UNDER SPECIFIC MANDATE

On 23 March 2023, completion of the issue of convertible preference shares under specific mandate took place in accordance with the terms and conditions of the subscription agreement (“**Subscription Agreement**”) dated 9 September 2022 entered into between the Company and Zhuhai Deyou Bohui Enterprise Management Consulting Centre (Limited Partnership)* (珠海德祐博暉企業管理諮詢中心) (“**Subscriber**”). Pursuant to the Subscription Agreement, a total of 187,265,918 Class A Convertible Preference Shares and 187,265,918 Class B Convertible Preference Shares have been allotted and issued by the Company to DYZH Holdings Limited (“**DYZH**”) on 23 March 2023, an affiliate of the Subscriber at an aggregate consideration of HK\$224,719,101.6. For details, please refer to the announcements of the Company dated 9 September 2022, 8 December 2022, 30 December 2022, 8 March 2023 and 23 March 2023, and the circular of the Company dated 9 December 2022 (“**Announcements**”). A breakdown of the use of the proceeds from the issuance of the convertible preference shares is set out in the table below:

	Utilisation for the financial period ended 30 June 2023	Intended application of unutilised net proceeds	Total
	HK\$ (million) (Approximate)	HK\$ (million) (Approximate)	HK\$ (million) (Approximate)
Repayment of outstanding indebtedness of the Group	118.6	37.0	155.6
General working capital	69.1	–	69.1
Total	187.7	37.0	224.7

As of the date of this report, the Board does not anticipate any change to its plan on the use of proceeds as stated in the Announcements.

The unutilised net proceeds above are expected to be utilised by the first quarter of 2024, which is based on the Director’s best estimation barring any unforeseen circumstances, and may be subject to change based on the future development of market conditions. Should there be any change in the intended use of the unutilised net proceeds, the Company will make appropriate announcements in due course.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, 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.

Management Discussion and Analysis (Continued)

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

As at 30 June 2023, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, laws of Hong Kong) (“SFO”) or pursuant to section 352 of the SFO, to be entered into the register maintained by the Company, or otherwise required to notify the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) are as follows:

Name of Director	Number of Shares			Capacity	Note	Percentage of issued share capital
	Ordinary Shares of the Company	Underlying Shares of the Company	Total			
Mr. Cheung	530,379,671	–	530,379,671 (L)	Interest of controlled corporation	1	12.21%
Ms. Zhu	655,151,755	–	655,151,755 (L)	Beneficial owner and interest of controlled corporation	2	15.08%

Notes:

- (1) Mr. Cheung, through his controlled corporation, Champion Dynasty Limited (“Champion Dynasty”) is deemed to be interested in 530,379,671 Shares held by Champion Dynasty.
- (2) Mr. Zhu is (i) beneficially interested in 255,151,755 Shares; (ii) deemed to be interested in 200,000,000 Shares through Hongchang International Investment Limited; and (iii) deemed to be interested in 200,000,000 Shares through Hongyuan Investment Limited, both her controlled corporations.
- (3) The letter “L” denotes the long position in shares of the Company held by that person.

Save as disclosed above, as at 30 June 2023, 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, underlying Shares 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.

Management Discussion and Analysis (Continued)

SUBSTANTIAL SHAREHOLDER'S INTEREST IN THE SECURITIES OF THE COMPANY

As at 30 June 2023, so far as are known to any Director or chief executive 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 shares of the Company held				Notes	Percentage of issued Share capital
	Beneficial owner	Interest of controlled corporation	Person having a security interest in Shares	Investment manager		
Champion Dynasty	530,379,671 (L)	-	-	-	1, 2	12.21%
Lee Kar Lung	- 200,000,000 (L)	-	530,000,000 (L) -	-	1 1	12.19% 4.60%
Wang Aier	401,412,379 (L)	-	-	-	3	9.24%
Forever Heart Holdings Limited	-	400,000,000 (L)	-	-	4	9.21%
Suntek Global Growth Fund SPC - Suntek Global Growth Fund Number One SP Limited	-	-	-	398,304,379 (L)	5	9.17%
Zhuhai Deyou Bohui Enterprise Management Consulting Center (Limited Partnership)	374,531,836 (L)	-	-	-	6	8.62%
Zhuhai Gao Ling Deyou Investment Management Co., Ltd.	-	374,531,836 (L)	-	-	7	8.62%

Notes:

- (1) On 8 February 2023, 530,000,000 Shares held by Champion Dynasty, as chargor, were charged in favour of Lee Kar Lung, and 200,000,000 Shares were held by Lee Kar Lung as a beneficial owner. According to the relevant Disclosure of Interest Notice ("DI Notice") in connection with the Company available on www.hkex.com.hk, Lee Kar Lung entered into an agreement for the purchase of 200,000,000 Shares on 27 January 2023.
- (2) Mr. Cheung is the sole director of Champion Dynasty and owned its entire issued capital.
- (3) 401,412,379 Shares were held by Wang Aier as a beneficial owner.
- (4) Forever Heart Holdings Limited is the holding company of Hongchang International Investment Limited and Hongyuan Investment Limited, and is owned as to 100% by Ms. Zhu. By virtue of the SFO, Forever Heart Holdings Limited is deemed to be interested in the shares held by Hongchang International Investment Limited and Hongyuan Investment Limited.

Management Discussion and Analysis (Continued)

SUBSTANTIAL SHAREHOLDER'S INTEREST IN THE SECURITIES OF THE COMPANY (CONTINUED)

- (5) According to the relevant DI Notice in connection with the Company available on www.hkex.com.hk, as at 30 June 2023, Suntek Global Growth Fund SPC – Suntek Global Growth Fund Number One SP is interested in 398,304,379 Shares as an investment manager, which accounted for 9.17% of the Company's issued share capital based on 4,345,014,974 Shares in issue as at 30 June 2023.
- (6) On 9 September 2022, the Company and Zhuhai Deyou Bohui Enterprise Management Consulting Center (Limited Partnership) (“**Zhuhai Deyou**”) entered into the Subscription Agreement pursuant to which Zhuhai Deyou has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue to Zhuhai Deyou, 374,531,836 convertible preference shares of the Company for an aggregate consideration of HK\$224,719,101.6.
- (7) Zhuhai Gao Ling Deyou Investment Management Co., Ltd. is the general partner of Zhuhai Deyou Bohui Enterprise Management Consulting Center (Limited Partnership). By virtue of the SFO, Zhuhai Gao Ling Deyou Investment Management Co., Ltd. is deemed to be interested in the shares held by Zhuhai Deyou Bohui Enterprise Management Consulting Center (Limited Partnership).
- (8) The letter “L” denotes the long position in shares of the Company held by that person.

Save as disclosed above, as at 30 June 2023, 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, 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.

UPDATE ON DIRECTOR'S INFORMATION PURSUANT TO RULE 13.51B OF THE LISTING RULES

Mr. Wong Yiu Kit, Ernest (“**Mr. Wong**”), an independent non-executive Director, has served as an independent non-executive director of Goldstone Investment Group Limited (In Liquidation) (stock code: 901) (“**Goldstone**”) whose shares are listed on the Main Board of the Hong Kong Stock Exchange. On 18 May 2023, Goldstone was ordered to be wound up by the High Court of the Hong Kong Special Administrative Region as a result of the filing of a petition in relation to the winding-up of Goldstone. Mr. Wong has confirmed to the Company that he has no connection with or any involvement in, the matter relating to the relevant petition, the winding-up order or any of the underlying claims. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, neither Goldstone nor its subsidiaries are related to the Group. For further details, please refer to the announcement of the Company dated 31 May 2023.

Save as disclosed above, there is no other matter relating to the Directors that is required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

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.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

At no time during the Period were rights to acquire benefits by means of the acquisition of Shares granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

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.

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 to the Listing Rules throughout the Period. Under code provision C.2.1 of the CG Code, the roles of the chairman and the chief executive officer 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. Following Mr. Cheung Wai Kuen's stepping down from his role as one of the joint chairmen of the Board with effect from 27 June 2021, Ms. Zhu Yufei has been an executive Director, the chairman of the Board and the chief executive officer since then. With Ms. Zhu Yufei's extensive experience in the maternal and child healthcare industry, the Board considers that vesting the roles of the chairman and the chief executive officer 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, apart from Ms. Zhu Yufei being the executive Director, comprises four other executive Directors and four independent non-executive Directors, all being experienced and high calibre individuals. 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.

Management Discussion and Analysis (Continued)

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

Pursuant to the terms of the rules and trust deed of the share award scheme of the Company adopted on 30 August 2018 (the "Scheme"), the trustee of the Scheme purchased on the open market a total of 1,160,000 Shares at a total consideration of HK\$420,700 to satisfy the award of Shares to selected employees. Details of the purchases during the Period are as follows:

Month of purchase	Number of shares purchased	Price per share		Aggregate price HK\$
		Highest HK\$	Lowest HK\$	
June 2023	1,160,000	0.375	0.35	420,700

Save as disclosed above, during the Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted 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 external auditors of the Company. The audit committee of the Company (the "Audit Committee"), comprising 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. The Audit Committee considers that the interim results for the Period are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

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
Chairman

Hong Kong, 31 August 2023

Unaudited Interim Results

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 2023 (the “**Period**”) together with the comparative figures for the corresponding period in 2022 (“**2022 Period**”) as follows:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	<i>Notes</i>	For the six months ended 30 June	
		2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Revenue	3	307,229	328,791
Cost of sales		(214,051)	(273,601)
Gross profit		93,178	55,190
Other income	5	9,747	11,698
Administrative expenses		(30,631)	(37,972)
Selling and distribution expenses		(58,759)	(63,755)
Profit/(loss) from operations		13,535	(34,839)
Finance cost		(31,942)	(34,881)
Loss before income tax		(18,407)	(69,720)
Income tax (expense)/credit	6	(4,518)	7,755
Loss for the period	7	(22,925)	(61,965)
Other comprehensive expense, net of income tax			
<i>Items that may be reclassified subsequent to profit or loss</i>			
Exchange differences on translating foreign operations during the period		(32,841)	(27,027)
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Change in value of equity investments at fair value through other comprehensive income		(7,600)	–
		(40,441)	(27,027)
Total comprehensive expense for the period		(63,366)	(88,992)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income *(Continued)*

	<i>Notes</i>	For the six months ended 30 June	
		2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
(Loss)/profit for the period attributable to:			
Owners of the Company		(23,656)	(61,505)
Non-controlling interests		731	(460)
		(22,925)	(61,965)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(62,267)	(81,396)
Non-controlling interests		(1,099)	(7,596)
		(63,366)	(88,992)
Loss per share for the period attributable to owners of the Company			
Basic and diluted (HK cents per share)	9	(0.54)	(1.43)

Condensed Consolidated Statement of Financial Position

	<i>Notes</i>	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment		113,450	116,212
Right-of-use assets		259,396	368,479
Intangible assets	10	736,319	738,378
Goodwill		399,928	401,414
Interests in associates		1,393	1,410
Other receivables		54,301	68,975
Deferred tax assets		39,290	44,031
		1,604,077	1,738,899
Current assets			
Deposits, prepayments and other receivables	11	433,815	378,553
Trade receivables	12	5,176	4,163
Inventories		2,287	1,940
Equity investments at fair value through other comprehensive income		12,500	20,100
Financial assets at fair value through profit or loss		45,149	34,022
Bank and cash balances		81,256	53,847
		580,183	492,625
Current liabilities			
Trade payables	13	39,203	31,233
Accruals and other payables	14	37,858	80,203
Contract liabilities	14	137,590	156,321
Lease liabilities		105,576	132,853
Bank and other borrowings	15	69,647	32,676
Bonds payable	16	27,028	24,390
Tax payable		9,405	5,994
		426,307	463,670
Net current assets		153,876	28,955
Total assets less current liabilities		1,757,953	1,767,854

Condensed Consolidated Statement of Financial Position *(Continued)*

	<i>Notes</i>	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
Capital and reserves			
Share capital		43,450	43,450
Reserves		871,630	863,303
Equity attributable to owners of the Company		915,080	906,753
Non-controlling interest		17,558	18,657
Total equity		932,638	925,410
Non-current liabilities			
Deferred tax liabilities		152,119	153,848
Convertible preference shares		154,337	–
Bank and other borrowings	<i>15</i>	303,629	367,586
Lease liabilities		182,794	270,862
Bonds payable	<i>16</i>	32,436	50,148
		825,315	842,444
		1,757,953	1,767,854

Condensed Consolidated Statement of Changes in Equity

Attributable to owners of the Company

	Share capital HK\$'000	Share premium HK\$'000	Conversion rights of convertible preferences shares HK\$'000	Translation reserve HK\$'000	Equity investment at fair value through other comprehensive income reserve HK\$'000	Shares held for the share award scheme HK\$'000	Statutory reserve HK\$'000	Other reserve HK\$'000	Share options reserve HK\$'000	(Accumulated losses)/ retained earnings HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2022 (Audited)	42,850	1,309,622	-	28,822	(4,609)	(1,019)	27,192	(46,339)	982	(260,788)	1,096,713	153,030	1,249,743
Profit for the period	-	-	-	-	-	-	-	-	-	(61,505)	(61,505)	(460)	(61,965)
Exchange differences on translating foreign operations arising during the period	-	-	-	(19,891)	-	-	-	-	-	-	(19,891)	(7,136)	(27,027)
Total comprehensive income	-	-	-	(19,891)	-	-	-	-	-	(61,505)	(81,396)	(7,596)	(88,992)
Issue of shares under share award scheme	300	10,800	-	-	-	-	-	-	-	-	11,100	-	11,100
Shares granted under share award scheme	-	-	-	-	-	1,019	-	-	-	-	1,019	-	1,019
Purchase of shares for the share award scheme	-	-	-	-	-	(1,372)	-	-	-	-	(1,372)	-	(1,372)
Transfer to statutory reserve	-	-	-	-	-	-	5	-	-	(5)	-	-	-
At 30 June 2022 (Unaudited)	43,150	1,320,422	-	8,931	(4,609)	(1,372)	27,197	(46,339)	982	(322,298)	1,026,064	145,434	1,171,498
At 1 January 2023 (Audited)	43,450	1,333,622	-	(35,790)	(4,400)	(318)	27,192	(46,339)	15,448	(426,112)	906,753	18,657	925,410
Profit for the period	-	-	-	-	-	-	-	-	-	(23,656)	(23,656)	731	(22,925)
Exchange differences on translating foreign operations arising during the period	-	-	-	(31,011)	-	-	-	-	-	-	(31,011)	(1,830)	(32,841)
Change in value of equity investments at fair value through other comprehensive income	-	-	-	-	(7,600)	-	-	-	-	-	(7,600)	-	(7,600)
Total comprehensive income	-	-	-	(31,011)	(7,600)	-	-	-	-	(23,656)	(62,267)	(1,099)	(63,366)
Issue of convertible preference shares	-	-	71,015	-	-	-	-	-	-	-	71,015	-	71,015
Purchase of shares for the share award scheme	-	-	-	-	-	(421)	-	-	-	-	(421)	-	(421)
At 30 June 2023 (Unaudited)	43,450	1,333,622	71,015	(66,801)	(12,000)	(739)	27,192	(46,339)	15,448	(449,768)	915,080	17,558	932,638

Condensed Consolidated Statement of Cash Flows

	For the six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Net cash generated from/(used in) operating activities	32,873	(105,870)
Net cash (used in)/generated from investing activities	(5,564)	2
Net cash generated from financing activities	2,238	91,139
Net increase/(decrease) in cash and cash equivalents	29,547	(14,729)
Effect of foreign exchange rate changes, net	(2,138)	19,206
Cash and cash equivalents at beginning of period	53,847	87,627
Cash and cash equivalents at end of period	81,256	92,104
Represented by:		
Bank and cash balances	81,256	92,104

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

1. BASIS OF PREPARATION

These unaudited condensed consolidated interim 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 interim 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 2022.

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

2. PRINCIPAL ACCOUNTING POLICIES

Other than other change in accounting policies resulting from the 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 the unaudited condensed consolidated financial statements for the Period are the same as those applied in the preparation of the Group’s annual financial statements for the year ended 31 December 2022.

APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

During the Period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on or after 1 January 2023 for the preparation of the Group’s condensed consolidated interim financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Detailed Regulatory Framework of Pillar Two

The Group has assessed that the application of the new and revised standards 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.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2023

3. REVENUE

	For the six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Revenue from contracts with customers:		
Disaggregated by major products or service lines		
Provision of postpartum care services	307,229	327,004
Timing of revenue recognition:		
Over-time	307,229	327,004
Revenue from other sources:		
Interest income from loans receivable	-	1,787
	307,229	328,791

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

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, focuses on the types of goods or services delivered or provided.

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 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.

Adjusted EBITDA is considered as the key measurement for the Group's profit/(loss). Adjusted EBITDA is profit/(loss) before depreciation and amortisation, impairment of assets, equity-settled share award expense, finance cost and income tax (expense)/credit.

The following table presents the reconciliation of the adjusted EBITDA of the Group to loss for the period of the Company:

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Adjusted EBITDA	30,774	(5,181)
Depreciation and amortisation	(15,997)	(17,098)
Impairment of assets	(1,242)	(441)
Equity-settled share award expense	–	(12,119)
Operating profit/(loss)	13,535	(34,839)
Finance cost	(31,942)	(34,881)
Loss before tax	(18,407)	(69,720)
Income tax (expense)/credit	(4,518)	7,755
Loss for the period	(22,925)	(61,965)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

4. OPERATING SEGMENTS (CONTINUED)

Operating segment information is presented below:

For the six months ended 30 June 2023

SEGMENT REVENUE AND RESULTS

	Postpartum Care Services HK\$'000 (Unaudited)	Health Industry HK\$'000 (Unaudited)	Others HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Revenue				
Revenue from external customers	307,229	–	–	307,229
Results				
Segment results for reportable segment	16,775	(22)	(778)	15,975
Unallocated expenses, net*				(38,900)
Loss for the period				(22,925)

* Unallocated expenses mainly include certain depreciation on property, plant and equipment, general office expenses, equity-settled share award expense and interest expenses.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

4. OPERATING SEGMENTS (CONTINUED)

For the six months ended 30 June 2022

SEGMENT REVENUE AND RESULTS

	Postpartum Care Services HK\$'000 (Unaudited)	Health Industry HK\$'000 (Unaudited)	Others HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Revenue				
Revenue from external customers	327,004	–	1,787	328,791
Results				
Segment results for reportable segment	(18,632)	(928)	(746)	(20,306)
Unallocated expenses, net*				(41,659)
Loss for the period				(61,965)

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

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2023

4. OPERATING SEGMENTS *(CONTINUED)*

As at 30 June 2023

SEGMENT ASSET AND LIABILITIES

	Postpartum Care Services HK\$'000 (Unaudited)	Health Industry HK\$'000 (Unaudited)	Others HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Assets				
Segment assets for reportable segments	1,589,664	503,645	32,808	2,126,117
Unallocated assets				58,143
Total assets				2,184,260
Liabilities				
Segment liabilities for reportable segments	818,905	665	31,701	851,271
Unallocated liabilities				400,351
Total liabilities				1,251,622

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

4. OPERATING SEGMENTS (CONTINUED)

As at 31 December 2022

SEGMENT ASSET AND LIABILITIES

	Postpartum Care Services HK\$'000 (Audited)	Health Industry HK\$'000 (Audited)	Others HK\$'000 (Audited)	Consolidated HK\$'000 (Audited)
Assets				
Segment assets for reportable segments	1,708,419	472,199	31,983	2,212,601
Unallocated assets				18,923
Total assets				2,231,524
Liabilities				
Segment liabilities for reportable segments	997,876	1,062	60,417	1,059,355
Unallocated liabilities				246,759
Total liabilities				1,306,114

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.

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, deposits and other receivables and corporate bank balances; and
- all liabilities are allocated to reportable segments other than unallocated corporate liabilities which mainly include certain accruals and other payables, convertible preference shares, bonds payable and deferred tax liabilities.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2023

4. OPERATING SEGMENTS *(CONTINUED)*

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 For the six months ended 30 June		Non-current assets <i>(note)</i>	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
The People's Republic of China (the "PRC", for the sole purpose of this report, excluding Hong Kong and Macau)	307,229	327,004	1,505,167	1,623,169
Hong Kong	–	1,787	3,926	1,314
	307,229	328,791	1,509,093	1,624,483

Note: Non-current assets excluded those relating to interests in associates, other receivables and deferred tax assets.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

5. OTHER INCOME

	For the six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Bank interest income	122	154
Interest income from financial assets at FVTPL	396	785
Dividend income	–	568
Government grants (note)	1,394	2,668
Management income	382	137
Rental income	7,168	6,846
Others	285	540
	9,747	11,698

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 attached to them and they were non-recurring in nature.

6. INCOME TAX (EXPENSE)/CREDIT

	For the six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Income tax (expense)/credit comprises		
Current tax:		
Hong Kong Profits Tax	–	–
PRC Enterprise Income Tax	(3,358)	(13,143)
Deferred tax	(1,160)	20,898
	(4,518)	7,755

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

6. INCOME TAX (EXPENSE)/CREDIT (CONTINUED)

(A) HONG KONG PROFITS TAX

No provision for Hong Kong profits tax has been made as the Group had no assessable profit generated in Hong Kong for the Period (2022 Period: Nil).

(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% during the Period (2022 Period: 25%).

(C) BERMUDA, CAYMAN ISLANDS AND BRITISH VIRGIN ISLANDS CORPORATE INCOME TAX

Pursuant to the rules and regulations of Bermuda, the Cayman Islands and the British Virgin Islands (the “BVI”), the Company and the Company’s subsidiaries registered in Bermuda, the Cayman Islands or the BVI are not subject to any income tax in Bermuda, the Cayman Islands and the BVI, respectively.

7. LOSS FOR THE PERIOD

	For the six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Loss for the period has been arrived at after charging:		
Total staff costs, including Directors’ emoluments:		
Salaries and other benefits	104,411	114,089
Retirement benefit scheme contributions	7,985	8,129
Equity-settled share award expense	–	12,119
	112,396	134,337
Auditors’ remuneration	1,000	900
Depreciation of property, plant and equipment	15,997	17,098
Depreciation of right-to-use assets	73,513	88,262
Interest expense on lease liabilities	9,036	13,771

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

8. DIVIDEND

The Directors do not recommend any payment of interim dividend for the Period (2022 Period: Nil).

9. LOSS PER SHARE

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

	For the six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
<i>Loss</i>		
Loss for the purpose of basic and diluted earnings per share (loss for the period attributable to owners of the Company)	(23,656)	(61,505)
<i>Number of shares ('000)</i>		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	4,345,015	4,289,480

Basic and diluted loss per share are the same for the Period and 2022 Period as there was no potential dilutive ordinary share.

10. INTANGIBLE ASSET

The land development right was acquired by the Company through the acquisition of 100% equity interests of Harvest Luck Investment Limited (“**Harvest Luck**”) during the year ended 31 December 2016. The management of the Group considered that the legal rights of the land development rights is capable of being renewed indefinitely at insignificant cost and it is expected to generate positive cash flows indefinitely. The development rights will not be amortised until its useful life is determined to be finite upon reassessment of its useful life annually by the management. Instead, it will be tested for impairment annually and whenever there is an indication that it may be impaired. No impairment loss was recognised during the Period.

The trademark from postpartum care services with carrying amount of approximately HK\$611,416,000 was acquired by the Company through the step-up acquisition of Shenzhen Aidigong Group during the year ended 31 December 2019. The Directors have determined the fair value of intangible asset as at 13 September 2019 with reference to the valuation report prepared by an independent valuer.

The management of the Group considered that the trademarks from health industry and postpartum care services business are expected to generate positive cash flows indefinitely and therefore they have indefinite useful lives. The trademarks will not be amortised until its useful life is determined to be finite. Instead, it will be tested for impairment annually and whenever there is an indication that it may be impaired.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

11. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
Deposits	50,300	38,649
Prepayments (note (1))	43,826	38,981
Other receivables (note (2))	426,600	402,130
	520,726	479,760
<i>Less: Allowance for expected credit losses</i>	(32,610)	(32,232)
	488,116	447,528
Analysed for reporting purposes as:		
Non-current	54,301	68,975
Current	433,815	378,553
	488,116	447,528

The Directors consider that carrying amounts of deposits paid and other receivables are approximate to their fair values.

Notes:

- (1) The prepayments mainly comprised of prepaid rental and food ingredient payments for the daily operation of postpartum care centres of approximately HK\$37,783,000 (31 December 2022: HK\$25,744,000).
- (2) The other receivables mainly comprised of (i) outstanding financial assistance of the disposal company of approximately HK\$115,154,000 (31 December 2022: HK\$121,002,000) before the disposal and (ii) consideration receivables for the prior year disposal of subsidiaries and associates of approximately HK\$239,474,000 (31 December 2022: HK\$215,929,000) and repayable within three year installment bearing effective interest rate of 7.12%.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

12. TRADE RECEIVABLES

	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
Trade receivables	6,662	4,798
Less: Allowance for expected credit losses	(1,486)	(635)
	5,176	4,163

The Group generally allows an average credit period ranging from 30 to 90 days (31 December 2022: 30 to 90 days) to its trade customers. The following is an aged analysis of trade receivables (net of allowance for expected credit losses and presented based on the invoice date), at the end of the reporting period:

	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
0 to 30 days	214	407
31 to 60 days	–	254
61 to 90 days	–	254
Over 90 days	4,962	3,248
	5,176	4,163

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

13. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on invoice date at the end of the reporting period:

	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
0 to 30 days	13,486	21,031
31 to 60 days	7,472	7,059
61 to 180 days	6,818	1,521
181 to 365 days	7,085	874
Over 365 days	4,342	748
	39,203	31,233

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

14. ACCRUALS AND OTHER PAYABLES/CONTRACT LIABILITIES

(A) ACCRUALS AND OTHER PAYABLES

	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
Accruals	31,449	37,688
Other payables (note)	6,409	42,515
	37,858	80,203

Note:

Other payables mainly comprised of approximately HK\$3,945,000 interests on other borrowings and bonds payable (31 December 2022: approximately HK\$25,800,000 interests on bonds payable and approximately HK\$12,791,000 advance payment from independent third parties).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

14. ACCRUALS AND OTHER PAYABLES/CONTRACT LIABILITIES (CONTINUED)

(B) CONTRACT LIABILITIES

	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
Contract liabilities (note)	137,590	156,321

Note:

At 30 June 2023, contract liabilities mainly comprised of approximately HK\$137,590,000 (31 December 2022: HK\$156,321,000) of deferred income relating to postpartum care services.

15. BANK AND OTHER BORROWINGS

	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
Bank borrowings, secured (note (i))	342,006	348,165
Other borrowings, unsecured (note (ii))	31,270	52,097
Total borrowings	373,276	400,262

	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
Carrying amount repayable:		
Within 1 year or on demand	69,647	32,676
Between 1 year to 5 years	303,629	367,586
	373,276	400,262

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

15. BANK AND OTHER BORROWINGS (CONTINUED)

Notes:

- (i) On 12 September 2019, Guangdong Goodtop Health Industry Group Limited (“**Guangdong Goodtop**”), 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 Goodtop the Loan Facilities of up to an aggregate principal amount of RMB340,000,000. The bank loans were secured by following:
- (a) a pledge of 94.95% shares of Shenzhen Aidigong;
 - (b) personal guarantee by related parties; and
 - (c) corporate guarantee by its wholly-owned subsidiaries, Guangdong Common Splendor Supply Chain Management Limited and Dongguan Great King Health Industry Company Limited.

The principal was due between 2020 and 2026 and the annual interest rate of the above loans ranged from 6.89% to 7.11%, of which HK\$342,006,000 was utilised as at 30 June 2023 (31 December 2022: HK\$348,165,000).

- (ii) At 30 June 2023, the other borrowings of HK\$31,270,000 (31 December 2022: approximately HK\$52,097,000) were provided by independent third parties. The interest rates were charged from 9.00% to 12.00% (31 December 2022: 9.00% to 12.00%) per annum. The principal is repayable within one year.

The Group’s borrowings are denominated in the following currencies:

	2023 HK\$’000	2022 HK\$’000
Hong Kong Dollar	31,270	37,097
RMB	342,006	363,165
	373,276	400,262



Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2023

16. BONDS PAYABLE

As at 30 June 2023, the bonds payable with principal amount of HK\$63,000,000 (31 December 2022: HK\$79,800,000) will be due between September 2023 and March 2025. The effective interest rates are ranging from 13.02% to 14.75% (31 December 2022: 11.50% to 14.75%).

During the Period, the Company did not issue any coupon bonds. For the year ended 31 December 2022, the Company, through an independent placing agent, issued coupon bonds for an aggregate principal amount of HK\$43,000,000, which carry a fixed coupon interest rate of 6.80% to 12.00% per annum respectively. The bonds are unsecured and will mature on the date falling on the second and third anniversary of the date of issue of the bonds. The net proceeds are intended to be used for general capital of the Group. The bonds are subsequently measured at amortised cost.



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