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)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the "**Board**") of directors (the "**Directors**") of Aidigong Maternal & Child Health Limited (the "**Company**") announces the consolidated financial information of the Company and its subsidiaries (together, the "**Group**") for the year ended 31 December 2022 (the "**Year**"), together with relevant comparative figures for the same period in 2021, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	**2022** *HK$'000*	2021 *HK$'000*
Revenue	*3*	**679,946**	642,573
Cost of sales		**(581,206)**	(437,161)
Gross profit		**98,740**	205,412
Other income	*5*	**31,481**	27,001
Administrative expenses		**(121,023)**	(63,421)
Selling and distribution expenses		**(148,453)**	(107,479)
Share of result of associates		**(248)**	(802)

	Notes	**2022**	2021
		HK$'000	*HK$'000*
(Loss)/profit from operations		**(139,503)**	60,711
Loss on fair value change of contingent consideration payable		**–**	(2,071)
Gain on disposal of associates		**–**	5,278
Gain on disposal of subsidiaries		**4,793**	55,161
Finance cost	*6*	**(64,571)**	(65,670)
(Loss)/profit before income tax	*7*	**(199,281)**	53,409
Income tax credit/(expense)	*8*	**21,141**	(18,624)
(Loss)/profit for the year		**(178,140)**	34,785
Other comprehensive (expense)/income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Share of other comprehensive (expense)/income of associates		**(493)**	1,319
Exchange differences on translating foreign operations		**(52,336)**	16,550
Release of exchange reserve upon disposal of subsidiaries		**(13,967)**	7,207
Release of exchange reserve upon disposal of associates		**–**	(2,595)
Items that will not be reclassified subsequently to profit or loss			
Change in value of equity investments at fair value through other comprehensive income		**209**	(598)
Other comprehensive (expense)/income for the year, net of income tax		**(66,587)**	21,883
Total comprehensive (expense)/income for the year		**(244,727)**	56,668

	Notes	**2022**	2021
		HK$'000	*HK$'000*
(Loss)/profit for the year attributable to:			
Owners of the Company		**(165,324)**	5,300
Non-controlling interests		**(12,816)**	29,485
		(178,140)	34,785
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		**(229,727)**	24,348
Non-controlling interests		**(15,000)**	32,320
		(244,727)	56,668
(Loss)/earnings per share for the year attributable to the owners of the Company:			
Basic *(HK cents per share)*	*10*	**(3.84)**	0.13
Diluted *(HK cents per share)*	*10*	**(3.84)**	0.13

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-current assets			
Property, plant and equipment		**116,212**	144,768
Right-of-use assets		**368,479**	385,447
Intangible assets		**738,378**	804,033
Goodwill		**401,414**	437,106
Interests in associates		**1,410**	2,151
Other receivables		**68,975**	–
Equity investments at fair value through other comprehensive income		**–**	19,891
Deferred tax assets		**44,031**	13,695
		1,738,899	1,807,091
Current assets			
Deposits, prepayments and other receivables		**378,553**	538,301
Trade receivables	*11*	**4,163**	3,401
Inventories		**1,940**	2,923
Properties under development		**–**	485,907
Short-term loans receivable		**–**	28,355
Equity investments at fair value through other comprehensive income		**20,100**	–
Financial assets at fair value through profit or loss		**34,022**	69,344
Bank and cash balances		**53,847**	87,627
		492,625	1,215,858

	Note	2022	2021
	Note	***HK$'000***	*HK$'000*
Current liabilities			
Trade payables	*12*	**31,233**	29,307
Accruals and other payables		**80,203**	64,507
Contract liabilities		**156,321**	211,162
Lease liabilities		**132,853**	138,194
Bank and other borrowings		**32,676**	102,124
Bonds payable		**24,390**	39,397
Tax payable		**5,994**	14,179
		463,670	598,870
Net current assets		**28,955**	616,988
Total assets less current liabilities		**1,767,854**	2,424,079
Capital and reserves			
Share capital		**43,450**	42,850
Reserves		**863,303**	1,053,863
Equity attributable to owners of the Company		**906,753**	1,096,713
Non-controlling interests		**18,657**	153,030
Total equity		**925,410**	1,249,743
Non-current liabilities			
Deferred tax liabilities		**153,848**	167,524
Bank borrowings		**367,586**	692,626
Lease liabilities		**270,862**	281,142
Bonds payable		**50,148**	33,044
		842,444	1,174,336
		1,767,854	2,424,079

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year ended 31 December 2022

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual period beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	*Insurance Contracts*[1]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[3]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)*[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKAS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]
Amendments to HKAS 1	*Non-current liabilities with covenants*[3]

[1] *Effective for annual periods beginning on or after 1 January 2023.*

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

[3] *Effective for annual periods beginning on or 1 January 2024.*

The directors anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Hong Kong Companies Ordinance (Chapter 622, Laws of Hong Kong).

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equal the transaction price.

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

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

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

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

3. REVENUE

	2022	2021
	HK$'000	*HK$'000*
Revenue from contracts with customers:		
Disaggregated by major products or service lines		
Provision of postpartum care services	**676,342**	631,976
Health industry		
– Provision of medical anti-aging healthcare services	**–**	3,740
	676,342	635,716
Timing of revenue recognition		
Over-time	**676,342**	635,716
Revenue from other sources:		
– Interest income from loans receivable	**3,604**	6,857
	679,946	642,573

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.

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

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

Information about major customers

No individual customer contributed over 10% of the total revenue of the Group during the Year (2021: Nil):

Operating segment information is presented below:

Segment revenues and results

	Postpartum Care Services		Health Industry		Others		Consolidated	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue								
Revenue from external customers	**676,342**	631,976	**–**	3,740	**3,604**	6,857	**679,946**	642,573
Results								
Segment results for reportable segment	**(63,569)**	56,528	**(14,848)**	(1,600)	**(15,895)**	(5,569)	**(94,312)**	49,359
Unallocated expenses, net*							**(83,828)**	(14,574)
(Loss)/profit for the year							**(178,140)**	34,785

* *Unallocated gain and expenses mainly include certain depreciation on property, plant and equipment, general office expenses, unallocated employee benefit expenses, fair value change of contingent consideration payable, gain on disposal of subsidiaries, interest on bonds payable and equity-settled share based expenses.*

Segment asset and liabilities

	Postpartum Care Services		Health Industry		Others		Consolidated	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Assets								
Segment assets for reportable segments	**1,708,419**	1,909,197	**472,199**	1,071,561	**31,983**	28,723	**2,212,601**	3,009,481
Unallocated assets							**18,923**	13,468
Total assets							**2,231,524**	3,022,949
Liabilities								
Segment liabilities for reportable segments	**997,876**	1,050,714	**1,062**	447,549	**60,417**	23,600	**1,059,355**	1,521,863
Unallocated liabilities							**246,759**	251,343
Total liabilities							**1,306,114**	1,773,206

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

Segment results represent (the loss incurred)/the profit earned 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, prepayments and deposits and corporate bank balances.

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

Geographical information

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

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

	Revenue from external customers		**Non-current assets***	
	2022	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The People's Republic of China (the "**PRC**", for the sole purpose of this announcement, excluding Hong Kong and Macau)	**676,342**	631,976	**1,623,169**	1,768,382
Hong Kong	**3,604**	10,597	**1,314**	2,972

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

Other segment information

	Postpartum Care Services		Health Industry		Others		Consolidated	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Depreciation of property, plant and equipment	**53,582**	45,375	**112**	3,380	**573**	823	**54,267**	49,578
Depreciation of right-of-use assets	**140,927**	94,209	**432**	703	**1,547**	1,646	**142,906**	96,558
Share of result of associates	**248**	–	**–**	802	**–**	**–**	**248**	802
Bank interest income	**(175)**	(310)	**(1)**	(3)	**(3)**	(57)	**(179)**	(370)
Interest income from financial assets at FVTPL	**(930)**	(2,424)	**–**	–	**–**	–	**(930)**	(2,424)
Loss on fair value change of contingent consideration payable	**–**	2,071	**–**	–	**–**	–	**–**	2,071
Allowance for/(reversal of) expected credit losses of								
– trade receivables	**223**	412	**–**	(1,723)	**–**	–	**223**	(1,311)
– other receivables	**41**	–	**21,344**	(1,865)	**1,622**	–	**23,007**	(1,865)
– loan to a shareholder	**–**	–	**–**	–	**–**	(42)	**–**	(42)
– short-term loans receivable	**–**	–	**–**	–	**(1,267)**	113	**(1,267)**	113
Gain on disposal of associates	**–**	–	**–**	(5,278)	**–**	–	**–**	(5,278)
Gain on disposal of subsidiaries	**–**	–	**(4,793)**	–	**–**	(55,161)	**(4,793)**	(55,161)
Interests in associates	**1,410**	2,151	**–**	–	**–**	–	**1,410**	2,151
Capital expenditures*	**194,654**	234,993	**561**	612	**–**	2,055	**195,215**	237,660
Finance cost	**46,988**	47,609	**44**	1,315	**17,539**	16,746	**64,571**	65,670

* *Capital expenditure consists of addition to property, plant and equipment and right-of-use assets.*

5. OTHER INCOME

	2022	2021
	HK$'000	*HK$'000*
Bank interest income	**179**	370
Imputed interest income from consideration receivable	**5,623**	5,013
Gain on fair value change of financial assets at FVTPL	**229**	1,762
Interest income from financial assets at FVTPL	**930**	2,424
Dividend income from unlisted investments	**1,137**	461
Rental income	**13,683**	10,315
Management fee income	**590**	700
Government grants *(note)*	**7,844**	4,577
Others	**1,266**	1,379
	31,481	27,001

Note: Government grants were mainly granted to the Group as (i) subsidies to support the operation of the PRC subsidiaries and (ii) COVID-19 related subsidies which are related to Employment Support Scheme provided by the Hong Kong government. The government grant had no conditions or contingencies attached to them and they were non-recurring in nature.

6. FINANCE COST

	2022	2021
	HK$'000	*HK$'000*
Interest on bonds payable	**9,866**	11,864
Interest on bank and other borrowings	**53,775**	57,781
Interest expense on lease liabilities	**20,366**	18,855
	84,007	88,500
Less: Capitalised in properties under development *(note)*	**(19,436)**	(22,830)
	64,571	65,670

Note: Borrowing costs capitalised during the Year arising from the specific loan and are capitalised by applying a capitalisation rate of 6.8% per annum to expenditure on the properties under development.

7. (LOSS)/PROFIT BEFORE INCOME TAX

	2022	2021
	HK$'000	*HK$'000*
(Loss)/profit for the year has been arrived at after charging/ (crediting):		
Total staff costs including remuneration of the directors:		
Salaries and other benefits	**259,012**	208,944
Equity-settled share based expenses	**14,466**	982
Retirement benefit scheme contributions	**16,605**	14,269
	290,083	224,195
Auditors' remuneration for audit services	**2,000**	2,000
Allowance for/(reversal of) expected credit losses of		
– trade receivables	**223**	(1,311)
– other receivables	**23,007**	(1,865)
– loan to a shareholder	**–**	(42)
– short-term loans receivable	**(1,267)**	113
Loss on fair value change of contingent consideration payable	**–**	2,701
Depreciation of property, plant and equipment	**54,267**	49,578
Depreciation of right-of-use assets	**142,906**	96,558
Equity-settled share based expenses with consultant	**26,674**	–
Payments to short-term leases	**3,942**	2,103

8. INCOME TAX (CREDIT)/EXPENSE

	2022	2021
	HK$'000	*HK$'000*
Income tax (credit)/expense comprises:		
Current tax – Hong Kong Profits tax		
Charge for the year	**–**	–
Current tax – PRC Enterprise income tax		
Charge for the year	**11,613**	24,144
Deferred tax	**(32,754)**	(5,520)
	(21,141)	18,624

(A) Hong Kong Profits Tax

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%. 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) Bermuda, Cayman Islands and British Virgin Islands corporate income tax

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

9. DIVIDENDS

The Board does not recommend the payment of final dividend for the Year (2021: Nil).

10. (LOSS)/EARNINGS PER SHARE

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

	2022	2021
	HK$'000	*HK$'000*
(Loss)/earnings		
(Loss)/earnings for the purpose of basic and diluted (loss)/earnings per share ((loss)/profit for the year attributable to owners of the Company)	**(165,324)**	5,300
Number of shares ('000)		
Weighted average number of ordinary shares in issue less shares hold for share award scheme	**4,308,892**	4,065,605
Effect of dilutive potential ordinary shares:		
– Share Award Scheme	**–**	350
Weighted average number of ordinary share for the purpose of diluted (loss)/earnings per share	**4,308,892**	4,065,955

Diluted loss per share is the same as the basis loss per share for the year ended 31 December 2022 as there were no potential dilutive ordinary share.

11. TRADE RECEIVABLES

	2022	2021
	HK$'000	*HK$'000*
Trade receivables	**4,798**	3,813
Less: Allowance for expected credit losses	**(635)**	(412)
	4,163	3,401

The Group generally allows an average credit period ranging from 30 to 90 days (2021: 30 to 90 days) to its trade customers during the Year. 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:

	2022	2021
	HK$'000	*HK$'000*
0 to 30 days	**407**	–
31 to 60 days	**254**	1,646
61 to 90 days	**254**	–
Over 90 days	**3,248**	1,755
	4,163	3,401

Allowance for expected credit losses of approximately HK$635,000 have been recognised for trade receivables as at 31 December 2022 (2021: allowance of approximately HK$412,000).

12. TRADE PAYABLES

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

	2022	2021
	HK$'000	*HK$'000*
0 to 30 days	**21,031**	19,882
31 to 60 days	**7,059**	6,499
61 to 180 days	**1,521**	–
181 to 365 days	**874**	255
Over 365 days	**748**	2,671
	31,233	29,307

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

MANAGEMENT DISCUSSION AND ANALYSIS

CHAIRMAN'S STATEMENT

Historical Review

This year is a year for the whole society to strive for economic revival and enterprises to endeavour for development. Hence, I will not summarize it in a hollow and lengthy way. The general keynote is to present substance and be practical.

Firstly, I would like to use three figures to review and summarize the year 2022.

The first figure is "331". It is the "Three" major cities where Aidigong is located and had experienced the impact of significant pandemic resurgence in more than "three" occasions with "one" month of a near lockout in 2022, this is the "331". Such a figure significantly affected our profit for the Year.

The second figure is "23100". Despite the unprecedented difficulties in 2022, we still strived to prepare for the future and rolled up our sleeves to conduct practical work. I mentioned two experimental settings in the 2022 interim report which for prudency was not mentioned in detail. But now I can tell you that our two experimental settings have achieved complete success. One experimental setting is located in Longgang District, Shenzhen and the other is in Zhuhai. The former includes one postpartum care centre whereas the latter has two. They are successful and attained the purposes of our experiments and will be comprehensively rolled out in 2023. I would like to give a full score to these two teams. Therefore, the "2" represents two teams and two experimental settings; the "3" refers to three new postpartum care centres; and the "100" points mean that we have successfully completed the experimental and verification work.

The third figure is "132". The experimental setting in Zhuhai signed 55 orders in a single month in 2022, making it the postpartum care centre with the biggest monthly orders in Zhuhai and it only took five months to rank "first" in Zhuhai. Currently, the Zhuhai team is ready to sign the contract for the "third" postpartum care centre in Zhuhai. As a result, I am pleased to tell you that Zhuhai has become the "second" biggest city in our layout in terms of the number of postpartum care centres and it only took a very short period of time for us to attain it. Meanwhile, it also tells the market that we have strong systematic capabilities, which are accumulated with time and history and cannot be achieved in short term with huge investments. Such systematic capabilities allow us to reshape the team, the brand, and the market at any time.

Future Prospects

For the following work arrangements in 2023, I would also like to express three figures.

The first figure is "23" where "2" represents "two" brands: one of them is Aidigong and the other is the newly-launched Yuegege (月格格), and "3" represents "three" teams, namely the classic Aidigong team, the innovative Aidigong team and the Yuegege team. The first two teams will continue to expand the business layout with the Aidigong brand while the Yuegege team will expand as a fully independent new brand.

In its 16 years of development, Aidigong has many outstanding colleagues who braved wind and storms together with us and grew together in our business development. We can say that we are very rich in the talent pool. We should have set sail earlier but had to keep a low profile and prepare to launch at the right time due to the special reasons in recent three years. We believe the quality of our cadres and our rich talents ensure that we have many independent teams and we should give them more chances to fully display their talents. Therefore, we encourage them to establish their own empires in the vast market and run their own autonomous operations. We will grant them more management permissions and more profit distribution. Such parallel operation of various teams is to fully set free our talent potency accumulated for over a decade and discover talents and nourish teams in practice.

Why should we develop two brands? The time for extensive operation of postpartum care centres has passed. As China has a vast territory, there are different lifestyles and differentiated customer demands in different regions. The universal service model for the entire country has become outdated. We will develop various service regimes based on regional differences, local demands, groups of first-birth and multi-births, ages of pregnant mothers as well as other dimensions. Service regimes are based on users' demand and the brand establishment corresponds to service regimes. Such brands have similarities as well as differences. The so-called homology refers to the fact that they are bred from parent Aidigong with the long-term and systematic accumulation of Aidigong. At the same time, they will satisfy the upgrading and changes of the consumption demands of users to the maximum extent and maintain high individuality and flexibility. This is what I call the imminent 2.0 era for postpartum care centres.

The second figure is "4610", where "4" represents "four" old cities and the "6" refers to "six" new cities, and "10" means that we wish to expand to "ten" cities by the end of 2023. It is known to everyone that we are currently operating in four cities, namely Shenzhen, Beijing, Chengdu and Zhuhai. Our target for this year is to expand to another six cities and increase the city count to ten by the end of the year. **Our basic roadmap expansion is from south to north and from east to west with priorities given to the Pearl River Delta and the Yangtze River Delta. We certainly do not root out setting appropriate early layouts in key cities in the northern or western regions.**

The third figure is "550", where "5" denotes five years and "50" means 50 major cities. That is to say, we wish to open Aidigong postpartum care centres in 50 major cities in five years' time commencing 2023. **We believe that "where there are cities, there are postpartum care centres, and where there are postpartum care centres, there are postpartum care rooms". We will prioritize expanding to new cities and let the team in the city develops and expands postpartum care centres and rooms after achieving breakthroughs. The management of the Group only eyes on cities, whereas the city management only eyes on postpartum care centres, and the management of postpartum care centres only eyes on postpartum care rooms. Such a strategy has been proven to be correct from the "Zhuhai experience".**

We have accumulated sufficient momentum in the past three years. In the future, we will speed up the rapid expansion in other cities.

Looking forward to meeting you in your cities as our vision is that "you are entitled to enjoy the best postpartum care services in China regardless of whether you are in the south or the north, tier-one cities or tier-three cities". Please wait for a moment. We are coming!

BUSINESS REVIEW

Postpartum Care Services Business

Revenue from Postpartum Care Services Business Increased Slightly but a Loss is Recorded Due to the Epidemic

During the Year, the revenue of the postpartum care services business increased by 7.0% year-on-year to HK$676.34 million. Net loss amounted to HK$63.57 million. The growth in revenue is mainly attributable to the additional revenue contribution of new postpartum care centres. The net loss was due to the fact that all postpartum care centres under the Group were affected by Covid-19 pandemic in varying degrees, resulting in customers being unable to check in as scheduled and failure of the centres to realise the revenue according to orders, as well as the additional investment expenses for the opening of Aidigong Longgang Courtyard and two postpartum care centres under the new brand Yuegege during the Year, the overall gross profit and profit are therefore affected accordingly.

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

City	Brand	As at 31 December 2022 Centres	As at 31 December 2021 Centres
Shenzhen	Aidigong	6	5
Beijing	Aidigong	2	2
Chengdu	Aidigong	2	2
Zhuhai	Yuegege	2	N/A
Total		12	9

The Group set up two new teams and launched a new sub-brand of postpartum care centres, "Yuegege"

To seize the market opportunities, the Group continues to expand even in the most difficult year amidst the pandemic. During the Year, the Group has set up two new teams, namely the innovative Aidigong team and the Yuegege team, and launched a new sub-brand for postpartum care centres, "Yuegege".

The innovative Aidigong team opened the Longgang Courtyard under the Aidigong brand in Shenzhen, Guangdong Province in June 2022. The Yuegege team entered the market in Zhuhai, Guangdong Province in May 2022, launched the "Yuegege" brand, and opened Zhuhai Haiwan Centre, the brand's first postpartum care centre. Furthermore, the Yuegege team opened the Yuegege Shengjie Centre in Zhuhai in November 2022. Based on the strong "digital management system for postpartum care centres" and the superb "maternal and infant nursing system" developed by the Group after 16 years, it adopts the operation strategy of strong back-end platform, large and middle platform and small front-end platform, which can not only share experience and resources, unify core standards, but also leverage the initiative of the front line and make flexible deployment and innovation. The new brand "Yuegege" has opened two centres in less than six months after entering the new market of Zhuhai, with the number of monthly orders reaching 55.

Based on the ultra-light asset model, the new teams opened centres under the gradual growth model for rooms

In April 2021, for the first time, the Group commenced the running of postpartum care centres under the ultra-light asset model (i.e. involving the operation of postpartum care centres through the leasing of decorated properties). Property types include independent parks, hotels, hotel apartments, pure apartments and holiday garden villas and others. As the Group is no longer required to take up any decoration, the preparation period for opening Aidigong postpartum care centres is shortened from over six months in the past to within two months. The investment amount of Shenzhen Qiaochengfang Luxury Courtyard, the first Aidigong postpartum care centre under the ultra-light asset model, is over 70% lower than Aidigong postpartum care centres of the same scale in its history with only the spending of RMB15 million to achieve its commencement of business. As of December 2022, the Shenzhen Qiaochengfang Luxury Courtyard has achieved profitability for sixteen consecutive months.

Based on the proven ultra-light asset model, the new teams adopted the gradual growth model for rooms, which not only continues to reduce the initial investment of new postpartum care centres, but also effectively reduces the loss caused by room vacancy in the improvement of occupancy rate of new postpartum care centres, thus further shorten the investment payback period.

Health Industry

Healthcare Industry Investment Business

Yuquan Luofu (禦泉羅浮) ("**Luofu Mountain Project**"), the Health Preservation Residential Project of the Group in Luofu Mountain in which the Group held 51% equity interests previously, is a residential project under construction at the foot of Luofu Mountain, a 5A-class scenic spot in the Guangdong-Hong Kong-Macao Greater Bay Area. Due to the continuing impact of the epidemic and the negative impact of the real estate policy and the overall market, the sales of the villa of the project were not materialised as planned during the period. Considering that the significant decline in the overall sales of the real estate industry would lead to a slow recovery of project capital and that such project still requires substantial funding, on 4 November 2022, the Group completed the disposal of the 51% interest held by the Group in such project so as to focus the Group's resources and efforts on the operation of postpartum care service business. The debt of the Disposal Group, including bank loans of approximately RMB390 million, is unrelated to the Group. For details, please refer to the announcement of the Company dated 28 August 2022.

Other investment projects currently held by the Group include Prance Dragon Medical Group which is owned by the Group as to 9.47%. Prance Dragon Medical Group which owns JP Partners Medical Group, mainly runs medical services in Hong Kong, operating an aggregate of 15 Chinese medical clinics, 14 western medical clinics, 6 dental clinics, 1 wholly-owned endoscopy centre, 4 jointly established endoscopy centres, and provides outreach services to more than 70 elderly homes. Its performance was relatively stable during the Year.

FINANCIAL REVIEW

Results for the Year

Revenue for the Year amounted to HK$679,946,000 (2021: HK$642,573,000), which represented a year-on-year increase of HK$37,373,000 or 5.8%. Gross profit for the Year amounted to approximately HK$98,740,000 (2021: HK$205,412,000), representing a decrease of approximately HK$106,672,000 or 51.9% as compared to the previous year. Gross profit margin of the Group for the Year was 14.5% (2021: 32.0%). The decrease in gross profit for the Year was due to the fact that all postpartum care centres under the Group were affected by COVID-19 pandemic in varying degrees resulting in customers being unable to check in as scheduled, as well as the additional investment expenses for the opening of new brand centres during the Year.

ADMINISTRATIVE EXPENSES

Administrative expenses for the Year were approximately HK$121,023,000 (2021: HK$63,421,000), representing an increase of approximately HK$57,602,000 or 90.8% as compared to last year. Such increase was mainly due to the increase of approximately HK$40,158,000 in non-cash expenses related to the share award scheme.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses for the Year were approximately HK$148,453,000 (2021: HK$107,479,000), representing an increase of approximately HK$40,974,000 or 38.1% as compared to last year. The increase was mainly due to higher investment in brand building during the Year and the additional selling and distribution expenses associated with the opening of centres under new brand.

FINANCE COSTS

Finance costs for the Year were approximately HK$64,571,000 (2021: HK$65,670,000), representing a decrease of approximately HK$1,099,000 or 1.7% as compared to last year. Finance costs mainly include interest on bonds payable of approximately HK$9,866,000 (2021: HK$11,864,000), interest on bank and other borrowings of approximately HK$34,339,000 (2021: HK$34,951,000) and non-cash interest expense on lease liabilities of approximately HK$20,366,000 (2021: HK$18,855,000).

(LOSS)/PROFIT FOR THE YEAR

Net loss for the Year was approximately HK$178,140,000 (2021: profit of HK$34,785,000), representing a decrease of approximately HK$212,925,000, which was mainly because (i) finance costs for the Year amounted to approximately HK$64,571,000, which included non-cash expenses of approximately HK$20,366,000 for interest on lease liabilities; (ii) non-cash expenses related to share award scheme increased by approximately HK$40,158,000; (iii) the gain on disposal of subsidiaries and associates for the Year decreased as compared to the previous financial year; (iv) the disposed real estate operations still incurred expenses until they were sold; and (v) all postpartum care centres under the Group were affected by COVID-19 pandemic in varying degrees, resulting in customers being unable to check in as scheduled, as well as the additional investment expenses for the opening of new brand centres during the Year, and the overall gross profit and profit is affected accordingly.

Basic and diluted loss per Share attributable to the equity holders of the Company for the Year were both HK3.84 cents (2021: basic and diluted earnings per Share: both HK0.13 cents).

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the Year (2021: Nil).

FINANCIAL HIGHLIGHTS

Net asset value

As at 31 December 2022, total net assets of the Group amounted to approximately HK$925,410,000 (2021: HK$1,249,743,000), representing a decrease of HK$324,333,000 as compared to 2021. The decrease was mainly attributable to (i) comprehensive expense of approximately HK$244,727,000 for the Year; and (ii) decrease in minority Shareholders' interests in the business of approximately HK$119,373,000 as a result of disposal of the property business.

As at 31 December 2022, net asset value per issued ordinary Shares of the Company was HK0.21 (2021: HK$0.29).

The current ratio (calculated as current assets to current liabilities) for the Year was 1.06 (2021: 2.03).

Equity

The number of issued ordinary Shares of the Company as at 31 December 2022 was 4,345,014,974 (2021: 4,285,014,974).

On 30 May 2022 and 27 September 2022, pursuant to an incentive agreement (the "**Incentive Agreement**") entered into between the Company and Hongchang International Investment Limited (the "**Zhu Associate**") dated 27 October 2020, the Company issued and awarded to Zhu Associates 60,000,000 incentive shares (the "**Incentive Shares**"). Zhu Associate has undertaken on a voluntary basis to be subject to lock-up undertakings made in favour of the Company, that it will not directly or indirectly transfer, sell or otherwise dispose of the Incentive Shares within three years from the date of issuance of the relevant Incentive Shares. For details, please refer to the paragraph headed "CONNECTED TRANSACTION" in this announcement, circular of the Company dated 8 December 2020 and the announcements of the Company dated 23 May 2022 and 9 September 2022.

Liquidity, financial resources and capital structure

As at 31 December 2022, the Group has a principal amount of HK$80,800,000 (2021: HK$78,000,000) unsecured bonds payable, approximately HK$348,165,000 (2021: HK$758,881,000) secured and guaranteed bank loan, and HK$52,097,000 (2021: HK$35,869,000) unsecured other borrowings.

Save as disclosed above, the Group did not have any other borrowing as at 31 December 2022.

The Group maintained sufficient working capital and cash position for daily operations. Bank and cash balances as at 31 December 2022 amounted to approximately HK$53,847,000 (31 December 2021: HK$87,627,000).

In addition to the above bank and cash balances, as at 31 December 2022, the Group held structured bank deposits ("**SBDs**") of approximately HK$34,022,000 (31 December 2021: HK$69,344,000) 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 ranged from three to seven months.

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 or any other material financial instruments for hedging foreign exchange risks purpose. The Group is not exposed to material fluctuations risks in exchange rates.

As at 31 December 2022, the contract liabilities of the Group mainly comprise of deferred income relating to postpartum care services of approximately HK$156,321,000 (2021: deferred income relating to postpartum care services of approximately HK$148,931,000 and deposit of approximately HK$62,231,000 received from customers for the Luofu Mountain Health Preservation Villa under the real estate business).

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) (formerly known as "Guangdong Common Splendor Health Industry Group Limited (廣東同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 make available to Guangdong Goodtop the loan facilities 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 at 31 December 2022 is approximately RMB309,000,000. Guangdong Goodtop provided share pledge over 88.5184% share interests in Shenzhen Aidigong. The Company and its subsidiaries provided guarantees and Mr. Cheung Wai Kuen ("**Mr. Cheung**"), the executive Director, provided personal guarantees to the loan facilities.

In addition, prior to the disposal of Luofu Mountain Project, Huizhou Huatai Real Estate Co., Ltd.(惠州市驊泰置業有限公司)(“**Huizhou Huatai Real Estate**”), a wholly owned subsidiary of Guangdong Huatai Health Industry Co., Ltd.*(廣東驊泰健康產業有限公司)(“**Guangdong Huatai**”) which was in turn owned as to 51% by Dongguan Dongdi Health Industry Co., Ltd. *(東莞市東帝健康產業有限公司)(“**Dongguan Dongdi**”), an indirect wholly-owned subsidiary of the Company, obtained loan facilities of an aggregate amount of approximately RMB400 million from DRC Bank for the development of the project in Luofu Mountain. The Group provided guarantees and Mr. Cheung provided personal guarantees to the loan facilities and the bank facilities were secured by the subsidiaries of the Company. On 28 August 2022, Dongguan Dongdi entered into an equity transfer agreement with an independent third party to dispose the 51% of the equity interest in Guangdong Huatai it held, upon which, Guangdong Huatai will cease to be a subsidiary of the Group and guarantees provided by the Group and Mr. Cheung shall be released accordingly. Please refer to the announcement of the Company dated 28 August 2022 and the paragraph headed “MATERIAL ACQUISITIONS AND DISPOSALS” in this announcement.

The provision of such personal guarantees constitutes financial assistance to the Group under Chapter 14A of the 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.

Save as disclosed above, no asset was pledged by the Group as at 31 December 2022.

Contingent liabilities

The Group did not have any material contingent liabilities for the Year.

Material disposals of subsidiaries

Reference is made to the announcement of the Company dated 28 August 2022. On 28 August 2022, the Company entered into a share transfer agreement with an independent third party purchaser to dispose the entire issued share capital in Dongguan Dongdi (together with its subsidiaries, collectively, the "**Disposal Group**") at a consideration of RMB90 million. After the completion of the disposal, the Company ceased to hold any interest in the Disposal Group, and accordingly, the financial results of the Disposal Group will no longer be consolidated into the consolidated financial statements. Owing to the aforesaid disposal during the Year, the Group recorded a gain on disposal of subsidiaries of approximately HK$4,793,000.

Events after reporting period

On 23 March 2023, all conditions precedent set out in the preference share subscription agreement ("**Subscription Agreement**") have been fulfilled and completion took place in accordance with the terms and conditions of the Subscription Agreement. 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, an affiliate of Zhuhai Deyou Bohui Enterprise Management Consulting Center (Limited Partnership) (珠海德祐博暉企業管理諮詢中心(有限合夥)), at an aggregate consideration of HK$224,719,101.6. Based on the initial conversion price, a maximum number of 374,531,836 conversion shares shall be allotted and issued upon full conversion of all the convertible preference shares. Please refer to the announcement of the Company dated 23 March 2023 for details.

Save as disclosed above, the Company has no significant event affecting the Group and requiring disclosure subsequent to 31 December 2022 and up to the date of this announcement.

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 the PRC. 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 are mainly denominated in RMB.

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 Year. Under code provision C.2.1 of the CG Code, the roles of chairman and 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 chairman and 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 and supervision of the senior management and the Board, which, apart from Ms. Zhu Yufei being the executive Director, comprises four executive Directors, two non-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.

Purchase, sale or redemption of the company's listed securities

Pursuant to the rules of the share award scheme of the Company and terms of the trust deed entered into between the Company and the trustee, the trustee of the Company's Scheme purchased on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") a total of 3,776,000 shares of the Company at a total consideration of HK$1,373,000 to satisfy the award of shares to selected employees.

Details of the purchases on the Stock Exchange during the Year are as follows:

Month of purchase	Number of shares purchased	Price per share Highest	Price per share Lowest	Aggregate price
		HK$	*HK$*	*HK$'000*
May 2022	2,980,000	0.375	0.345	1,078
June 2022	796,000	0.370	0.370	295

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

SCOPE OF WORK OF THE AUDITORS

The financial figures in this announcement of the Company's results for the Year have been agreed by the auditors of the Company, HLB Hodgson Impey Cheng Limited (the "**Auditors**"). The work performed by the Auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Assurance Engagements issued by the HKICPA, and consequently no assurance has been expressed by the Auditors in this announcement.

REVIEW OF THE CONSOLIDATED FINANCIAL STATEMENTS

The audit committee of the Company (the "**Audit Committee**") has reviewed and the Auditors have audited the consolidated financial statements of the Company (the "**Consolidated Financial Statements**") and the results for the Year. Based on this review and discussions with the management, the Audit Committee was satisfied that the Consolidated Financial Statements were prepared in accordance with applicable accounting standards and fairly present the financial position and results of the Group for the Year.

PUBLICATION OF 2022 ANNUAL REPORT

The Company's annual report for the Year containing relevant information required by Appendix 16 to the Listing Rules will be published on the websites of the Stock Exchange and the Company and will be despatched to the shareholders of the Company in due course.

APPRECIATION

We would like to take this opportunity to express our gratitude to the shareholders of the Company for their continued 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 March 2023

As at the date of this announcement, the Board comprises Ms. Zhu Yufei, Mr. Cheung Wai Kuen, Mr. Lin Jiang, Mr. Li Runping and Ms. Meng Lijia as executive Directors; Mr. Guo Qifei and Ms. Liang Linmin as non-executive Directors; and Ms. Yu Lin, Mr. Wong Yiu Kit, Ernest, Mr. Huang Wenhua and Mr. Wang Qingyu as independent non-executive Directors.