**愛 帝 宮 母 嬰 健 康 股 份 有 限 公 司**

**AIDIGONG MATERNAL & CHILD HEALTH LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 286)**

# INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 as follows:

## FINANCIAL HIGHLIGHTS

| | **For the six months ended 30 June** | |
|---|---|---|
| | **2023** | 2022 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| Revenue | **307,229** | 328,791 |
| Gross profit | **93,178** | 55,190 |
| Gross profit margin | **30.3%** | 16.8% |
| Operating profit/(loss) | **13,535** | (34,839) |
| Loss for the period | **(22,925)** | (61,965) |
| Adjusted EBITDA | **30,774** | (5,181) |

# MANAGEMENT DISCUSSION AND ANALYSIS

## Chairman's Statement

Dear Shareholders,

We are pleased to present the interim results of the Group for the Period to the shareholders of the Company (the "**Shareholders**").

In the Chairman's Statement in this announcement, 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 for their dedication and valuable contributions to the Group.

## 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; and (2) ultra-light asset model of operation adopted by new centres further reduced the initial investment in new centres and optimise 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 |

***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 announcement, 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 Yuegege 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 it can open centres 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.

### 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 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 further reduced the initial investment in new centres and optimise the financial model for matured centres, resulting in 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.

**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 further reduced the intials investment in new centres and optimise 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).

### 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 has 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 as the total of bank and other borrowings, convertible preference shares, bonds payable and leasing liabilities divided 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 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.

### 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 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).

## MATERIAL ACQUISITIONS AND DISPOSALS

During the Period, the Group did not make any material acquisitions and disposals of subsidiaries and associates.

## 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. Pursuant to the subscription agreement date 9 September 2022, 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, Zhuhai Deyou Bohui Enterprise Management Consulting Centre (Limited Partership)*（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. 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.

## DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

## ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

## 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.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | | **For the six months ended 30 June** | |
|---|---|---|---|
| | | **2023** | 2022 |
| | | **(Unaudited)** | (Unaudited) |
| | *Notes* | ***HK$'000*** | *HK$'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) |

| | | For the six months ended 30 June | |
|---|---|---|---|
| | | **2023** | 2022 |
| | | **(Unaudited)** | (Unaudited) |
| | *Notes* | ***HK$'000*** | *HK$'000* |
| **Other comprehensive expense, net of income tax** | | | |
| *Items that may be reclassified subsequent to profit or loss* | | | |
| Exchange differences on translating foreign operations during the period | | **(32,841)** | (27,027) |
| *Items that will not be reclassified subsequently to profit or loss* | | | |
| 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) |
| **(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

| | Notes | **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 | | **736,319** | 738,378 |
| Goodwill | | **399,928** | 401,414 |
| Interests in associates | | **1,393** | 1,410 |
| Other receivables | *10* | **54,301** | 68,975 |
| Deferred tax assets | | **39,290** | 44,031 |
| | | **1,604,077** | 1,738,899 |
| **Current assets** | | | |
| Deposits, prepayments and other receivables | *10* | **433,815** | 378,553 |
| Trade receivables | *11* | **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 | *12* | **39,203** | 31,233 |
| Accruals and other payables | *13* | **37,858** | 80,203 |
| Contract liabilities | *13* | **137,590** | 156,321 |
| Lease liabilities | | **105,576** | 132,853 |
| Bank and other borrowings | | **69,647** | 32,676 |
| Bonds payable | | **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 |

| | Notes | 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 | | **303,629** | 367,586 |
| Lease liabilities | | **182,794** | 270,862 |
| Bonds payable | | **32,436** | 50,148 |
| | | **825,315** | 842,444 |
| | | **1,757,953** | 1,767,854 |

# 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 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.

## 3. REVENUE

| | For the six months ended 30 June | |
|---|---|---|
| | **2023** | 2022 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'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 period of one year or less, as permitted by practical expedient under HKFRS 15, and 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, focuses 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 |

"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** | 2022 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (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) |

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.*

**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.*

**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** |

**As at 31 December 2022**

**Segment asset and liabilities**

| | Postpartum Care Services<br>*HK$'000*<br>(Audited) | Health Industry<br>*HK$'000*<br>(Audited) | Others<br>*HK$'000*<br>(Audited) | Consolidated<br>*HK$'000*<br>(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.

**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** *(note)* | |
|---|---|---|---|---|
| | **2023** | 2022 | **30 June 2023** | 31 December 2022 |
| | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Audited) |
| | ***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) | **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.

## 5. OTHER INCOME

| | For the six months ended 30 June | |
|---|---|---|
| | **2023** | 2022 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'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** | 2022 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'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 |

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

## 7. LOSS FOR THE PERIOD

| | **For the six months ended 30 June** | |
|---|---|---|
| | **2023** | 2022 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'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 |

## 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** | 2022 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| *Loss* | | |
| 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) |
| *Number of shares ('000)* | | |
| 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. 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 |
| *Less:* Allowance for expected credit losses | **(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 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%.

## 11. TRADE RECEIVABLES

| | **30 June 2023 (Unaudited)** | 31 December 2022 (Audited) |
|---|---|---|
| | ***HK$'000*** | *HK$'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)** | 31 December 2022 (Audited) |
|---|---|---|
| | ***HK$'000*** | *HK$'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 |

## 12. 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** | 31 December 2022 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | ***HK$'000*** | *HK$'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.

## 13. ACCRUALS AND OTHER PAYABLES/CONTRACT LIABILITIES

### (a) Accruals and other payables

| | **30 June 2023** | 31 December 2022 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | ***HK$'000*** | *HK$'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).

**(b) Contract liabilities**

| | **30 June 2023** | 31 December 2022 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | ***HK$'000*** | *HK$'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.

## 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. The Company had complied with the code provisions set out in the CG Code during the Period. 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 CEO in the same person is beneficial to the business prospects and management of the Group. The check and balance of power and authority are ensured by the operation of the senior management and the Board, which, 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.

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

Pursuant to the terms of the rules and trust deed of 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 Highest | Price per Share Lowest | Aggregate price |
|---|---|---|---|---|
| | | *HK$* | *HK$* | *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.

## SUPPLEMENTAL INFORMATION IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Reference is made to the annual report of the Company for the year ended 31 December 2022 (the "**2022 Annual Report**"). Unless otherwise defined herein, capitalised terms herein shall have the same meanings as those defined in the 2022 Annual Report. In addition to the information contained in the 2022 Annual Report, the Board would like to provide the following supplementary information in respect of the Scheme to the Shareholders and potential investors of the Company.

**Details of the Scheme for the year ended 31 December 2022**

***(1) Purposes and objectives***

The purposes and objectives of the Scheme are to recognize the contribution by certain eligible persons 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.

***(2) Eligible persons***

Eligible persons include any individual, being an employee, a director, officer, consultant or adviser of any member of the Group or any other person whom the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to the Group.

***(3) The total number of shares available for issue and grant under the Scheme mandate***

Subject to the relevant rules of the Scheme, the Board may cause new shares be allotted and issued under the scheme mandate or the general mandate granted to the Board from time to time, or instruct the trustee in writing to purchase Shares on the Stock Exchange out of the trust fund.

As at the date of the 2022 Annual Report, the scheme mandate has already expired and the Board may only cause new shares be allotted and issued under the general mandate granted to the Board by the Shareholders on 28 June 2022. The number of Shares available for issue under the Scheme as at the date of the 2022 Annual Report was 431,501,497, representing approximately 10% of the total issued Shares of the Company as at the date of the 2022 Annual Report.

The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the year ended 31 December 2022 divided by the weighted average number of Shares of the relevant class in issue for the year ended 31 December 2022 is approximately 0.015.

Under the rules of the Scheme, there is no specified limit on the maximum number of awarded Shares which may be granted to a single selected participant under the Scheme.

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 Scheme with a number of exercising conditions for the grantees who can only exercise their award Shares upon fulfilling the conditions (unless exempt from the Company is obtained). As at the date of the 2022 Annual Report, none of such award Shares has been exercised. For further details of the granted 63,500,000 award Shares, please refer to note 36 of the 2022 Annual Report.

On 1 January 2022 and 20 September 2022, the Company awarded for an aggregate of 2,100,000 shares and 2,900,000 shares to the consultant of the Company, respectively. These Shares were purchased on the open market. Such Shares represent approximately 0.116% of the weighted average number of the Shares in issue of the Company.

| | Date of Grant | Number of awards unvested as at 1 January 2022 | Number of awards granted during the year | Fair value of awards at the date of grant *(HKD)* | Vesting period | Number of awards vested during the year | Number of awards unvested as at 1 January 2022 | Number of awards unvested as at 31 December 2022 | Closing price of shares immediately before the date on which awards were granted *(HKD)* |
|---|---|---|---|---|---|---|---|---|---|
| Consultant | 1 January 2022 | – | 2,100,000 | 0.86 | N/A | 2,100,000 | – | – | 0.86 |
| | 20 September 2022 | – | 2,900,000 | 0.475 | N/A | 2,900,000 | – | – | 0.46 |

During the year ended 31 December 2022, the Company has not granted any award Shares to the Directors nor the five highest paid individual.

***(4) Vesting period of awarded shares***

The Board may from time to time while the Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the award to be vested.

Subject to the terms and conditions of the Scheme and the fulfilment of all vesting conditions to the vesting of the awarded Shares of the Company on such selected participant, the respective awarded Shares of the Company shall vest in such selected participant.

***(5) Payment on acceptance of award***

Save for the subscription price as agreed in the relevant award agreement, participants are not required to pay any amount upon acceptance of the award.

***(6) The basis of determining the purchase price of shares awarded***

The subscription price per share shall be determined by the Board and set out in the award agreement which is related to the market value per Share of the Company.

The above supplemental information does not affect other information contained in the 2022 Annual Report. Save as disclosed above, all other information in the 2022 Annual Report remains unchanged.

## MODEL CODE FOR SECURITIES TRANSACTIONS

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

## REVIEW BY AUDIT COMMITTEE

The interim results for the Period are unaudited and have not been reviewed by the 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.

## EVENTS AFTER THE REPORTING PERIOD

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

## APPRECIATION

We would like to take this opportunity to express our gratitude to the Shareholders 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

*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.*