



AIDIGONG MATERNAL & CHILD HEALTH LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 286)



Interim Report
2024

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Corporate Information

DIRECTORS

EXECUTIVE DIRECTORS

Ms. Wang Aier (*Chairman and Chief Executive Officer*)
(Appointed on 7 April 2024)
Mr. Lin Jiang
Mr. Li Runping
Ms. Meng Lijia
Mr. Cheung Wai Kuen (Resigned on 7 April 2024)
Ms. Kai Xiang Mei (Resigned on 7 April 2024)

NON-EXECUTIVE DIRECTORS

Mr. Lee Kar Lung (Appointed on 7 April 2024)
Ms. Liang Linmin (Resigned on 7 April 2024)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Yiu Kit, Ernest
Mr. Lam Chi Wing
Mr. Shan Guoxin (Appointed on 5 July 2024)
Mr. Wang Qingyu (Resigned on 7 April 2024)

AUDIT COMMITTEE

Mr. Wong Yiu Kit, Ernest (*Chairman*)
Mr. Lam Chi Wing
Mr. Shan Guoxin (Appointed on 5 July 2024)
Mr. Huang Wenhua (Resigned on 7 April 2024)

REMUNERATION COMMITTEE

Mr. Lam Chi Wing (*Chairman*)
Mr. Wong Yiu Kit, Ernest
Mr. Shan Guoxin (Appointed on 5 July 2024)
Mr. Huang Wenhua (Resigned on 7 April 2024)

NOMINATION COMMITTEE

Ms. Wang Aier (*Chairman*) (Appointed on 7 April 2024)
Mr. Lam Chi Wing
Mr. Shan Guoxin (Appointed on 5 July 2024)
Mr. Cheung Wai Kuen (Resigned on 7 April 2024)
Mr. Huang Wenhua (Resigned on 7 April 2024)

COMPANY SECRETARY

Mr. Wong Wing Cheung

AUDITOR

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

PRINCIPAL BANKERS

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

PLACE OF INCORPORATION

Bermuda

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL OFFICE

Unit 3607, 36th Floor, China Resources Building,
26 Harbour Road, Wan Chai, Hong Kong

PRINCIPAL REGISTRAR AND TRANSFER OFFICE

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

BRANCH REGISTRAR AND TRANSFER OFFICE

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

WEBSITE

www.aidigong.hk

STOCK CODE

286

BOARD LOT

2,000 shares

INVESTOR RELATIONS

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Chairman's Statement

Dear Shareholders:

We hereby present the interim results of Aidigong Maternal & Child Health Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024 (the “**Period**”) to the shareholders of the Company (the “**Shareholders**”).

In the first half of 2024, China's GDP achieved a growth rate of 5%*, while total retail sales, total consumption of services and per capita income all showed growth of a certain magnitude, and despite the difficulties of insufficient domestic demand, the overall economic operation remained stable. The fact that the number of births in China has continued to decline and the country has entered a lower level of total fertility rate should not be ignored. The country has continued to introduce new incentives to address the population issue, and the Third Plenary Session of the 20th Central Committee of the Communist Party of China has clearly proposed the policy objective of “improving the policy system and incentive mechanism for supporting childbirth, and promoting the construction of a birth-friendly society”. At the same time, the shortfall of births reduced by the epidemic in the second half of 2023 was start to be made up gradually in 2024, coupling with the impact of the traditional small peak of births in the Year of Dragon under lunar calendar, the external environment for the development of the maternal and child industry in the first half of 2024 was generally favorable. However, we also note that the spending power and consumption level of customers in the maternal and child industry, especially the postpartum care industry, have declined to a certain extent, and the situation of a large number of industry participants, varying service levels and intensified competition in the development of the industry still persists. How to continuously provide products and services that meet the market demand and stand out from the competition is a question faced by every industry practitioner.

Based on the macro and industry development environment and the Group's own situation, in the first half of 2024, the Group carried out relevant work mainly in the areas of consolidating the foundation for development, resolving the debt problem, and continuously opening up new sources of income and reducing expenditure.

Firstly, good corporate governance is the foundation of the Company's long-term sustainable development. In order to further enhance the Company's governance standard and capability, the board of directors of the Company (the “**Board**”) made significant changes in the first half of the year by reducing the number of directors and introducing more directors with industry experience and excellent corporate management capability, with a view to further enhancing the Board's decision-making and management capability. At the same time, the Board of Directors also conducted ongoing communication and discussion with the management of our subsidiaries to further improve the governance structure and management level of the Company and its subsidiaries, with a view to laying a solid foundation for the long-term sustainable development of the Group's business in the future.

Secondly, in response to the external debt repayment problem caused by the epidemic, the Company implemented a three-for-one rights issue financing plan and received enthusiastic participation and support from Shareholders, which effectively alleviated the debt problems faced by the Group. Meanwhile, the management of the Company has actively communicated with the major creditors of the Group and received positive feedback and support, and also initiated a placing proposal for the issuance of 30% of the Company's shares based on the Group's future capital requirements, which was approved by the special general meeting held on 25 July 2024, and the relevant placing is proceeding according to the plan, and it is expected that the external debt problem which has been troubling the sustainable development of the Group will be resolved in a sustained and effective manner.

* Source: National Bureau of Statistics of China



Chairman's Statement *(Continued)*

Thirdly, faced with an increasingly competitive external environment, the Group maintained its strategic stability and continued to forge ahead. In the first half of the year, the Group completed its entry into two cities, Foshan and Chongqing, and the Group's core postpartum care service business expanded to a scale of 21 centres in 12 cities. The Group has also been exploring and developing its postpartum care products and services business, and has achieved certain progress and results, with the work in progress steadily. In addition, the Group did not forget to reduce costs and increase efficiency while opening up new sources of income. Through continuous optimization of the business model and process methodology, the level of the Group's related expenses was continuously controlled and optimized, which further strengthened the Group's competitiveness in the industry.

Looking back at the first half of 2024, despite the efforts we made, we are still facing a lot of external pressure and the Group did not achieve satisfactory operating results. Looking ahead to the second half of 2024, we are neither optimistic nor pessimistic about the development of the external environment, and keep a clear understanding of our own development strengths and problems. We understand that problems need to be solved through development, and our capabilities need to be honed and improved through hard work. We will face up to the problems and competition head-on, unite and gather the strengths of all parties, further sort out the goal of development and improve the work plan, join forces, continue to work hard and move forward steadily to satisfy our customers with better products and services, satisfy our employees and partners with better development and growth, and satisfy our shareholders with better operating results.

We would like to express our heartfelt gratitude to our shareholders for their permanent support, as well as to the directors of the Company and those who have made valuable contributions to the Group.

Management Discussion and Analysis

BUSINESS REVIEW

POSTPARTUM CARE SERVICES BUSINESS

During the Period, the revenue of the postpartum care services business decreased by 10.6% year-on-year to HK\$274.7 million. The decrease in revenue was mainly attributable to, among other things, (i) a decrease in revenue due to the depreciation of the exchange rate of RMB against Hong Kong dollar; (ii) the adverse macroeconomic impact, customers were more cautious in spending, resulting in a decrease in the Group's revenue during the Period; and (iii) the loss attributable to the newly opened postpartum care centres which are still in the early stage of opening and their occupancy rate is in the process of growing, thus eroding the profits of existing centres and affecting the overall profits.

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

City	Brand	As at 30 June 2024 Centres	As at 31 December 2023 Centres
Shenzhen	Aidigong	6	6
Beijing	Aidigong	2	2
Chengdu	Aidigong	2	2
Zhuhai	Yuegege	3	2
Xiamen	Aidigong	1	1
Dongguan	Aidigong	1	1
Wuxi	Yuegege	1	1
Quanzhou	Combined Aidigong	1	1
Guangzhou	Aidigong	1	1
Fuzhou	Combined Aidigong	1	1
Foshan	Aidigong	1	-
Chongqing	Combined Aidigong	1	-
Total		21	18

ESTABLISHING PRESENCE IN CITIES AND SETTING UP NEW CENTRES SIMULTANEOUSLY TO CONSTANTLY INCREASE MARKET SHARE

The Group continued its strategy of “Establishing Presence in 50 Cities in Five Years”. On one hand, the Group accelerated the coverage in major cities across the country and increased their coverage; on the other hand, it continued to intensively cultivate and increase market share in the cities already covered.

In 2024, in terms of new city coverage, the innovative Aidigong business division opened the No.1 Centre in Foshan of postpartum care centres under the Aidigong brand at Oakwood Residence Foshan, and the combined Aidigong business division established a service centre under the combined Aidigong brand in Chongqing. In respect of intensive cultivation in the cities already covered, the business division of Yuegege brand established its presence and set up a new centre in Zhuhai Yindo Grand Jasper Hotel once again in the same city, namely No. 3 Centre in Zhuhai, which proved the successful strategy of “Establishing Presence in 50 Cities in Five Years” with intensive focus on cities. As of the date of this report, a total of 21 centres are opened and operating and the Group has achieved market coverage in 12 cities, namely Shenzhen, Beijing, Chengdu, Zhuhai, Xiamen, Dongguan, Wuxi, Quanzhou, Guangzhou, Fuzhou, Foshan and Chongqing.

Management Discussion and Analysis *(Continued)*

FINANCIAL REVIEW

REVENUE AND GROSS PROFIT

Revenue for the Period was approximately HK\$274,735,000 (corresponding period in 2023: HK\$307,229,000), representing a decrease of approximately HK\$32,494,000 or 10.6% as compared to the corresponding period in 2023. The decrease in revenue was mainly due to (i) a decrease in revenue due to the depreciation of the exchange rate of RMB against Hong Kong dollar and (ii) the adverse macroeconomic impact, customers were more cautious in spending, resulting in a decrease in the Group revenue during the Period. Gross profit for the Period was approximately HK\$70,173,000 (corresponding period in 2023: HK\$93,178,000), representing a decrease of approximately HK\$23,005,000 or 24.7% as compared to that of the corresponding period in 2023. The gross profit margin of the Group for the Period was 25.5% (corresponding period in 2023: 30.3%). The decrease in gross profit margin for the Period was attributable to the fact that the newly opened postpartum care centres were still in the rising and improving process and their operating efficiency was not as good as existing centres, thus eroding the gross profit margin of existing centres and affecting the overall gross profit margin for the Period.

ADMINISTRATIVE EXPENSES

Administrative expenses for the Period were approximately HK\$35,578,000 (corresponding period in 2023: HK\$30,631,000), representing an increase of approximately HK\$4,947,000 or 16.2% as compared to that of the corresponding period in 2023. Such an increase was mainly because the Group continued to implement the strategy of “Establishing presence in 50 Cities in Five Years” and accelerated the expansion of its Presence in major cities across the country in an effort to increase its market share, resulting in a slight increase in administrative and management costs for the Period.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses for the Period were approximately HK\$57,213,000 (corresponding period in 2023: HK\$58,759,000), representing a decrease of approximately HK\$1,546,000 or 2.6% as compared to that of the corresponding period in 2023. 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 2023.

FINANCE COSTS

Finance costs for the Period were approximately HK\$24,059,000 (corresponding period in 2023: HK\$31,942,000), representing a decrease of approximately HK\$7,883,000 or 24.7% as compared to that of the corresponding period in 2023. Finance costs mainly include interest on bonds payable of approximately HK\$2,920,000 (corresponding period in 2023: HK\$3,953,000), interest on bank and other borrowings of approximately HK\$10,854,000 (corresponding period in 2023: HK\$16,490,000), non-cash interest expense on lease liabilities of approximately HK\$5,962,000 (corresponding period in 2023: HK\$9,036,000) and interest on convertible preference shares of approximately HK\$4,323,000 (corresponding period in 2023: HK\$2,463,000). The decrease in finance costs was mainly due to the decrease in interests on other borrowings and interest expenses on lease liabilities.

Management Discussion and Analysis *(Continued)*

FINANCIAL REVIEW *(CONTINUED)*

LOSS FOR THE PERIOD

Net loss for the Period was approximately HK\$39,355,000 (corresponding period in 2023: net loss of HK\$22,925,000), representing an increase of approximately HK\$16,430,000, which was mainly attributable to, among other things, (i) a decrease in revenue due to the depreciation of the exchange rate of RMB against Hong Kong dollar; (ii) the adverse macroeconomic impact, customers were more cautious in spending, resulting in a decrease in the Group's revenue during the Period and (iii) the loss attributable to the newly opened postpartum care centres which are still in the early stage of opening and in the process of growing, thus eroding the profits of other existing centres and affecting the overall profits.

Basic and diluted loss per share attributable to the owners of the Company for the Period were both HK0.81 cents (corresponding period in 2023: basic and diluted loss per share: both HK0.54 cents).

RECONCILIATION OF NON-HKFRS MEASURES WITH THE NEAREST MEASURE PREPARED IN ACCORDANCE WITH HKFRS

To supplement our consolidated results which are prepared and presented in accordance with HKFRS, we also use adjusted profit/(loss) as additional financial measures, which are not required by, or presented in accordance with HKFRS. We believe that these non-HKFRS measures facilitate comparisons of operating performance from period to period by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance. The use of these non-HKFRS measures has limitations as an analytical tool, and one should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under HKFRS. In addition, these non-HKFRS measures may be defined differently from similar terms used by other companies.

Adjusted profit/(loss) represent profit/(loss) for the period adjusted for: (i) interest on structured deposits, some finance cost and deferred tax; and (ii) certain non-cash or one-off items, including depreciation and amortization costs and certain impairment provision.

Management Discussion and Analysis *(Continued)*

FINANCIAL REVIEW *(CONTINUED)*

RECONCILIATION OF NON-HKFRS MEASURES WITH THE NEAREST MEASURE PREPARED IN ACCORDANCE WITH HKFRS (CONTINUED)

The table below sets out a reconciliation of non-HKFRS measures with the nearest measure prepared in accordance with HKFRS for the years 2024 and 2023.

	For the six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Loss for the period	(39,355)	(22,925)
Adjusted for:		
Allowance for expected credit losses on financial assets	2,882	1,242
Depreciation and amortization costs	13,656	15,997
Finance cost		
– Interest on bonds payable	2,920	3,953
– Interest on bank and other borrowings	10,854	16,490
– Finance costs on convertible preference shares	4,323	2,463
Deferred tax	(1,138)	1,160
Interest on structured deposits	(361)	(396)
Adjusted (loss)/profit	(6,219)	17,984

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Period (corresponding period in 2023: Nil).

Management Discussion and Analysis *(Continued)*

FINANCIAL HIGHLIGHT

NET ASSETS VALUE

As at 30 June 2024, the net assets value of the Group were approximately HK\$757,907,000 (31 December 2023: HK\$755,949,000), representing an increase of approximately HK\$1,958,000 as compared to the net assets value of the Group as at 31 December 2023. Such increase was mainly due to the increase in equity interest of approximately HK\$56,300,000 as a result of the completion of the allotment and issue of 1,478,338,324 new shares by the Company on 14 May 2024 pursuant to the rights issue at HK\$0.042 per Rights Share on the basis of 1 Share for every 3 issued Shares held, and offset by comprehensive expenses of approximately HK\$54,342,000 for the Period.

Net assets value per issued ordinary share of the Company as at 30 June 2024 was approximately HK\$0.13 (31 December 2023: HK\$0.17).

As at 30 June 2024, the current ratio of the Group (calculated as current assets divided by current liabilities) was 1.07 (31 December 2023: 1.16).

EQUITY

The number of issued ordinary shares of the Company (the “**Shares**”) as at 30 June 2024 was 5,913,353,298 (31 December 2023: 4,435,014,974). Such increase was due to the allotment and issue of 1,478,338,324 new shares by the Company on 14 May 2024 pursuant to rights issue at HK\$0.042 per Rights Share on the basis of 1 Share for every 3 issued Shares held, details of which are set out in the prospectus of the Company dated 19 April 2024.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2024, the Group had a principal amount of HK\$45,000,000 (31 December 2023: HK\$65,200,000) of unsecured bonds payable, approximately HK\$313,303,000 (31 December 2023: HK\$327,809,000) of secured bank loan and HK\$3,224,000 (31 December 2023: HK\$3,000,000 of unsecured other borrowings) of unsecured bank borrowings.

Save as disclosed above, the Group did not have any other borrowing as at 30 June 2024. The gearing ratio of the Group was 0.78 as at 30 June 2024 (31 December 2023: 0.83). The gearing ratio is calculated by dividing the total of bank and other borrowings, convertible preference shares and bonds payable by the total equity.

The Group maintains sufficient working capital and cash position for daily operations. Bank and cash balances of the Group as at 30 June 2024 amounted to approximately HK\$70,897,000 (31 December 2023: HK\$80,303,000).

Management Discussion and Analysis *(Continued)*

FINANCIAL HIGHLIGHT *(CONTINUED)*

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE (CONTINUED)

In addition to the above bank and cash balances, as at 30 June 2024, the Group held structured bank deposits (“SBDs”) of approximately HK\$21,496,000 (31 December 2023: approximately HK\$20,009,000) 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 SBDs are principal protected, either redeemable on demand or have a maturity date ranging from two to three months.

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

REMUNERATION POLICIES, SHARE OPTION SCHEME AND SHARE AWARD SCHEME

As at 30 June 2024, the Group had 1,338 employees (31 December 2023: 1,311) in total. It is the Group’s policy to recruit the right person for each position based on the person’s qualification and experience. The remuneration of each employee is reviewed every year based on the performance of the employee with reference to the prevailing market conditions. During the Period, total staff costs excluding Directors’ emolument were approximately HK\$118,485,000 (2023: HK\$112,396,000).

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

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

Management Discussion and Analysis *(Continued)*

FINANCIAL HIGHLIGHT *(CONTINUED)*

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

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

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

As at 1 January 2024 and 30 June 2024, the number of shares available for issue under the Share Option Scheme was 434,501,497, representing approximately 7.3% of the total number of shares in issue of the Company as at 30 June 2024 respectively. The weighted average number derived from dividing the number of shares that may be issued pursuant to share options and awards granted under all share schemes of the Company for the Period by the number of relevant class shares in issue at 30 June 2024 is approximately 0.013.

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

Management Discussion and Analysis *(Continued)*

FINANCIAL HIGHLIGHT *(CONTINUED)*

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

On 12 November 2021, the Company granted 63,500,000 award shares to 69 selected persons thereunder in the form of issue of shares under general mandate pursuant to the Share Award Scheme. The Company has set a number of exercising conditions for the grantees who can only exercise their award shares upon fulfilling the conditions (unless an exemption from the Company is obtained). Pursuant to one of the exercising conditions, the grantees may exercise 30% of the awarded shares after 12 months, 30% of the awarded shares after 24 months and 40% of the award shares after 36 months from the date of issuance of the share award. For the period ended 30 June 2024, none of such award shares were exercised.

	Date of grant	Outstanding at 1 January 2024	Movement during the period			Outstanding at 30 June 2024	Exercising period
			Granted	Exercised	Lapsed		
Employees and others	12 November 2021	19,050,000	-	-	-	19,050,000	48 months from 12 November 2021
	12 November 2021	19,050,000	-	-	-	19,050,000	48 months from 12 November 2021
	12 November 2021	25,400,000	-	-	-	25,400,000	48 months from 12 November 2021
	Total	63,500,000	-	-	-	63,500,000	

During the Period, no award shares were granted to anyone including but not limited to the Directors and the five highest paid individuals by the Company.

Management Discussion and Analysis *(Continued)*

FINANCIAL HIGHLIGHT *(CONTINUED)*

PLEDGE OF ASSETS

Reference is made to the Company's announcement dated 16 September 2019 regarding, among other things, the loan agreements entered into between Guangdong Goodtop Health Industry Group Limited (廣東萬佳健康產業集團有限公司) ("**Guangdong Goodtop**"), a wholly-owned subsidiary of the Company, as borrower, with Dongguan Rural Commercial Bank Co., Ltd. ("**DRC Bank**"), as lender, pursuant to which, DRC Bank, Donglian Branch agreed to grant loan facilities to Guangdong Goodtop to acquire Shenzhen Aidigong Maternity Health Management Co., Ltd.* (深圳愛帝宮母嬰健康管理有限公司) ("**Shenzhen Aidigong**"). The balance of such loan as at 30 June 2024 was approximately RMB291,500,000. Guangdong Goodtop provided a share pledge of over 94.95% interests in Shenzhen Aidigong. The Company and its subsidiaries provided guarantees and Mr. Cheung Wai Kuen, an executive Director (who resigned in April 2024), 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.

Save as disclosed above, no other assets were pledged by the Group as at 30 June 2024 and 31 December 2023.

CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any material contingent liability (31 December 2023: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS

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

Management Discussion and Analysis (Continued)

OTHER INFORMATION

COMPLETION OF THE RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY THREE (3) EXISTING SHARES HELD ON THE RECORD DATE

On 20 March 2024, the Board proposed a rights issue (the “Rights Issue”) on the basis of one (1) Rights Share for every three (3) existing Shares held on 18 April 2024 (the “Rights Shares”) on the Record Date at a subscription price of HK\$0.042 per Rights Share to raise up to approximately HK\$62.09 million (before expenses) by issuing up to 1,478,338,324 Rights Shares. On 14 May 2024, the Rights Issue was completed and 1,478,338,324 Rights Shares were issued. The net proceeds raised from the Rights Issue amounted to approximately HK\$56.30 million. Relevant details were set out in the prospectus of the Company dated 19 April 2024.

	Utilisation for the financial period ended 30 June 2024 HK\$ (million) (Approximate)	Intended application of unutilised net proceeds HK\$ (million) (Approximate)	Total HK\$ (million) (Approximate)
Repayment of outstanding indebtedness of the Group	39.7	–	39.7
Expansion of the Group's postpartum care service business	5.0	3.1	8.1
General working capital	4.5	4.0	8.5
Total	49.2	7.1	56.3

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

The unutilised net proceeds above are expected to be utilised by the first quarter of 2025, which is based on the Director's best estimation barring any unforeseen circumstances, and may be subject to change based on the future development of market conditions. Should there be any change in the intended use of the unutilised net proceeds, the Company will make appropriate announcements in due course.

Management Discussion and Analysis (Continued)

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

As at 30 June 2024, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, laws of Hong Kong) (“SFO”) or pursuant to section 352 of the SFO, to be entered into the register maintained by the Company, or otherwise required to notify the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) are as follows:

Name of Director	Number of Shares		Total	Capacity	Note	Percentage of issued share capital
	Ordinary Shares of the Company	Underlying Shares of the Company				
Ms. Wang Aier	535,216,505	–	535,216,505 (L)	Secured equity holder	1	9.05%
Mr. Lee Kar Lung	372,989,671 200,000,000	– –	372,989,671 (L) 200,000,000 (L)	Secured equity holder Beneficial owner	2 2	6.31% 3.38%

Notes:

- (1) Ms. Wang Aier, an executive director of the Company, was deemed to be interested in 535,216,505 existing Shares through Suntek Global Growth Fund Number One SP Limited.
- (2) 372,989,671 Shares held by Champion Dynasty Limited, as chargor, were pledged in favour of Mr. Lee Kar Lung, a non-executive director of the Company, and 200,000,000 Shares were held by Mr. Lee Kar Lung as beneficial owner.
- (3) The letter “L” denotes the long position in shares of the Company held by that person.

Save as disclosed above, as at 30 June 2024, none of the Directors, chief executives of the Company, nor their associates, had or were deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), that was required to be recorded in the register maintained by the Company under section 352 of the SFO, or otherwise notified the Company and the Stock Exchange pursuant to the Model Code.

Management Discussion and Analysis (Continued)

SUBSTANTIAL SHAREHOLDER'S INTEREST IN THE SECURITIES OF THE COMPANY

As at 30 June 2024, so far as are known to any Director or chief executive of the Company, the following party (other than the Directors or chief executives of the Company) was recorded in the register maintained by the Company under section 336 of the SFO, or as otherwise notified the Company, as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share of the Company:

Name of substantial Shareholder	Number of shares of the Company held				Notes	Percentage of issued Share capital
	Beneficial owner	Interest of controlled corporation	Person having a security interest in Shares	Investment manager		
Ms. Zhu Yufei	167,161,755 (L)	466,666,666 (L)	-	-	1	10.72%
Mr. Cheung Wai Kuen	-	372,989,671 (L)	-	-	2	6.31%
Zhuhai Deyou Bohui Enterprise Management Consulting Center (Limited Partnership)	374,531,836 (L)	-	-	-	3	6.33%
Zhuhai Gao Ling Deyou Investment Management Co., Ltd.	-	374,531,836 (L)	-	-	4	6.33%

Notes:

- (1) Ms. Zhu Yufei is (i) beneficially interested in 167,161,755 existing Shares; (ii) deemed to be interested in 200,000,000 existing Shares through Hongchang International Investment Limited; and (iii) deemed to be interested in 266,666,666 existing Shares through Hongyuan Investment Limited, both Hongchang International Investment Limited and Hongyuan Investment Limited being her controlled corporations.
- (2) Mr. Cheung Wai Kuen is deemed to be interested in 372,989,671 existing Shares through Champion Dynasty Limited, which is a company wholly owned by Mr. Cheung Wai Kuen.
- (3) On 9 September 2022, the Company and Zhuhai Deyou Bohui Enterprise Management Consulting Center (Limited Partnership) ("Zhuhai Deyou") entered into the Subscription Agreement pursuant to which Zhuhai Deyou has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue to Zhuhai Deyou, 374,531,836 convertible preference shares of the Company for an aggregate consideration of HK\$224,719,101.6.

Management Discussion and Analysis *(Continued)*

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

Notes: (Continued)

- (4) Zhuhai Gao Ling Deyou Investment Management Co., Ltd. is the general partner of Zhuhai Deyou Bohui Enterprise Management Consulting Center (Limited Partnership). By virtue of the SFO, Zhuhai Gao Ling Deyou Investment Management Co., Ltd. is deemed to be interested in the shares held by Zhuhai Deyou Bohui Enterprise Management Consulting Center (Limited Partnership).
- (5) The letter "L" denotes the long position in shares of the Company held by that person.

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any persons (who were not directors or chief executives of the Company) who had an interest or short position in the Shares, underlying Shares or bonds of the Company or its associated corporations which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

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.



Management Discussion and Analysis *(Continued)*

TREASURY POLICIES

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

CORPORATE GOVERNANCE

Save as disclosed below, the Company has applied the principles and complied with the code provisions of the Corporate Governance Code ("**CG Code**"), as set out in Appendix C1 to the Listing Rules throughout the period. The Company has 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. Wang Aier was appointed as an executive director, the chairman of the Board, the chairman of the nomination committee and the chief executive officer of the Group on 7 April 2024 following the stepping down of Mr. Cheung Wai Kuen as an executive director, the chairman of the Board, the chairman of the nomination committee of the Board and the chief executive officer of the Group on the same day. With the extensive experience of Ms. Wang, the Board considers that having the roles of chairman and chief executive officer held by the same individual is conducive to the execution of the Group's business strategies and the efficiency of its operations. The check and balance of power and authority are ensured by the operation of the senior management and the Board, which, apart from Ms. Wang Aier being the executive Director, comprises three other executive Directors, one non-executive Director and three independent non-executive Directors, all being experienced and high calibre individuals. Therefore, the Board believes that this arrangement is appropriate and will not impact on the balance of power and authorisations between the Board and the management of the Company.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code 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.

Management Discussion and Analysis *(Continued)*

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

Details of the events after the reporting period are set out in note 16 to the consolidated financial statements.

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
Wang Aier
Chairman

Hong Kong, 30 August 2024

Unaudited Interim Results

The board (the “**Board**”) of directors (the “**Directors**”) of Aidigong Maternal & Child Health Limited (the “**Company**”) would like to announce the unaudited consolidated interim results of the Company and its subsidiaries (together, the “**Group**”) for the six months ended 30 June 2024 (the “**Period**”) together with the comparative figures for the corresponding period in 2023 as follows:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	<i>Notes</i>	For the six months ended 30 June	
		2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Revenue	3	274,735	307,229
Cost of sales		(204,562)	(214,051)
Gross profit		70,173	93,178
Other income	5	6,985	9,747
Administrative expenses		(35,578)	(30,631)
Selling and distribution expenses		(57,213)	(58,759)
(Loss)/profit from operations		(15,633)	13,535
Finance cost		(24,059)	(31,942)
Loss before income tax		(39,692)	(18,407)
Income tax credit/(expense)	6	337	(4,518)
Loss for the period	7	(39,355)	(22,925)
Other comprehensive expense, net of income tax			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations arising during the period		(14,987)	(32,841)
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Change in value of equity investments at fair value through other comprehensive income		–	(7,600)
		(14,987)	(40,441)
Total comprehensive expense for the period		(54,342)	(63,366)

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

	<i>Note</i>	For the six months ended 30 June	
		2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Loss for the period attributable to:			
Owners of the Company		(39,194)	(23,656)
Non-controlling interests		(161)	731
		(39,355)	(22,925)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(53,468)	(62,267)
Non-controlling interests		(874)	(1,099)
		(54,342)	(63,366)
Loss per share for the period attributable to owners of the Company			
Basic and diluted (HK cents per share)	9	(0.81)	(0.54)

Condensed Consolidated Statement of Financial Position

	<i>Notes</i>	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment		88,355	101,500
Right-of-use assets		167,511	195,607
Intangible assets	10	714,331	731,031
Goodwill		387,905	397,419
Interests in associates		1,484	1,704
Other receivables		50,484	51,921
Deferred tax assets		32,821	34,086
		1,442,891	1,513,268
Current assets			
Deposits, prepayments and other receivables	11	355,780	344,779
Inventories		2,423	1,808
Financial assets at fair value through profit or loss		21,496	20,009
Bank and cash balances		70,897	80,303
		450,596	446,899
Current liabilities			
Trade payables	12	19,741	20,513
Accruals and other payables	13	34,318	27,937
Contract liabilities	13	143,682	149,925
Lease liabilities		102,386	90,742
Bank and other borrowings	14	63,950	33,686
Bonds payable	15	43,504	47,003
Convertible preference shares		8,989	8,989
Tax payable		5,011	5,633
		421,581	384,428
Net current assets		29,015	62,471
Total assets less current liabilities		1,471,906	1,575,739

Condensed Consolidated Statement of Financial Position *(Continued)*

	<i>Notes</i>	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Capital and reserves			
Share capital		59,134	44,350
Reserves		681,400	693,352
Equity attributable to owners of the Company		740,534	737,702
Non-controlling interests		17,373	18,247
Total equity		757,907	755,949
Non-current liabilities			
Deferred tax liabilities		146,755	152,817
Convertible preference shares		224,189	224,189
Bank and other borrowings	14	252,577	297,123
Lease liabilities		90,478	132,117
Bonds payable	15	–	13,544
		713,999	819,790
		1,471,906	1,575,739

Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company												
	Share capital HK\$'000	Share premium HK\$'000	Conversion rights of convertible preferences shares HK\$'000	Translation reserve HK\$'000	Equity investments at fair value through other comprehensive income HK\$'000	Shares held for the share award scheme HK\$'000	Statutory reserve HK\$'000	Other reserve HK\$'000	Share options reserve HK\$'000	(Accumulated losses)/ retained earnings HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
As at 1 January 2023 (Audited)	43,450	1,333,622	-	(35,790)	(4,400)	(318)	27,192	(46,339)	15,448	(426,112)	906,753	18,657	925,410
Loss for the period	-	-	-	-	-	-	-	-	-	(23,656)	(23,656)	731	(22,925)
Exchange differences on translating foreign operations arising during the period	-	-	-	(31,011)	-	-	-	-	-	-	(31,011)	(1,830)	(32,841)
Change in value of equity investments at fair value through other comprehensive income	-	-	-	-	(7,600)	-	-	-	-	-	(7,600)	-	(7,600)
Total comprehensive expenses	-	-	-	(31,011)	(7,600)	-	-	-	-	(23,656)	(62,267)	(1,099)	(63,366)
Issue of convertible preference shares	-	-	71,015	-	-	-	-	-	-	-	71,015	-	71,015
Purchase of shares for the share award scheme	-	-	-	-	-	(421)	-	-	-	-	(421)	-	(421)
As at 30 June 2023 (Unaudited)	43,450	1,333,622	71,015	(66,801)	(12,000)	(739)	27,192	(46,339)	15,448	(449,768)	915,080	17,558	932,638
As at 1 January 2024 (Audited)	44,350	1,363,322	-	(55,818)	-	(1,583)	27,192	(46,339)	22,111	(615,533)	737,702	18,247	755,949
Loss for the period	-	-	-	-	-	-	-	-	-	(39,194)	(39,194)	(161)	(39,355)
Exchange differences on translating foreign operations arising during the period	-	-	-	(14,274)	-	-	-	-	-	-	(14,274)	(713)	(14,987)
Total comprehensive expenses	-	-	-	(14,274)	-	-	-	-	-	(39,194)	(53,468)	(874)	(54,342)
Proceeds from rights issue	14,784	47,306	-	-	-	-	-	-	-	-	62,090	-	62,090
Rights issue related expenses	-	(5,790)	-	-	-	-	-	-	-	-	(5,790)	-	(5,790)
As at 30 June 2024 (Unaudited)	59,134	1,404,838	-	(70,092)	-	(1,583)	27,192	(46,339)	22,111	(654,727)	740,534	17,373	757,907

Condensed Consolidated Statement of Cash Flows

	For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Net cash generated from operating activities	20,663	32,873
Net cash used in investing activities	(1,796)	(5,564)
Net cash (used in)/generated from financing activities	(27,740)	2,238
Net (decrease)/increase in cash and cash equivalents	(8,873)	29,547
Effect of foreign exchange rate changes, net	(533)	(2,138)
Cash and cash equivalents at beginning of period	80,303	53,847
Cash and cash equivalents at end of period	70,897	81,256
Represented by:		
Bank and cash balances	70,897	81,256

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

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 2023.

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

2. PRINCIPAL ACCOUNTING POLICIES

Other than other change in accounting policies resulting from the application of new and amendments and interpretation to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the Period are the same as those applied in the preparation of the Group’s annual financial statements for the year ended 31 December 2023.

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 2024 for the preparation of the Group’s condensed consolidated interim financial statements:

Amendments to HKFRS 16	Lease liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The Group has assessed that the application of the new and revised standards had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

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

For the six months ended 30 June 2024

3. REVENUE

	For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Revenue from contracts with customers:		
Disaggregated by major products or service lines		
Provision of postpartum care services	274,735	307,229
Timing of revenue recognition:		
Over-time	274,735	307,229

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

4. OPERATING SEGMENTS

For the purposes of resource allocation and assessment of segment performance, information reported to the executive Directors of the Company, being the chief operating decision makers, focuses on the types of goods or services delivered or provided.

Particulars of the Group's reportable operating segments are summarised as follows:

Postpartum care services	–	provision of maternal and child healthcare services in the PRC
Health industry	–	including medical anti-aging, healthcare industry investments and healthcare property development in the PRC

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

Operating segment information is presented below:

For the six months ended 30 June 2024

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	274,735	–	–	274,735
Results				
Segment results for reportable segment	(3,184)	(22)	(675)	(3,881)
Unallocated expenses, net*				(35,474)
Loss for the period				(39,355)

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

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

For the six months ended 30 June 2024

4. OPERATING SEGMENTS *(CONTINUED)*

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 and interest expenses.

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

For the six months ended 30 June 2024

4. OPERATING SEGMENTS *(CONTINUED)*

As at 30 June 2024

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	1,419,046	413,312	50,200	1,882,558
Unallocated assets				10,929
Total assets				1,893,487
Liabilities				
Segment liabilities for reportable segments	685,954	282	6,166	692,402
Unallocated liabilities				443,178
Total liabilities				1,135,580

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

4. OPERATING SEGMENTS (CONTINUED)

As at 31 December 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	1,471,961	422,003	55,075	1,949,039
Unallocated assets				11,128
Total assets				1,960,167
Liabilities				
Segment liabilities for reportable segments	728,741	370	11,600	740,711
Unallocated liabilities				463,507
Total liabilities				1,204,218

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

Segment results represent the profit earned/(the loss incurred) by each segment without allocation of corporate expenses.

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

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

4. OPERATING SEGMENTS (CONTINUED)

GEOGRAPHICAL INFORMATION

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

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

	Revenue from external customers For the six months ended 30 June		Non-current assets (note)	
	2024	2023	30 June	31 December
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000
The People's Republic of China (the "PRC", for the sole purpose of this report, excluding Hong Kong and Macau)	274,735	307,229	1,355,440	1,422,390
Hong Kong	–	–	2,662	3,167
	274,735	307,229	1,358,102	1,425,557

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

5. OTHER INCOME

	For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Bank interest income	198	122
Interest income from financial assets at FVTPL	361	396
Government grants (note)	204	1,394
Management income	228	382
Rental income	5,854	7,168
Others	140	285
	6,985	9,747

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

6. INCOME TAX CREDIT/(EXPENSE)

	For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Income tax credit/(expense) comprises		
Current tax:		
Hong Kong Profits Tax	–	–
PRC Enterprise Income Tax	(801)	(3,358)
Deferred tax	1,138	(1,160)
	337	(4,518)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

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

(A) HONG KONG PROFITS TAX

No provision for Hong Kong profits tax has been made as the Group had no assessable profit generated in Hong Kong for the Period (2023 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 (2023 Period: 25%).

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

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

7. LOSS FOR THE PERIOD

	For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Loss for the period has been arrived at after charging:		
Total staff costs, including Directors’ emoluments:		
Salaries and other benefits	109,696	104,411
Retirement benefit scheme contributions	8,789	7,985
	118,485	112,396
Auditors’ remuneration	1,000	1,000
Depreciation of property, plant and equipment	13,656	15,997
Depreciation of right-to-use assets	58,981	73,513
Interest expense on lease liabilities	5,962	9,036

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

8. DIVIDEND

The Directors do not recommend any payment of interim dividend for the Period (2023 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	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
<i>Loss</i>		
Loss for the purpose of basic and diluted earnings per share (loss for the period attributable to owners of the Company)	(39,194)	(23,656)
<i>Number of shares ('000)</i>		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	4,816,784	4,345,015

Basic and diluted loss per share are the same for the Period and 2023 Period as there was no potential dilutive ordinary share.

10. INTANGIBLE ASSETS

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

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

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

11. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Deposits	53,725	43,234
Prepayments (note (1))	66,796	68,320
Other receivables (note (2))	389,442	385,963
	509,963	497,517
<i>Less:</i> Allowance for expected credit losses	(103,699)	(100,817)
	406,264	396,700
Analysed for reporting purposes as:		
Non-current	50,484	51,921
Current	355,780	344,779
	406,264	396,700

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

Notes:

- (1) The prepayments mainly comprised of prepaid rental and food ingredient payments for the daily operation of postpartum care centres of approximately HK\$44,626,000 (31 December 2023: HK\$29,115,000).
- (2) The other receivables mainly comprised of (i) outstanding financial assistance of the disposal company of approximately HK\$115,422,000 (31 December 2023: HK\$121,002,000) before the disposal, (ii) consideration receivables for the disposal of subsidiaries and associates of approximately HK\$170,346,000 (31 December 2023: HK\$177,090,000), and (iii) amount due from a former subsidiary and dividend from the former associate of approximately HK\$25,569,000 and HK\$6,552,000 respectively (31 December 2023: HK\$31,549,000 and HK\$7,281,000 respectively).

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

For the six months ended 30 June 2024

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 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
0 to 30 days	9,934	12,441
31 to 60 days	6,378	5,176
61 to 180 days	3,253	2,000
181 to 365 days	176	896
	19,741	20,513

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 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Accruals	22,490	13,762
Other payables	11,828	14,175
	34,318	27,937

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

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

(B) CONTRACT LIABILITIES

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Contract liabilities (note)	143,682	149,925

Note:

At 30 June 2024, contract liabilities mainly comprised of approximately HK\$143,682,000 (31 December 2023: HK\$149,925,000) of deferred income relating to postpartum care services.

14. BANK AND OTHER BORROWINGS

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Bank borrowings, secured (note (i))	313,303	327,809
Bank borrowings, unsecured (note (ii))	3,224	–
Other borrowing, secured (note (iii))	–	3,000
Total borrowings	316,527	330,809

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Carrying amount repayable:		
Within 1 year or on demand	63,950	33,686
Between 1 to 2 years	131,125	97,200
Between 2 to 5 years	121,452	199,923
	316,527	330,809

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

14. BANK AND OTHER BORROWINGS (CONTINUED)

Notes:

- (i) On 12 September 2019, Guangdong Goodtop Health Industry Group Limited (“**Guangdong Goodtop**”), a wholly-owned subsidiary of the Company, as borrower, entered into an agreement with Dongguan Rural Commercial Bank Co., Ltd. (“**DRC Bank**”), as lender, pursuant to which, DRC Bank, Donglian Branch agreed to make available to Guangdong Goodtop the Loan Facilities of up to an aggregate principal amount of RMB340,000,000. The bank loans were secured by following:
- (a) a pledge of 94.95% shares of Shenzhen Aidigong;
 - (b) personal guarantee by related parties; and
 - (c) corporate guarantee by its wholly-owned subsidiaries, Guangdong Common Splendor Supply Chain Management Limited and Dongguan Great King Health Industry Company Limited.

The principal was due between 2024 and 2026 and the annual interest rate of the above loans ranged from 5.40% to 6.75%, of which HK\$313,303,000 was utilised as at 30 June 2024 (31 December 2023: HK\$327,809,000).

- (ii) On 1 March 2024, Shenzhen Aidigong, a subsidiary of the Company, as borrower, entered into a RMB liquidity loan contract with China CITIC Bank as lender, pursuant to which, China CITIC Bank provided a loan in the principal amount of RMB3,000,000 to Shenzhen Aidigong. The interest rates are carried at bank base rate plus 0.85% per annum and the principal is repayable on 26 November 2024.
- (iii) On 31 December 2023, the other borrowings of HK\$3,000,000 were provided by a shareholder. The interest rates were 12.00% per annum. The principal was fully settled for the six months ended 30 June 2024.

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

	30 June 2024 (Unaudited) HK\$’000	31 December 2023 (Audited) HK\$’000
Hong Kong Dollar	–	3,000
RMB	316,527	327,809
	316,527	330,809

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

For the six months ended 30 June 2024

15. BONDS PAYABLE

As at 30 June 2024, the bonds payable with principal amount of HK\$45,000,000 will be due between October 2024 and March 2025 (31 December 2023: HK\$65,200,000). The effective interest rates are ranging from 13.02% to 14.43% (31 December 2023: 13.02% to 14.43%).

During the Period, the Company did not issue any coupon bonds. For the year ended 31 December 2023, the Company, through an independent placing agent, issued coupon bonds for an aggregate principal amount of HK\$10,000,000, which carry a fixed coupon interest rate of 3.5% per annum respectively. The bonds are unsecured and will mature on the date falling on the second and third anniversary of the date of issue of the bonds. The net proceeds are intended to be used for general capital of the Group. The bonds are subsequently measured at amortised cost.

16. EVENTS AFTER THE REPORTING PERIOD

(I) THE SHARE CONSOLIDATION BECAME EFFECTIVE ON 29 JULY 2024 (THE "SHARE CONSOLIDATION")

On 10 July 2024, the Company proposed to implement the Share Consolidation on the basis that every forty (40) Existing Shares, every forty (40) Existing Class A Convertible Preference Shares and every forty (40) Existing Class B Convertible Preference Shares of par value of HK\$0.01 each in the share capital of the Company will be consolidated into, respectively, one (1) Consolidated Share, one (1) Consolidated Class A Convertible Preference Share and one (1) Consolidated Class B Convertible Preference Share of par value of HK\$0.4 each in the share capital of the Company upon the Share Consolidation becoming effective.

The special general meeting of the Company was convened and held on 25 July 2024 for the shareholders to consider and, if thought fit, approve the Share Consolidation. The shareholders of the Company passed an ordinary resolution approving the Share Consolidation at the special general meeting and the Share Consolidation became effective on 29 July 2024. Details of the Share Consolidation were set out in the circular of the Company dated 10 July 2024 and the announcements of the Company dated 25 July 2024 and 26 July 2024.

(II) THE PROPOSED PLACING OF NEW SHARES UNDER SPECIFIC MANDATE (THE "2024 PLACING")

On 20 June 2024, the Company entered into the Placing Agreement with the Placing Agent, pursuant to which, the Placing Agent has conditionally agreed, as the placing agent of the Company, to procure, on a best effort basis, not less than six Placees (who and whose ultimate beneficial owners shall be Independent Third Parties) to subscribe for up to 44,350,000 Placing Shares at the Placing Price of HK\$1.68 per Placing Share.

The Placing Shares will be allotted and issued under the Specific Mandate. As at the date of this report, the 2024 placing was in progress and not completed. Further announcements will be updated in the future if applicable. Details of the 2024 placing were set out in the announcements of the Company dated 20 June 2024, 15 August 2024 and 13 September 2024 and the circular of the Company dated 10 July 2024.



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