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爱帝宫

愛帝宮母嬰健康股份有限公司

AIDIGONG MATERNAL & CHILD HEALTH LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 286)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the "**Board**") of directors (the "**Directors**") of Aidigong Maternal & Child Health Limited (the "**Company**") announces the consolidated financial information of the Company and its subsidiaries (together, the "**Group**") for the year ended 31 December 2023 (the "**Year**"), together with relevant comparative figures for the same period in 2022, as follows:

HIGHLIGHTS

Financial summary and operating data

	2023	2022	Year-on-year change
	HK$'000	*HK$'000*	
Revenue	**554,581**	679,946	-18.4%
Gross profit	**121,032**	98,740	22.6%
Gross profit margin	**21.8%**	14.5%	7.3%
Loss for the Year	**(176,848)**	(178,140)	-0.7%
Non-HKFRS Measures[1]:			
Adjusted profit/(loss)	**15,727**	(56,101)	N/A

1 For more information about the Non-HKFRS measures, please refer to the section headed "Reconciliation of non-HKFRS measures with the nearest measure prepared in accordance with HKFRS".

MANAGEMENT DISCUSSION AND ANALYSIS

CHAIRMAN'S STATEMENT

In 2023, the Group gradually broke away from the impact of COVID-19, and the postpartum care services business showed a trend of stable recovery. In 2023, the Group launched and began to implement its upgraded strategy of "Establishing presence in 50 Cities in Five Years", and was able to establish presence in 10 cities in the first year of implementing this strategy by the end of 2023. As of 31 December 2023, the Group has achieved market coverage in 10 cities, namely Shenzhen, Beijing, Chengdu, Zhuhai, Xiamen, Dongguan, Wuxi, Quanzhou, Guangzhou and Fuzhou, with a total of 18 centres in operation.

The Group adopts an ultra-light asset model for opening centres, which not only further reduces capital expenditure and optimises the financial model but also further enhances the Group's capability to resist risks and reduces the negative impact on the business caused by changes in the objective operating environment as a result of COVID-19 outbreak.

In addition to the original postpartum care services business of postpartum care centres under the brands of Aidigong and Yuegege, the Group's newly formed combined Aidigong business division successfully launched a new business line of non-move-in combined postpartum care services in December 2023, and opened the combined Aidigong postpartum care service centres in Quanzhou and Fuzhou respectively. The establishment of the combined Aidigong postpartum care service centres indicates the Group's first entry into the new market of non-move-in postpartum care services. The establishment and commencement of operation of the combined Aidigong business division is an important milestone in the Group's development in the postpartum care services sector. With the launching of the new business line of non-move-in combined postpartum care services, the Group has achieved full coverage of the nationwide postpartum care service market through the Aidigong brand postpartum care centres, the Yuegege brand postpartum care centres and the non-move-in combined Aidigong brand postpartum care centres.

Going forward, the Group will continue to promote the strategy upgrade of "Establishing Presence in 50 Cities in Five Years", and further promote new business development that is customer-centric and driven by maternal and child services and products. The Group will launch new businesses related to maternal and infant products in a timely manner and continue to enrich its business portfolio, increase the number of customers and frequency of consumption, and constantly increase the penetration rate and maternal and child market share in the cities in which the Group has established its presence to achieve the full coverage of the nationwide maternal and child market.

BUSINESS REVIEW

Postpartum Care Services Business

The operation is gradually recovering from the impact of COVID-19 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 18.0% year-on-year to approximately HK$554.6 million. The decrease in revenue was due to the impact of the post-COVID-19 period and exchange rate depreciation of Renminbi against Hong Kong Dollar. During December 2022 and January 2023, there was a significant decrease in the pregnancy rate in the PRC due to COVID-19. As a result, there was a significant decrease in the number of newborns from September to November 2023, which exerted a negative impact on the postpartum care services industry. The net profit of the postpartum care services business was HK$11.7 million (2022: net loss of approximately HK$63.6 million). The significant increase in net profit was mainly attributable to the fact that (1) the postpartum care services business was at a recovery stage after gradually overcoming the difficulties caused by the pandemic; (2) the ultra-light asset model of operation adopted by new centres had further reduced the initial investment in new centres and optimised the financial model for matured centres, resulting in an increase of 27.2% year-on-year in gross profit to approximately HK$121.0 million; and (3) the innovative marketing methods were applied to improve marketing efficiency, resulting in a decrease of 21.7% year-on-year in selling and marketing expenses to approximately HK$116.3 million.

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

City	Brand	Type of stores	**As at 31 December 2023 Centres**	As at 31 December 2022 Centres
Shenzhen	Aidigong	Postpartum care centre	**6**	6
Beijing	Aidigong	Postpartum care centre	**2**	2
Chengdu	Aidigong	Postpartum care centre	**2**	2
Zhuhai	Yuegege	Postpartum care centre	**2**	2
Xiamen	Aidigong	Postpartum care centre	**1**	N/A
Dongguan	Aidigong	Postpartum care centre	**1**	N/A
Wuxi	Yuegege	Postpartum care centre	**1**	N/A
Quanzhou	Combined Aidigong	Service Centre	**1**	N/A
Guangzhou	Aidigong	Postpartum care centre	**1**	N/A
Fuzhou	Combined Aidigong	Service Centre	**1**	N/A
Total			**18**	12

Establishing presence in cities and setting up new centres simultaneously to constantly increase market share

The implementation of the Group's strategy of "Establishing Presence in 50 Cities in Five Years" has, on one hand, accelerated the Group's coverage in major cities across the country and increased their coverage, and on the other hand, continued to intensively cultivate and increase market share in the cities already covered.

In 2023, in terms of new city coverage, the innovative Aidigong business division opened the No. 1 store in Xiamen, the No. 1 store in Dongguan and the No. 1 store in Guangzhou under the Aidigong brand postpartum care centres at Xiamen InterContinental Hotel, Dongguan Wanda Vista Hotel and Guangzhou Jumeirah Hotel, respectively. The Yuegege brand business division entered the Eastern China market to open the No. 1 store in Wuxi under the Yuegege brand postpartum care centres at Lizhi Hotel. Meanwhile, the combined Aidigong business division launched a new business line of non-move-in combined postpartum care services and established new service centres under the combined Aidigong brand in Quanzhou and Fuzhou, respectively, within one month.

In terms of the intensive development in cities where the Group has established its presence, the Yuegege brand business division entered the Zhuhai market in May 2022 and opened the Zhuhai No. 1 Store under the Yuegege brand postpartum care centres at Zhuhai Haiwan Hotel, and opened the Zhuhai No. 2 Store at Zhuhai Somerset Bay Area Constellation Hotel Apartment in less than six months and opened the Zhuhai No. 3 Store at Zhuhai Yindu Baijia Hotel just over a year, proving the success of the Group's intensive urban development strategy of "Establishing Presence in 50 Cities in Five Years".

Launching the new business of non-move-in postpartum care services against the new market of homestay postpartum care services

The business of non-move-in combined postpartum care services is a new business developed by the combined Aidigong business division from the Group's five major modules of postpartum care services, providing non-move-in postpartum care services for consumers in the market of homestay postpartum care services. The services of the new business include home postpartum care services, home postpartum meals, postpartum recovery services, early education for newborn babies and nutritional guidance services during pregnancy, etc. Customers can choose the combination of postpartum care services and products according to their individual needs to achieve personalised consumption.

The new combined Aidigong business has entered the market of homestay postpartum care services based on the Group's professional and standardized maternal and infant nursing system. Compared with traditional homestay postpartum care services, the user experience is significantly superior. The excellent reputation of the new business has been quickly widespread among customers and the referral rate is also increasing rapidly. The brand maturity of the homestay postpartum care services market is low. The capital investment of the combined Aidigong service centre is lighter than that of an ultra-light asset model and it is expected that the Group will be establishing new centres at a rapid rate, thereby quickly expanding the market share of homestay postpartum care services and becoming a dominant brand.

Innovative marketing methods and rapidly increasing referral rate have reduced marketing expenses significantly

The ultra-light asset model has not only achieved light assets but also light promotion and light manpower. The ultra-light asset model contributes to reducing marketing expenses significantly through innovative marketing methods and rapidly increasing the referral rate of new centres.

Yuegege, the sub-brand of postpartum care centres, took the lead in adopting the brand-building ideas of branding IP and IP branding to create a two-dimensional IP for young and fashionable mothers, which designed a variety of scene-like images of new mothers with the use of tools and elements such as two-dimension, blind boxes, videos and live broadcasts. These images are vivid and interesting, resonate with the mental and passion of the new generation of young consumers, and echo with them emotionally in a way that they are familiar with and enjoyable to see. For example, the blind boxes produced with the series of IP images of the Yuegege brand were introduced in marketing campaigns, which immediately caused a sensation in the market and were highly sought after by users, in particular, the hidden blind boxes were quickly sold out. Users' fondness and craziness for innovative marketing methods have driven them to take the initiative to follow and interact with one another, thus significantly improving the marketing efficiency of the business.

FINANCIAL REVIEW

REVENUE AND GROSS PROFIT

Revenue for the Year was approximately HK$554,581,000 (2022: HK$679,946,000), representing a decrease of approximately HK$125,365,000 or 18.4% as compared to that in 2022. The decrease in revenue was mainly due to the significant drop in the number of pregnancies in the current period due to the effects of the post-pandemic and the depreciation of the exchange rate of Renminbi against Hong Kong Dollar. Gross profit for the Year was approximately HK$121,032,000 (2022: HK$98,740,000), representing an increase of approximately HK$22,292,000 or 22.6% as compared to that in 2022. The gross profit margin of the Group for the Year was 21.8% (2022: 14.5%). The increase in gross profit for the Year was attributable to the fact that the ultra-light asset model of operation adopted by new centres had further reduced the initial investment in new centres and optimised the financial model for matured centres, resulting in a significant increase in gross profit.

ADMINISTRATIVE EXPENSES

Administrative expenses for the Year were approximately HK$140,920,000 (2022: HK$121,023,000), representing an increase of approximately HK$19,897,000 or 16.4% as compared to that in 2022. Such increase was mainly due to an increase in non-cash expenses provided for impairment of assets for the Year.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses for the Year were approximately HK$116,266,000 (2022: HK$148,453,000), representing a decrease of approximately HK$32,187,000 or 21.7% as compared to that 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 in 2022.

FINANCE COSTS

Finance costs for the Year were approximately HK$53,768,000 (2022: HK$64,571,000), representing a decrease of approximately HK$10,803,000 or 16.7% as compared to that in 2022. Finance costs mainly include interest on bonds payable of approximately HK$4,303,000 (2022: HK$9,866,000), interest on bank and other borrowings of approximately HK$26,406,000 (2022: HK$34,339,000), non-cash interest expense on lease liabilities of approximately HK$16,241,000 (2022: HK$20,366,000) and interest on convertible preference shares of approximately HK$6,818,000 (2022: Nil).

LOSS FOR THE YEAR

Net loss for the Year was approximately HK$176,848,000 (2022: HK$178,140,000), representing a decrease of approximately HK$1,292,000. The decrease was mainly attributable to the facts that (i) the postpartum care services business was steadily recovering from the impact of COVID-19, and the postpartum care services business segment has returned to profitability; (ii) the ultra-light asset model of operation adopted by new centres had further reduced the initial investments in new centres and optimised the financial model for matured centres, resulting in significant increase in gross profit; (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 in 2022; and (iv) being offset by an increase in provision for impairment for the Year.

Basic and diluted loss per share attributable to the owners of the Company for the Year were both HK4.08 cents (2022: basic and diluted loss per share: both HK3.84 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 for the period adjusted for: (i) gain on fair value change of financial assets at fair value through profit or loss, imputed interest income from consideration receivable, interest on structured deposits, some finance cost, loss on fair value changes of convertible preferred shares, gain on the modification of lease and deferred tax; and (ii) certain non-cash or one-off items, including equity-settled share award expense, depreciation and amortization costs and certain impairment provision.

The table below sets out a reconciliation of non-HKFRS measures with the nearest measure prepared in accordance with HKFRS for the years 2023 and 2022.

	2023	2022
	HK$'000	*HK$'000*
Loss for the Year	**(176,848)**	(178,140)
Adjusted for:		
Equity-settled share award expense	**37,263**	41,140
Allowance for expected credit losses on financial assets	**67,950**	21,963
Depreciation and amortisation	**48,308**	54,267
Finance cost		
– Interest on bonds payable	**4,303**	9,866
– Interest on bank and other borrowings	**26,406**	34,339
– Finance costs on convertible preference shares	**6,818**	–
Loss on convertible preference shares, net	**3,888**	–
Deferred tax	**9,325**	(32,754)
Imputed interest income from consideration receivable	**(8,203)**	(5,623)
Gain on fair value change of financial assets at FVTPL	**(128)**	(229)
Gain on lease modification	**(2,715)**	–
Interest on structured deposits	**(1,394)**	(930)
Loss on disposal of property, plant and equipment	**754**	–
Adjusted profit/(loss)	**15,727**	(56,101)

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the Year (2022: Nil).

FINANCIAL HIGHLIGHTS

Net asset value

As at 31 December 2023, the net assets of the Group were approximately HK$755,949,000 (2022: HK$925,410,000), representing a decrease of approximately HK$169,461,000 as compared to the net assets of the Group in 2022. Such a decrease was mainly due to the loss of approximately HK$176,848,000 during the Year.

Net assets value per issued ordinary share of the Company as at 31 December 2023 was approximately HK$0.17 (2022: HK$0.21).

As at 31 December 2023, the current ratio of the Group (calculated as current assets divided by current liabilities) was 1.16 (2022: 1.06).

Equity

The number of issued ordinary shares of the Company (the "**Shares**") as at 31 December 2023 was 4,435,014,974 (2022: 4,345,014,974).

Pursuant to an incentive agreement (the "**Incentive Agreement**") entered into between the Company and Hongchang International Investment Limited (the "**Zhu Associate**") dated 27 October 2020, the Company granted to Zhu Associate 150,000,000 incentive shares in total (the "**Incentive Shares**"). Zhu Associate has undertaken on a voluntary basis to be subject to lock-up undertakings made in favour of the Company, that it will not directly or indirectly transfer, sell or otherwise dispose of the Incentive Shares within three years from the date of issuance of the relevant Incentive Shares.

Liquidity, Financial Resources and Capital Structure

As at 31 December 2023, the Group had a principal amount of HK$65,200,000 (2022: HK$80,800,000) unsecured bonds payable, approximately HK$327,809,000 (2022: HK$348,165,000) secured bank loan and secured other borrowings of HK$3,000,000 (2022: unsecured other borrowings of HK$52,097,000).

Save as disclosed above, the Group did not have any other borrowing as at 31 December 2023. The gearing ratio of the Group was 0.83 as at 31 December 2023 (2022: 0.51). 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 31 December 2023 amounted to approximately HK$80,303,000 (2022: HK$53,847,000).

In addition to the above bank and cash balances, as at 31 December 2023, the Group held structured bank deposits ("**SBDs**") of approximately HK$20,009,000 (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 SBDs are principal protected, either redeemable on demand or have a maturity date ranging from three to eight 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.

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 31 December 2023 was approximately RMB296,781,000. 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, 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 31 December 2023 and 31 December 2022.

Contingent Liabilities

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

Material Acquisitions and Disposals

During the Year, the Group did not have 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 dated 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 Partnership)) 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 dated 9 December 2022.

Directors' Interests in Competing Businesses

During the Year, 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 Year.

Directors' Interests in Transactions, Arrangements or Contracts of Significance

At no time during the Year 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.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	**2023** **HK$'000**	2022 HK$'000
Revenue	*3*	**554,581**	679,946
Cost of sales		**(433,549)**	(581,206)
Gross profit		**121,032**	98,740
Other gains and losses	*5*	**29,736**	31,481
Administrative expenses		**(140,920)**	(121,023)
Selling and distribution expenses		**(116,266)**	(148,453)
Share of result of associates		**305**	(248)
Loss from operations		**(106,113)**	(139,503)
Loss on convertible preference shares, net		**(3,888)**	–
Gain on disposal of subsidiaries		**–**	4,793
Finance cost	*6*	**(53,768)**	(64,571)
Loss before income tax	*7*	**(163,769)**	(199,281)
Income tax (expense)/credit	*8*	**(13,079)**	21,141
Loss for the year		**(176,848)**	(178,140)
Other comprehensive (expense)/income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Share of other comprehensive expense of associates		**(11)**	(493)
Exchange differences on translating foreign operations		**(21,000)**	(52,336)
Release of exchange reserve upon disposal of subsidiaries		**–**	(13,967)

	Notes	2023 HK$'000	2022 HK$'000
Items that will not be reclassified subsequently to profit or loss			
Change in fair value of equity investments at fair value through other comprehensive income		**(7,600)**	209
Other comprehensive expense for the year, net of income tax		**(28,611)**	(66,587)
Total comprehensive expense for the year		**(205,459)**	(244,727)
(Loss)/profit for the year attributable to:			
Owners of the Company		**(177,421)**	(165,324)
Non-controlling interests		**573**	(12,816)
		(176,848)	(178,140)
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		**(205,049)**	(229,727)
Non-controlling interests		**(410)**	(15,000)
		(205,459)	(244,727)
Loss per share for the year attributable to the owners of the Company:			
Basic *(HK cents per share)*	*10*	**(4.08)**	(3.84)
Diluted *(HK cents per share)*	*10*	**(4.08)**	(3.84)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	**2023**	2022
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**101,500**	116,212
Right-of-use assets		**195,607**	368,479
Intangible assets		**731,031**	738,378
Goodwill		**397,419**	401,414
Interests in an associate		**1,704**	1,410
Other receivables		**51,921**	68,975
Deferred tax assets		**34,086**	44,031
		1,513,268	1,738,899
Current assets			
Deposits, prepayments and other receivables		**344,779**	378,553
Trade receivables	*11*	**–**	4,163
Inventories		**1,808**	1,940
Equity investments at fair value through other comprehensive income		**–**	20,100
Financial assets at fair value through profit or loss		**20,009**	34,022
Bank and cash balances		**80,303**	53,847
		446,899	492,625

	Notes	2023 HK$'000	2022 HK$'000
Current liabilities			
Trade payables	*12*	**20,513**	31,233
Accruals and other payables		**27,937**	80,203
Contract liabilities		**149,925**	156,321
Lease liabilities		**90,742**	132,853
Bank and other borrowings		**33,686**	32,676
Bonds payable		**47,003**	24,390
Convertible preference shares		**8,989**	–
Tax payable		**5,633**	5,994
		384,428	463,670
Net current assets		**62,471**	28,955
Total assets less current liabilities		**1,575,739**	1,767,854
Capital and reserves			
Share capital		**44,350**	43,450
Reserves		**693,352**	863,303
Equity attributable to owners of the Company		**737,702**	906,753
Non-controlling interests		**18,247**	18,657
Total equity		**755,949**	925,410
Non-current liabilities			
Deferred tax liabilities		**152,817**	153,848
Convertible preference shares		**224,189**	–
Bank borrowings		**297,123**	367,586
Lease liabilities		**132,117**	270,862
Bonds payable		**13,544**	50,148
		819,790	842,444
		1,575,739	1,767,854

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2020 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-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

Impacts on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transitional provisions:

(i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;

(ii) the Group also, as at 1 January 2022, recognized a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance, except that the Group recognized both the deferred tax assets and deferred tax liabilities on a gross basis but it has no material impact on the retained earnings at the earliest period presented.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies to the consolidated financial statements.

Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 17	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

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

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

[3] *Effective for annual periods beginning on or after 1 January 2025.*

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

3. REVENUE

	2023	2022
	HK$'000	*HK$'000*
Revenue from contracts with customers:		
Disaggregated by major products or service lines		
Provision of postpartum care services	**554,581**	676,342
Timing of revenue recognition		
Over-time	**554,581**	676,342
Revenue from other sources:		
– Interest income from loans receivable	**–**	3,604
	554,581	679,946

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

4. OPERATING SEGMENTS

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

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

Postpartum care services	–	provision of maternal and child healthcare services in the PRC
Health industry	–	healthcare property development in the PRC

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

Information about major customers

No individual customer contributed over 10% of the total revenue of the Group during the Year (2022: Nil):

Operating segment information is presented below:

Segment revenues and results

	Postpartum Care Services		Health Industry		Others		Consolidated	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue								
Revenue from external customers	**554,581**	676,342	**–**	–	**–**	3,604	**554,581**	679,946
Results								
Segment results for reportable segment	**11,655**	(63,569)	**(42,233)**	(14,848)	**(61,342)**	(15,895)	**(91,920)**	(94,312)
Unallocated expenses, net*							**(84,928)**	(83,828)
Loss for the year							**(176,848)**	(178,140)

* *Unallocated gain and expenses mainly include certain depreciation on property, plant and equipment, right-of-use asset, general office expenses, unallocated employee benefit expenses, loss on convertible preference shares, net, gain on disposal of subsidiaries, interest on bonds payable, convertible preference shares and equity-settled share based expenses.*

Segment asset and liabilities

	Postpartum Care Services		Health Industry		Others		Consolidated	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Assets								
Segment assets for reportable segments	**1,471,961**	1,708,419	**422,003**	472,199	**55,075**	31,983	**1,949,039**	2,212,601
Unallocated assets							**11,128**	18,923
Total assets							**1,960,167**	2,231,524
Liabilities								
Segment liabilities for reportable segments	**728,741**	997,876	**370**	1,062	**11,600**	60,417	**740,711**	1,059,355
Unallocated liabilities							**463,507**	246,759
Total liabilities							**1,204,218**	1,306,114

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales during 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, right-of-use assets, prepayments and deposits and corporate bank balances.

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

Geographical information

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

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

	Revenue from external customers		Non-current assets*	
	2023	2022	**2023**	2022
	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)	**554,581**	676,342	**1,422,390**	1,623,169
Hong Kong	**–**	3,604	**3,167**	1,314

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

Other segment information

	Postpartum Care Services		Health Industry		Others		Consolidated	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Depreciation of property, plant and equipment	**47,553**	53,582	**133**	112	**622**	573	**48,308**	54,267
Depreciation of right-of-use assets	**128,832**	140,927	**–**	432	**2,014**	1,547	**130,846**	142,906
Share of result of associates	**(305)**	248	**–**	–	**–**	**–**	**(305)**	248
Bank interest income	**(215)**	(175)	**(10)**	(1)	**(5)**	(3)	**(230)**	(179)
Interest income from financial assets at FVTPL	**(1,394)**	(930)	**–**	–	**–**	–	**(1,394)**	(930)
Allowance for/(reversal of) expected credit losses of								
– trade receivables	**(635)**	223	**–**	–	**–**	–	**(635)**	223
– other receivables	**57**	41	**35,489**	21,344	**33,039**	1,622	**68,585**	23,007
– short-term loans receivable	**–**	–	**–**	–	**–**	(1,267)	**–**	(1,267)
Gain on disposal of subsidiaries	**–**	–	**–**	(4,793)	**–**	–	**–**	(4,793)
Loss on convertible preferred shares, net	**–**	–	**–**	–	**3,888**	–	**3,888**	–
Capital expenditures*	**92,966**	194,654	**–**	561	**1,692**	–	**94,658**	195,215
Finance costs	**39,401**	46,988	**9**	44	**14,358**	17,539	**53,768**	64,571

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

5. OTHER GAINS AND LOSSES

	2023	2022
	HK$'000	*HK$'000*
Bank interest income	**230**	179
Imputed interest income from consideration receivable	**8,203**	5,623
Gain on fair value change of financial assets at FVTPL	**128**	229
Interest income from financial assets at FVTPL	**1,394**	930
Gain on lease modification	**2,715**	–
Dividend income from unlisted investments	**–**	1,137
Rental income	**14,040**	13,683
Management fee income	**759**	590
Government grants	**2,536**	7,844
Loss on disposal of property, plant and equipment	**(754)**	–
Others	**485**	1,266
	29,736	31,481

6. FINANCE COST

	2023	2022
	HK$'000	*HK$'000*
Interest on bonds payable	**4,303**	9,866
Interest on bank and other borrowings	**26,406**	53,775
Interest expense on lease liabilities	**16,241**	20,366
Finance costs on convertible preference shares	**6,818**	–
	53,768	84,007
Less: Capitalised in properties under development	**–**	(19,436)
	53,768	64,571

7. LOSS BEFORE INCOME TAX

	2023	2022
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging/(crediting):		
Total staff costs including remuneration of the directors:		
Salaries and other benefits	**198,950**	259,012
Equity-settled share based expenses	**6,663**	14,466
Retirement benefit scheme contributions	**15,703**	16,605
	221,316	290,083
Auditors' remuneration for audit services	**2,000**	2,000
Allowance for/(reversal of) expected credit losses of		
– trade receivables	**(635)**	223
– other receivables	**68,585**	23,007
– short-term loans receivable	**–**	(1,267)
Depreciation of property, plant and equipment	**48,308**	54,267
Depreciation of right-of-use assets	**130,846**	142,906
Equity-settled share based expenses with advisory consultants	**30,600**	26,674
Payments to short-term leases	**28,734**	3,942

8. INCOME TAX EXPENSE/(CREDIT)

	2023	2022
	HK$'000	*HK$'000*
Income tax expense/(credit) comprises:		
Current tax – Hong Kong Profits tax		
Charge for the year	**–**	–
Current tax – PRC Enterprise income tax		
Charge for the year	**3,754**	11,613
Deferred tax	**9,325**	(32,754)
	13,079	(21,141)

(A) Hong Kong Profits Tax

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualified for the two-tiered profits tax rates regime continue to be taxed at a flat rate of 16.5%.

(B) PRC enterprise income tax

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

(C) Bermuda, Cayman Islands and British Virgin Islands corporate income tax

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

9. DIVIDENDS

The Board does not recommend the payment of final dividend for the Year (2022: Nil).

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the year ended 31 December 2023 and 2022 attributable to owners of the Company is based on the following data:

	2023	2022
	HK$'000	*HK$'000*
Loss		
Loss for the purpose of basic and diluted loss per share (loss for the year attributable to owners of the Company)	**(177,421)**	(165,324)
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share after excluding shares held for the share award scheme	**4,350,901**	4,308,892

The computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible preference shares since their assumed exercise would result in a decrease in loss per share.

The computation of diluted loss per share does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares for both 2023 and 2022.

The diluted loss per share is the same as the basic loss per share for the year ended 31 December 2023 and 2022.

11. TRADE RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables	**–**	4,798
Less: Allowance for expected credit losses	**–**	(635)
	–	4,163

The Group has not granted any credit period (2022: 30 to 90 days) to its customers during the Year. The following is an aged analysis of trade receivables (net of allowance for expected credit losses and presented based on the invoice date), at the end of the reporting period:

	2023	2022
	HK$'000	*HK$'000*
0 to 30 days	**–**	407
31 to 60 days	**–**	254
61 to 90 days	**–**	254
Over 90 days	**–**	3,248
	–	4,163

Reversal of the expected credit losses of approximately HK$635,000 (2022: allowance of approximately HK$223,000) have been recognised for trade receivables as at 31 December 2023.

12. TRADE PAYABLES

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

	2023	2022
	HK$'000	*HK$'000*
0 to 30 days	**12,441**	21,031
31 to 60 days	**5,176**	7,059
61 to 180 days	**2,000**	1,521
181 to 365 days	**896**	874
Over 365 days	**–**	748
	20,513	31,233

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

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 Year. Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. Mr. Cheung Wai Kuen was appointed as a chairman of the Board and the chief executive officer of the Group on 26 October 2023 following the stepping down of Ms. Zhu Yufei 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. Mr. Cheung Wai Kuen has been the chairman of the Board, the chairman of the Nomination Committee and the chief executive officer of the Group. With the extensive experience of Mr. Cheung, 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 Mr. Cheung Wai Kuen being the executive Director, comprises four other executive Directors, one non-executive Director and four 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

Pursuant to the rules of the share award scheme and terms of the trust deed, the trustee of the share award scheme purchased on the public market a total of 3,740,000 shares at a total consideration of HK$1,265,050 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
July 2023	2,580,000	0.345	0.305	844,350

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

Model code for securities transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix C3 to the Listing Rules as a code of conduct regarding securities transactions by the Directors. Having made specific enquiry to all Directors by the Company, all Directors confirmed that they have complied with the required standards set out in the Model Code throughout the Year.

SCOPE OF WORK ON THE ANNUAL RESULTS ANNOUNCEMENT BY AUDITOR

The figures in respect of the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position and the related notes thereto for the Year of the Group as set out in this announcement have been agreed by the Company's auditor, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

REVIEW OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

PUBLICATION OF 2023 ANNUAL REPORT

The Company's annual report for the Year containing relevant information required by Appendix D2 to the Listing Rules will be published on the websites of the Stock Exchange and the Company and will be despatched to the shareholders of the Company in due course.

APPRECIATION

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

By order of the Board
Aidigong Maternal & Child Health Limited
Cheung Wai Kuen
Chairman

Hong Kong, 28 March 2024

As at the date of this announcement, the Board comprises Mr. Cheung Wai Kuen, Mr. Lin Jiang, Ms. Kai Xiang Mei, Mr. Li Runping and Ms. Meng Lijia as executive Directors; Ms. Liang Linmin as non-executive Directors; and Mr. Wong Yiu Kit, Ernest, Mr. Lam Chi Wing, Mr. Huang Wenhua and Mr. Wang Qingyu as independent non-executive Directors.