



AIDIGONG MATERNAL & CHILD HEALTH LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 286)

Interim Report
2021



Contents

	<i>Page</i>
CORPORATE INFORMATION	2
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	3
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	5
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	7
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	8
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	9
MANAGEMENT DISCUSSION AND ANALYSIS	28

Corporate Information

DIRECTORS

EXECUTIVE DIRECTORS

Zhu Yufei (*Chairman and Chief Executive Officer*)
Cheung Wai Kuen
Lin Jiang
Li Runping

NON-EXECUTIVE DIRECTORS

Wong Kin Man
Yang Zhibo

INDEPENDENT NON-EXECUTIVE DIRECTORS

Yu Lin (Appointed on 5 September 2021)
Lam Chi Wing
Mai Yang Guang (Resigned on 5 September 2021)
Wong Yiu Kit, Ernest

AUDIT COMMITTEE

Wong Yiu Kit, Ernest (*Chairman*)
Yu Lin (Appointed on 5 September 2021)
Lam Chi Wing
Mai Yang Guang (Resigned on 5 September 2021)

REMUNERATION COMMITTEE

Yu Lin (*Chairman*) (Appointed on 5 September 2021)
Mai Yang Guang (Resigned on 5 September 2021)
Lam Chi Wing
Wong Yiu Kit, Ernest

NOMINATION COMMITTEE

Zhu Yufei (*Chairman*) (Appointed on 5 September 2021)
Mai Yang Guang (Resigned on 5 September 2021)
Yu Lin (Appointed on 5 September 2021)
Lam Chi Wing
Wong Yiu Kit, Ernest (Resigned on 5 September 2021)

COMPANY SECRETARY

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

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

PLACE OF INCORPORATION

Bermuda

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL OFFICE

Unit E, 28/F, YHC Tower,
1 Sheung Yuet Road,
Kowloon Bay, Kowloon, 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
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

www.aidigong.hk

STOCK CODE

286

BOARD LOT

2,000 shares

INVESTOR RELATIONS

For enquiries relating to investor relations,
please contact:
Tel: (852) 2620 6623
Fax: (852) 2620 6679
E-mail: ir@aidigong.hk

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 2021 (the “Period”) together with the comparative figures for the corresponding period in 2020 as follows:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

	Notes	For six months ended 30 June	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Revenue	3	324,058	324,342
Cost of sales		(195,823)	(185,232)
Gross Profit		128,235	139,110
Other income	5	8,296	5,842
Administrative expenses		(28,462)	(25,497)
Selling and distribution expenses		(62,894)	(51,135)
Share of results of associates		(794)	651
Profit from operations		44,381	68,971
Gain on disposal of subsidiaries		16,374	7,423
Gain on disposal of associate		10,900	–
Finance cost		(32,900)	(32,703)
Profit before income tax		38,755	43,691
Income tax expense	6	(11,694)	(18,023)
Profit for the period	7	27,061	25,668
Other comprehensive income, net of income tax			
<i>Item that may be reclassified subsequent to profit or loss</i>			
Exchange differences on translating foreign operations arising during the period		17,104	(15,103)
Release of exchange reserve upon disposal of subsidiaries		(85)	–
Total comprehensive income for the period		44,080	10,565

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

For the six months ended 30 June 2021

	Notes	For six months ended 30 June	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Profit for the period attributable:			
Owners of the Company		23,582	25,990
Non-controlling interests		3,479	(322)
		27,061	25,668
Total comprehensive income for the period attributable to:			
Owners of the Company		34,519	14,855
Non-controlling interests		9,561	(4,290)
		44,080	10,565
Earnings per share for the period attributable to owners of the Company			
Basic and diluted (HK cents per share)	9	0.61	0.68

Condensed Consolidated Statement of Financial Position

At 30 June 2021

	<i>Notes</i>	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment		137,139	167,811
Right-of-use assets		304,055	353,651
Intangible assets	10	787,982	808,632
Goodwill		428,380	426,466
Interests in associates		1,728	112,222
Equity investments at fair value through other comprehensive income		20,489	20,489
Deferred tax assets		9,470	8,988
		1,689,243	1,898,259
Current assets			
Deposits, prepayments and other receivables	11	512,778	373,840
Trade receivables	12	3,510	10,290
Inventories		2,965	50,759
Loan to a shareholder	13	30,113	30,830
Properties under development	14	422,949	371,052
Short-term loans receivable	15	28,752	28,782
Financial assets at fair value through profit or loss		60,201	24,020
Bank and cash balances		126,990	81,530
		1,188,258	971,103
Current liabilities			
Trade payables	16	29,520	11,581
Accruals and other payables	17	55,110	118,134
Contract liabilities	17	128,530	169,990
Lease liabilities		77,681	53,942
Contingent consideration payable		–	129,393
Bank and other borrowings	18	79,180	60,856
Bonds payable	19	41,004	65,079
Tax payable		11,882	28,402
		422,907	637,377
Net current assets		765,351	333,726
Total assets less current liabilities		2,454,594	2,231,985

Condensed Consolidated Statement of Financial Position *(Continued)*

At 30 June 2021

	<i>Notes</i>	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Capital and reserves			
Share capital		42,850	38,309
Reserves		1,063,052	734,459
Equity attributable to owners of the Company		1,105,902	772,768
Non-controlling interest		176,404	221,366
Total equity		1,282,306	994,134
Non-current liabilities			
Deferred tax liabilities		164,181	167,436
Bank borrowings	<i>18</i>	695,170	695,748
Lease liabilities		251,916	322,892
Bonds payable	<i>19</i>	61,021	51,775
		1,172,288	1,237,851
		2,454,594	2,231,985

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to owners of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Equity investment at fair value through other comprehensive income reserve HK\$'000	Shares held for the share award scheme HK\$'000	Statutory reserve HK\$'000	Other reserve HK\$'000	Proposed final dividend HK\$'000	Retained earnings HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2020	38,309	1,015,027	(48,611)	-	-	15,081	(43,840)	-	127,443	1,103,409	203,398	1,306,807
Profit for the period	-	-	-	-	-	-	-	-	25,990	25,990	(322)	25,668
Exchange differences on translating foreign operations arising during the period	-	-	(11,135)	-	-	-	-	-	-	(11,135)	(3,968)	(15,103)
Total comprehensive income	-	-	(11,135)	-	-	-	-	-	25,990	14,855	(4,290)	10,565
2019 proposed final dividend	-	-	-	-	-	-	-	2,567	(2,567)	-	-	-
Purchase of shares for the share award scheme	-	-	-	-	(498)	-	-	-	-	(498)	-	(498)
Change in non-controlling interests arising from disposal of non-controlling interests of a subsidiary	-	-	-	-	-	-	(47)	-	-	(47)	(2,937)	(2,984)
Transfer to statutory reserve	-	-	-	-	-	3,851	-	-	(3,851)	-	-	-
As 30 June 2020	38,309	1,015,027	(59,746)	-	(498)	18,932	(43,887)	2,567	147,015	1,117,719	196,171	1,313,890
At 1 January 2021	38,309	1,015,027	9,176	(4,011)	(498)	17,255	(46,339)	-	(256,151)	772,768	221,366	994,134
Profit for the period	-	-	-	-	-	-	-	-	23,582	23,582	3,479	27,061
Exchange differences on translating foreign operations arising during the period	-	-	11,022	-	-	-	-	-	-	11,022	6,082	17,104
Release of exchange reserve upon disposal of subsidiaries	-	-	(85)	-	-	-	-	-	-	(85)	-	(85)
Total comprehensive income	-	-	10,937	-	-	-	-	-	23,582	34,519	9,561	44,080
Proceeds from share subscription	2,641	182,229	-	-	-	-	-	-	-	184,870	-	184,870
Proceeds from share placing	1,900	112,366	-	-	-	-	-	-	-	114,266	-	114,266
Purchase of shares for the share award scheme	-	-	-	-	(521)	-	-	-	-	(521)	-	(521)
Capital reduction of NCI	-	-	-	-	-	-	-	-	-	-	(25,251)	(25,251)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(29,272)	(29,272)
At 30 June 2021	42,850	1,309,622	20,113	(4,011)	(1,019)	17,255	(46,339)	-	(232,569)	1,105,902	176,404	1,282,306

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	For six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Net cash used in from operating activities	(91,553)	(185,885)
Net cash used in investing activities	(159,347)	(6,698)
Net cash generated from financing activities	288,646	183,533
Net change in cash and cash equivalents	37,746	(9,050)
Effect of foreign exchange rate changes, net	7,714	6,303
Cash and cash equivalents at beginning of period	81,530	80,098
Cash and cash equivalents at end of period	126,990	77,351
Represented by:		
Bank and cash balances	126,990	77,351

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

1. BASIS OF PREPARATION

These unaudited condensed consolidated 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 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 2020.

These unaudited condensed consolidated financial statements have been prepared on the historical cost basis.

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than change in accounting policies resulting from application of new and amendments and interpretation to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the preparation of condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those applied in the preparation of the Group’s annual financial statements for the year ended 31 December 2020.

APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

Except as described above, the application of the amendments to HKFRSs in the current interim period has 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 interim financial information.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (CONTINUED)

IMPACTS AND ACCOUNTING POLICIES ON APPLICATION OF AMENDMENTS TO HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 AND HKFRS 16 “INTEREST RATE BENCHMARK REFORM – PHASE 2”

ACCOUNTING POLICIES

Financial instruments

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

TRANSITION AND SUMMARY OF EFFECTS

The Group intends to apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for medium term notes and bank loans measured at amortised cost. The amendments have had no impact on the condensed consolidated financial statements as none of the above contracts has been transitioned to the relevant replacement rates during the interim period. The impacts on application of the amendments, if any, including additional disclosures, will be reflected in the Group's consolidated financial statements for the year ending 31 December 2021.

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

For the six months ended 30 June 2021

3. REVENUE

	For six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Revenue from contracts with customers:		
Disaggregated by major products or service lines		
Provision of postpartum care services	314,856	313,395
Health Industry		
– Provision of medical anti-aging healthcare services	5,348	6,561
	320,204	319,956
Timing of revenue recognition:		
At a point in time	–	3,893
Over-time	320,204	316,063
	320,204	319,956
Revenue from other sources:		
Interest income from loans receivable	3,854	4,386
	324,058	324,342

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 contracts is not disclosed.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

4. OPERATING SEGMENTS

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

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

Postpartum care services	–	provision of maternal and child healthcare services in the PRC
Health industry	–	including natural health food and pharmaceutical products trading in the PRC, 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 2021

SEGMENT REVENUE AND RESULTS

	Postpartum Care Services HK\$'000	Natural Health Food HK\$'000	Health Industry Medical Anti-aging and Healthcare investments HK\$'000	Sub-total HK\$'000	Others HK\$'000	Consolidated HK\$'000
Revenue						
Revenue from external customers	314,856	–	5,348	5,348	3,854	324,058
Results						
Segment results for reportable segment	35,168	(9)	7,547	7,538	1,380	44,086
Unallocated expenses, net*						(27,925)
Gain on disposal of subsidiaries						10,900
Profit for the year						27,061

* 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 2021

4. OPERATING SEGMENTS *(CONTINUED)*

As at 30 June 2021

SEGMENT ASSET AND LIABILITIES

	Health Industry				Others HK\$'000	Consolidated HK\$'000
	Postpartum Care Services HK\$'000	Natural Health Food HK\$'000	Medical Anti-aging and Healthcare industry investments HK\$'000	Sub-total HK\$'000		
Assets						
Segment assets for reportable segments	1,720,434	-	908,396	908,396	83,796	2,712,626
Unallocated assets						164,875
Total assets						2,877,501
Liabilities						
Segment liabilities for reportable segments	1,033,627	-	429,623	429,623	26,263	1,489,513
Unallocated liabilities						105,682
Total liabilities						1,595,195

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

4. OPERATING SEGMENTS (CONTINUED)

For the six months ended 30 June 2020

SEGMENT REVENUE AND RESULTS

	Health Industry					
	Postpartum Care Services HK\$'000	Natural Health Food HK\$'000	Medical Anti- aging and Healthcare industry investments HK\$'000	Sub-total HK\$'000	Others HK\$'000	Consolidated HK\$'000
Revenue						
Revenue from external customers	313,395	–	6,561	6,561	4,386	324,342
Results						
Segment results for reportable segment	44,187	(1,600)	(4,441)	(6,041)	1,013	39,159
Unallocated expenses, net*						(20,914)
Gain on disposal of subsidiaries						7,423
Profit for the year						25,668

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

4. OPERATING SEGMENTS (CONTINUED)

As at 31 December 2020

SEGMENT ASSET AND LIABILITIES

	Health Industry					
	Postpartum Care Services HK\$'000	Natural Health Food HK\$'000	Medical Anti-aging and Healthcare industry investments HK\$'000	Sub-total HK\$'000	Others HK\$'000	Consolidated HK\$'000
Assets						
Segment assets for reportable segments	1,761,677	90,264	941,930	1,032,194	59,612	2,853,483
Unallocated assets						15,879
Total assets						2,869,362
Liabilities						
Segment liabilities for reportable segments	920,331	30,918	462,692	493,610	140,545	1,554,486
Unallocated liabilities						320,742
Total liabilities						1,875,228

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, prepayments and deposits and corporate bank balances.

All liabilities are allocated to reportable segments other than unallocated corporate liabilities which mainly include certain accruals, deposits received and other payables and bonds payable.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

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:

	For six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Revenue		
PRC	314,856	317,287
Hong Kong	9,202	7,055
	324,058	324,342

	30 June	31 December
	2021 (Unaudited) HK\$'000	2020 (Audited) HK\$'000
Non-current assets*		
PRC	1,655,911	1,724,493
Hong Kong	1,645	32,067

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

5. OTHER INCOME

	For six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Bank interest income	133	98
Interest income from financial assets at FVTPL	1,213	3,611
Dividend income	–	377
Government grants (note)	1,061	1,565
Management income	189	–
Rental income	4,888	–
Others	812	191
	8,296	5,842

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

6. INCOME TAX EXPENSE

	For six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Income tax (income)/expense comprises		
Current tax:		
Hong Kong Profits Tax	–	(2,892)
PRC Enterprise Income Tax	11,694	22,014
Deferred tax	–	(1,099)
	11,694	18,023

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

6. INCOME TAX EXPENSE (CONTINUED)

(A) HONG KONG PROFITS TAX

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. 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%. Accordingly, starting from the year ended 31 December 2018, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million. 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) CAYMAN ISLANDS AND BRITISH VIRGIN ISLANDS CORPORATE INCOME TAX

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

7. PROFIT FOR THE PERIOD

	For six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Profit for the period has been arrived at after charging:		
Total staff costs, including Directors' emoluments:		
Salaries and other benefits	86,456	81,832
Retirement benefit scheme contributions	3,210	2,920
	89,666	84,752
Auditors' remuneration	900	900
Depreciation of property, plant and equipment	19,245	19,698
Depreciation of right-to-use assets	50,002	40,579
Interest expense on lease liabilities	8,369	7,793

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

8. DIVIDEND

The Directors do not recommend any payment of interim dividend for the Period (2020: Nil).

9. EARNINGS PER SHARE

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

	For six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
<i>Earnings</i>		
Earnings for the purpose of Basic and diluted earnings per share (profit for the period attributable to owners of the Company)	23,582	25,990
<i>Number of shares ('000)</i>		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	3,849,967	3,830,915

No adjustment has been made to the basic earnings per share amounts presented for the period ended 30 June 2021 and 2020 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during these period.

10. INTANGIBLE ASSET

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

The trademark from health industry with carrying amount of approximately HK\$89,900,000 was acquired by the Company through the acquisition of 100% equity interests of Golden Time Ventures Limited ("Golden Time Ventures") during the year ended 31 December 2017. Golden Time Ventures was disposed during the Period and the trademark had disposed accordingly.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

10. INTANGIBLE ASSET (CONTINUED)

The trademark from postpartum care services with carrying amount of approximately HK\$599,028,000 was acquired by the Company through the step-up acquisition of Shenzhen Aidigong Group during the year ended 31 December 2019. The trademarks from 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 are determined to be finite. 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.

11. DEPOSITS, PREPAYMENT AND OTHER RECEIVABLE

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Deposits	20,229	25,442
Prepayments (note (1))	261,778	281,349
Other receivables (note (2))	239,901	78,139
	521,908	384,930
Less: Allowance for expected credit losses	(9,130)	(11,090)
	512,778	373,840

The directors of the Company consider that carrying amounts of deposits paid and other receivables approximate to their fair values.

Notes:

1. The prepayments mainly comprised of (i) prepaid land cost situated at Luofu Mountain in Guangdong Province of approximately HK\$21,644,000, and (ii) prepaid construction and development costs for Luofu Mountain projects of approximately HK\$203,306,000 (31 December 2020: HK\$21,547,000, HK\$187,441,000 respectively). As at 30 June 2021, there was no prepaid cost for procurement of raw material and finished goods for health industry business (31 December 2020: HK\$67,160,000).
2. As at 30 June 2021, the other receivables mainly comprised of other receivable due to disposal of subsidiaries and associates of approximately HK\$188,296,000 (31 December 2020: HK\$1,197,000) and there was no payment related to medical anti-aging business and healthcare industry investment business (31 December 2020: HK\$63,540,000).

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

For the six months ended 30 June 2021

12. TRADE RECEIVABLES

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Trade receivables	3,702	12,013
Less: Allowance for expected credit losses	(192)	(1,723)
	3,510	10,290

The Group generally allows an average credit period ranging from 30 to 90 days (31 December 2020: 30 to 90 days) to its trade customers. The following is an aged analysis of trade receivables (net of allowance for expected credit losses), at the end of the reporting period:

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
0 to 30 days	10	–
31 to 60 days	–	–
61 to 90 days	–	–
Over 90 days	3,500	10,290
	3,510	10,290

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

13. LOAN TO A SHAREHOLDER

On 5 October 2018, the Company, as lender, Champion Dynasty Limited (“Champion Dynasty”), as borrower and Mr. Cheung Wai Kuen, as an individual guarantor entered a new facility agreement, to renew a three-year revolving loan facility of up to HK\$200,000,000 to Champion Dynasty at an interest rate of 12% per annum. The loan was carried with the term of repayable on demand clause. Details of the loan were set out in the Company’s circular dated 2 November 2018.

Name of a shareholder	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Champion Dynasty	30,154	30,872
Less: Allowance for expected credit losses	(41)	(42)
	30,113	30,830

14. PROPERTIES UNDER DEVELOPMENT

Properties under development represented the construction costs and capitalized expenditures of project in Luofu Mountain, the PRC. During the period ended 30 June 2021, the Group reviewed the project in Luofu Mountain, the PRC, and concluded that properties are intended for sale after completion of development and will be completed in normal operating cycle. The management of the Group considered that those properties may be sold in a short period.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

15. SHORT-TERM LOANS RECEIVABLE

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Loans receivable		
With no guarantee (note (i))	29,936	29,936
Less: Allowance for expected credit losses	(1,184)	(1,154)
Carrying amount within one year (note (ii))	28,752	28,782

Notes:

- (i) Loans receivable are denominated in Hong Kong dollars and carried at fixed effective interest of 12% per annum.
- (ii) The following is an aged analysis for the loans receivable at the end of the reporting period:

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
31 to 60 days	–	18,956
Over 90 days	28,752	9,826
	28,752	28,782

Total short-term loans receivable at 30 June 2021 and 31 December 2020 was not past due. The amount due are based on the scheduled repayment dates set out in the loan agreements. All loans are repayable within one year.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

16. TRADE PAYABLES

The following is an aged analysis of trade payables at the end of the reporting period:

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
0 to 30 days	24,394	8,076
31 to 60 days	1,652	3,459
61 to 120 days	1,142	–
121 to 180 days	319	–
181 to 365 days	2,013	46
	29,520	11,581

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

17. ACCRUALS AND OTHER PAYABLES/CONTRACT LIABILITIES

(A) ACCRUALS AND OTHER PAYABLES

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Accruals	28,164	37,860
Other payables (note)	26,946	80,274
	55,110	118,134

Note:

Other payables mainly comprised of approximately (a) HK\$2,404,000 (31 December 2020: HK\$2,393,000) consideration payable to third parties for development and construction of the Luofu Mountain project, and (b) HK\$9,159,000 (31 December 2020: HK\$8,681,000) advance payment from independent third parties. Nil represents the fourth installment payable to the vendors of Shenzhen Aidigong Group and the balance was reclassified from contingent consideration payable (31 December 2020: HK\$59,853,000).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

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

(B) CONTRACT LIABILITIES

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Contract liabilities (note)	128,530	169,990

Note:

At 30 June 2021, contract liabilities mainly comprised of approximately (a) HK\$106,807,000 of deferred income relating to postpartum care services and medical anti-aging healthcare services (31 December 2020: HK\$146,900,000) and (b) HK\$21,724,000 deposit received from customers on sales of real estates of Luofu Mountain projects (31 December 2020: Nil). There was no deposits received from customers on sales of raw materials and finished goods of natural health food as at 30 June 2021 (31 December 2020: HK\$23,085,000).

18. BANK AND OTHER BORROWINGS

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Bank borrowings, secured (note (i))	740,725	695,748
Bank borrowings, unsecured (note (ii))	-	2,285
Other borrowings, unsecured (note (iii))	33,625	28,571
Other borrowings, guaranteed (note (iv))	-	30,000
Total borrowings	774,350	756,604

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Carrying amount repayable:		
Within 1 year or on demand	79,180	60,856
Between 1 to 5 years	695,170	406,936
Over 5 years	-	288,812
	774,350	756,604

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

18. BANK AND OTHER BORROWINGS (CONTINUED)

Notes:

- (i) On 12 September 2019, Guangdong Goodtop Health Industry Group Limited (formerly known as “Guangdong Common Splendor Health Industry Group Limited”) (“Guangdong Goodtop”), a wholly-owned subsidiary of the Company, as borrower, with Dongguan Rural Commercial Bank Co., Ltd. (“DRC Bank”), as lender, pursuant to which, DRC Bank, Donglian Branch agreed to make available to Guangdong Goodtop the Loan Facilities of up to an aggregate principal amount of RMB340,000,000. The bank loans were secured by following:
- (a) a pledge of 88.5184% shares of Shenzhen Aidigong;
 - (b) personal guarantee by related parties; and
 - (c) corporate guarantee by its wholly-owned subsidiaries, Guangdong Common Splendor Supply Chain Management Limited and Dongguan Great King Health Industry Company Limited.

The principal was due between 2020 and 2026 and the annual interest rate of above loans ranged from 6.89% to 7.11%, of which HK\$399,812,000 was utilised as at 30 June 2021 (31 December 2020: HK\$401,018,000).

During the year ended 31 December 2020, Guangdong Common Splendor Zhongliang Healthcare Industry as borrower, with Dongguan Rural Commercial Bank Co., Ltd, entered into loan facilities of up to an aggregate principal amount of RMB300,000,000. The bank loans were secured by its subsidiaries of the Company. The principal was due between 2021 and 2030 and the interest rate of the above loan charged 6.65%, of which HK\$340,913,000 was utilised as at 30 June 2021 (31 December 2020: HK\$294,730,000).

On 22 April 2019, the Group through a non-wholly owned subsidiary, Guangdong Weijingfang entered into a bank facility agreement with Bank of Dongguan Co., Ltd. The bank loans of RMB71,000,000 (equivalent to approximately HK\$79,422,000) were secured by following:

- (a) corporate guarantee by related companies;
- (b) a personal guarantee by related party; and
- (c) a parcel of land of the Group in Luofu Maintain with carrying amount of approximately HK\$87,572,000.

The interest rate was charged at 6.53% and the loan was repaid in 2020.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

18. BANK AND OTHER BORROWINGS (CONTINUED)

Notes: (Continued)

- (ii) At 31 December 2020, unsecured bank borrowing of RMB1,909,000 (equivalent to approximately HK\$2,285,000) was due in 2021 (2019: 2020) with the interest rate charged at 4.55% (2019: 3.73%). The loan was fully repaid during the Period.
- (iii) At 30 June 2021, the other borrowings of RMB10,000,000 (equivalent to approximately HK\$12,024,000) (31 December 2020: HK\$11,971,000) and HK\$21,600,000 (31 December 2020: HK\$16,600,000) were provided by independent third parties. The interest rates were 10.00% (31 December 2020: 10.00%) per annum. The principal is repayable within one year.
- (iv) At 31 December 2020, the other borrowings of HK\$30,000,000 was provided by an independent third party and guaranteed by Mr. Cheung Wai Kuen, the joint chairman of the Company. The interest rates was charged at 10% per annum. The loan was fully repaid during the Period.

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

	2021 HK\$'000	2020 HK\$'000
Hong Kong Dollar	21,600	45,000
RMB	752,750	608,527
	774,350	653,527

19. BONDS PAYABLE

During the six-months ended 30 June 2021, the Company, through an independent placing agent issued coupon bonds for an aggregate principal amount of HK\$10,000,000 (Year ended 31 December 2020: HK\$25,800,000), which carry a fixed coupon interest rate of 6% and 7% per annum (Year ended 31 December 2020: 6% and 7% 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.

As at 30 June 2021, the bonds payable with principal amount of HK\$107,900,000 will be due between July 2021 and February 2024. The effective interest rates are ranging from 11.50% to 15.89% (31 December 2020: 11.50% to 15.89%).

Management Discussion and Analysis

INDUSTRY REVIEW

The meeting of the Political Bureau of the CPC Central Committee held on 31 May 2021 revealed that the Chinese Government will further optimize its birth policies by implementing the three-child policy and relevant supporting measures, which will help improve China's demographic structure, implement national strategy to actively respond to aging population, and maintain China's human resources advantages.

In July 2021, the Decision of the CPC Central Committee and the State Council on Optimizing Birth Policies to Promote Long-term and Balanced Population Development (中共中央國務院關於優化生育政策促進人口長期均衡發展的決定) (the "Decision") was released by Xinhua News Agency. The Decision mentioned that population development is a major issue relating to the development of the Chinese nation. In order to implement the spirit of the 19th CPC National Congress and the 2nd, 3rd, 4th, and 5th Plenary Sessions of the 19th CPC Central Committee and promote the long-term balanced development of the population, in order to optimize the birth policies, the three-child policy is implemented and restrictive measures such as social support are cancelled and relevant penalties are cleaned up and abolished, and active childbirth support measures will be implemented. The Decision also mentioned that China will implement the three-child policy in accordance with the law, cancel restrictive measures such as social support payments and completely decouple entry, enrollment, employment, etc. from personal fertility status. The implementation of this policy will help increase the overall birth population base.

Benefiting from the relaxing two-child policy in 2016, China's birth population structure has undergone significant change, with the proportion of having two and more children gradually increased. The proportion of new-born babies as the second or more child in the family reached 58% in 2019. According to the research data of iiMedia Research, after experiencing the services at postpartum care centres, 97.5% of postpartum mothers would choose postpartum care centres when giving birth to their another child. As a result, multiple childbirth will help increase repurchase in the industry. In the long term, the changes in the structure of new-born population as a result of the relaxing birth policy will also facilitate the expansion of the size of the postpartum care centres market.

BUSINESS REVIEW

POSTPARTUM CARE SERVICE BUSINESS

Despite experiencing periods of regional reoccurrence of the COVID-19 epidemic since 2021, the Company has been proactively taking full and effective protection against the COVID-19 epidemic to ensure the safety of customers and employees, and consumers' demand for postpartum care centres under the brand name of "Aidigong" has been consistently increasing. In April 2021, the Group opened Shenzhen Qiaochengfang Luxury Courtyard, a postpartum care centre under the brand name of "Aidigong", which is located in the OCT zone in Shenzhen with 70 postpartum care rooms. Shenzhen Qiaochengfang Luxury Courtyard is the first postpartum care centre under the brand name of "Aidigong" opened in decorated properties, which apartment and hotel properties were chosen.

Management Discussion and Analysis (Continued)

BUSINESS REVIEW (CONTINUED)

POSTPARTUM CARE SERVICE BUSINESS (CONTINUED)

The turnover of the postpartum care service business for the Period increased by 2.67% as compared to the six months ended 30 June 2020 to approximately HK\$314,856,000. Net profit for the Period decreased by 8.22% as compared to the six months ended 30 June 2020 to approximately HK\$44,022,000. The decrease in net profit was mainly due to the losses of Qiaochengfang Luxury Courtyard in its preliminary development phase. As the postpartum care industry generally requires 3-6 months reservation in advance, the occupation rate of new postpartum care centres will generally rise after its opening and can achieve monthly breakeven half a year after opening.

The business performance of the Group's postpartum care service business for the six months ended 2020 and 2021 are set out as follows:

	For the six months ended 30 June 2021 HK\$'000	For the six months ended 30 June 2020 (Restated) HK\$'000
Turnover (note)	314,856	306,620
Gross profit	117,432	122,940
Administrative expenses	15,883	12,951
Selling and distribution expenses	62,894	51,680
Profit for the period	44,022	47,967

Note: The rental and management fee income in and before June 2020 is included in the turnover, and rental and management fee income is transferred to other income during the Period.



Management Discussion and Analysis *(Continued)*

BUSINESS REVIEW *(CONTINUED)*

POSTPARTUM CARE SERVICE BUSINESS (CONTINUED)

The “Aidigong” postpartum care centres are directly managed postpartum care centres positioned at high-end market, which offer professional care with a core team of experts and nurses. The postpartum care services provided by “Aidigong” postpartum care centres include five major businesses. One of them is the basic maternal and infant nursing service during the postpartum care period, which includes 24-hour maternal and infant care by dedicated nurses, personalized meals for mothers which are customized by nutritionists, dedicated nurses to provide babies with early education such as hydrotherapy, auditory and visual development, and to teach scientific professional parenting knowledge to mothers. The other four major businesses include postpartum rehabilitation, yoga shaping, breast management and baby photography. The postpartum rehabilitation business helps mothers to recover fully through rehabilitation programmes. The yoga shaping business is taught by yogis teaching mothers to reshape themselves quickly and safely through yoga exercises. The breast management business involves breastfeeding specialists to help mothers solve their breastfeeding problems. The baby photography business includes photo shooting and filming of babies.

After 14 years of development, the Group has served more than 20,000 mothers and received high recognition. It has developed Aidigong’s core competence, the “Maternal and Infant Nursing System”, which includes 9 major service systems and 1,300 maternal and child health care operation points, and an information software “Postpartum Care Centres Management System” based on it. Through this system, the efficiency of operation and management and service quality of postpartum care centres can be effectively improved, which will greatly help the Group to further its rapid replication and expansion nationwide. During its development, the Group focuses on team building, in which its strong talent pool and extensive school-enterprise cooperation secures the needs of rapid expansion.

Management Discussion and Analysis (Continued)

BUSINESS REVIEW (CONTINUED)

POSTPARTUM CARE SERVICE BUSINESS (CONTINUED)

Postpartum care centres	As at 30 June 2021 Rooms
Xiangmihu, Shenzhen	112
Silver Lake, Shenzhen	48
Nanshan, Shenzhen	149
Beijing	54
Chengdu	72
Shenzhen Qiaochengfang	70
Total	505



As at 30 June 2021, Shenzhen Aidigong Maternity Health Management Co., Ltd. (“**Shenzhen Aidigong**”) and its subsidiaries (collectively “**Shenzhen Aidigong Group**”) had bank and cash balances and structured bank deposits in total of approximately HK\$107,099,000 (as at 31 December 2020: HK\$103,757,000).

The postpartum care service business has brought very strong growth in the sales and profit of the Group as well as plenty of continuous cash flow to the Group. In the future, the Group will continue to focus on the development of postpartum care service business.

BUSINESS REVIEW (CONTINUED)

HEALTH INDUSTRY

MEDICAL ANTI-AGING AND HEALTHCARE INDUSTRY INVESTMENT BUSINESS

Yuquan Luofu (禦泉羅浮), the Health Preservation Residential Project of the Group in Luofu Mountain in which the Group held 51% equity interests, is a rare residential project under construction at the foot of Luofu Mountain, a 5A-class scenic spot in the Greater Bay Area. Located at the Luofu Mountain, with a natural forest oxygen chamber, it becomes an ideal location for healthcare and living and has access to high-speed railways, urban railways and expressways. The target customer groups of the project are mainly consumer groups from four cities, namely Shenzhen, Guangzhou, Dongguan and Huizhou, and it will become a beautiful stop in the one-hour healthcare circle in the Greater Bay Area. The project has obtained approximately 123 mu (畝) of residential land with a land use term of 70 years with a plot ratio of 2 and undergoing development and construction of the ancillary facilities of household hot springs, which mainly consists of saleable health preservation villas and health preservation bungalows. The project has obtained pre-sale permits of 30 villas under Phase I and has commenced sales in May 2021. The average pre-sale price of Phase I is over RMB20,000 per square meter. As at the date of this report, 24 sale reservations have been obtained, and the transaction amount of villas reserved is approximately RMB108,000,000. It is expected that in the second half of 2021, pre-sale certificates for other properties under construction will be successively obtained and the number of saleable houses will increase. The Health Preservation Base Project in Luofu Mountain is expected to contribute considerable cash flow to the Group.



Management Discussion and Analysis (Continued)

BUSINESS REVIEW (CONTINUED)

HEALTH INDUSTRY (CONTINUED)

MEDICAL ANTI-AGING AND HEALTHCARE INDUSTRY INVESTMENT BUSINESS (CONTINUED)



Investment projects currently held by the Group includes Prance Dragon Medical Group, which operates JP Partners Medical Group, is operating Chinese medicine, western medicine, dental clinics and endoscopy services in Hong Kong. The Group operates 14 chinese medical clinics, 12 western medical clinics, 6 dentals clinics, 1 wholly-owned endoscopy centre, 3 jointly established endoscopy centres with Humansa and provides outreach services to more than 70 elderly homes.

As of 30 June 2021, only the Health Preservation Residential Project in Luofu Mountain and the industry investment project Prance Dragon Medical Group remained in the medical anti-aging and health industry investment business of the Group.

The Group holds 9.57% equity interests in Prance Dragon Medical Group as at 30 June 2021. Its performance is relatively stable during the Period.

During the Period, revenue from medical anti-aging and healthcare industry investments amounted to approximately HK\$5,348,000 (2020: HK\$6,561,000), representing a decrease of approximately HK\$1,213,000 when compared to the six months ended 30 June 2020.

Management Discussion and Analysis *(Continued)*

FINANCIAL REVIEW

RESULTS

Revenue for the Period was approximately HK\$324,058,000 (2020: HK\$324,342,000), decreased by approximately HK\$284,000 or 0.09% as compared to the same period of last year. Gross profit for the Period was approximately HK\$128,235,000 (2020: HK\$139,110,000), decreased by approximately HK\$10,875,000 or 7.82% as compared to the same period of last year. The gross profit margin of the Group for the Period was 39.6% (2020: 42.9%). The decrease in revenue and gross profit for the Period was mainly attributable to the continuous drop in the disposed medical anti-aging business and the new postpartum care center is still in the climbing stage, and the revenue has not yet covered the cost.

OTHER INCOME

Other income for the Period was approximately HK\$8,296,000 (2020: HK\$5,842,000), representing an increase of approximately HK\$2,454,000 or 42.0% as compared to the same period of last year. The increase was mainly due to increase in the rental income.

ADMINISTRATIVE EXPENSES

Administrative expenses for the Period were approximately HK\$28,462,000 (2020: HK\$25,497,000), representing an increase of approximately HK\$2,965,000 or 11.6% as compared to the same period of last year. Such increase was mainly from the health industry business.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses for the Period were approximately HK\$62,894,000 (2020: HK\$51,135,000), representing an increase of approximately HK\$11,759,000 or 23.0% as compared to the same period of last year. Such increase was mainly due to the additional expenses arised from the operation of new postpartum care centres.

SHARE OF RESULTS OF ASSOCIATES

Share of results of associates for the Period was approximately loss of HK\$794,000 (2020: profit of HK\$651,000), representing a decrease of approximately HK\$1,445,000 as compared to the same period of last year. The associates that incurred losses were sold during the Period.

FINANCE COSTS

Finance costs for the Period were approximately HK\$32,900,000 (2020: HK\$32,703,000), representing an increase of approximately HK\$197,000 or 0.6% as compared to the same period of last year, which had no material change.

PROFIT FOR THE PERIOD

Compared with profit before income tax of approximately HK\$43,691,000 last year, profit before income tax of the Group for the Period was approximately HK\$38,755,000, representing a decrease of approximately HK\$4,936,000 or 11.3%. The decrease in profit was mainly due to the combined effect of (i) a decrease in gross profit as result of the continuous drop in the performance of the medical anti-aging business; and (ii) additional expenses incurred by the new postpartum care center for principal operations cost and selling and distribution expenses. However, the aforesaid additional expenses were partially offset by the gain generated from disposal of subsidiaries and associates. See "Material acquisitions and disposals – Disposal of subsidiaries" below for a discussion of the details.

Basic and diluted earnings per share attributable to the owners of the Company for the Period were both HK0.61 cents (2020: basic and diluted earnings per share: both HK0.68 cents).

Management Discussion and Analysis *(Continued)*

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Period (2020: Nil).

PROSPECTS

On 10 June 2021, the Group sold the medical beauty businesses in Hong Kong and all the equity interests in an associate which engaged in seahorse breeding business at an aggregate consideration of HK\$95,000,000 and realized a total unaudited gain of approximately HK\$17,385,000. On 18 June 2021, the Group sold an associate engaging in bio-pharmaceutical business at a consideration of RMB62,000,000 (approximately HK\$73,421,000) and realized an unaudited gain of approximately HK\$7,034,000. The Group completed the disposal of such businesses as scheduled, which were seriously affected by the pandemic in 2020, so as to further focus its development on the postpartum care services business.

On 25 June 2021, relevant employees of the Group, consisting of Ms. Zhu Yufei (“**Chairman Zhu**”), the Chairman of the Board, chief executive officer of the Group and an executive Director, and the management team of postpartum care services business subscribed a total of 264,099,966 new shares in the Company (the “**Shares**”) from listed companies at HK\$0.7. Following the completion of the issue, Chairman Zhu held 5.81% of the Company’s issued share capital. On 27 June 2021, Mr. Cheung Wai Kuen has stepped down from his role as one of the joint chairmen with effect from 27 June 2021 but remained as an executive director of the Company, responsible for the execution of the business other than that of the postpartum services. Chairman Zhu continues to be responsible for the execution of the postpartum centre services business and to lead the overall development of the Group.

In 2021, the Group commenced the running of opening postpartum care centres under the brand name of “Aidigong” adopting the ultra-light asset model, involving the operation of postpartum care centres through the long-term leasing of decorated properties. As the leasing of decorated properties do not require decoration by the Group, it largely shortens the establishment period for opening new centres. The establishment period will be reduced to one-third of the existing properties which require independent decoration and the capital investment will reduce to one-third of existing properties requiring independent decoration. In April 2021, Shenzhen Qiaochengfang Luxury Courtyard, the first new postpartum care centre under the ultra-light asset model was opened. Through the operation and the numbers of orders of Shenzhen Qiaochengfang Luxury Courtyard, it has proven to be a success in adopting the ultra-light asset model. The Company believes that the new postpartum care centre will assist the Group in achieving higher benefits and returns.

Based on the success of the first postpartum care centre under the ultra-light asset model, the Group plans to open new postpartum care centres under the brand name of “Aidigong” through the ultra-light asset model. In July 2021, the Group leased the property in Nanshan, Shenzhen to establish a postpartum care centre. The location of the centre is adjacent to the core area of Bao’an District and can well cover the market in Bao’an District. It adopted decorated properties with 94 rooms and is planned to open for business in September 2021. In August 2021, the Company noted that the demand for postpartum care centres under the brand name of “Aidigong” in Chengdu is strong, the Group rented a property in Chengdu with 26 rooms. It is expected that 26 rooms can be offered for services and is expected to be officially open for business in October 2021. The new postpartum care centre in Chengdu is adjacent to the existing postpartum care centre, and it expected to generate a good synergistic effect to each other to further meet the demand of local consumers.

Management Discussion and Analysis *(Continued)*

PROSPECTS *(CONTINUED)*

Postpartum care centres under the brand name of “Aidigong” have met the conditions for rapid expansion, including brands, standardization and team reserves. Through the large store management capability on Nanshan postpartum care centre and the distance operation of new markets in Beijing and Chengdu, it proved that the team of Aidigong has the capability to open postpartum care centres across China. In the future, the Group will leverage on the national population policies and seize opportunities to further expand its market share. It will speed up in securing properties to establish postpartum care centres under the brand name of “Aidigong” through the cooperation with brand chain apartments or property developers and achieve the five-year rapid expansion plan of the Group to meet the demand of consumers across the country.

FINANCIAL HIGHLIGHT

NET ASSETS VALUE

As at 30 June 2021, the net assets of the Group was approximately HK\$1,282,306,000 (31 December 2020: HK\$994,134,000), representing an increase of approximately HK\$288,172,000 as compared to the corresponding period in 2020. The increase was mainly due to (i) funds of approximately HK\$299,136,000 arising from the issue of new shares by the Company; (ii) comprehensive income of approximately HK\$44,080,000 for the period; a decrease in minority interest of approximately HK\$29,272,000 resulting from the disposal of subsidiaries; and a return to minority shareholders of approximately HK\$25,251,000 resulting from the capital reduction of a subsidiary.

Net assets value per issued ordinary share of the Company as at 30 June 2021 was approximately HK\$0.30 (31 December 2020: HK\$0.26).

As at 30 June 2021, the current ratio of the Group (calculated as current assets divided by current liabilities) was 2.81 (31 December 2020: 1.52).

EQUITY

The number of issued ordinary shares of the Company as at 30 June 2021 was 4,285,014,974 shares (31 December 2020: 3,830,915,008 shares).

On 22 June 2021, an aggregate of 190,000,000 placing shares have been placed to no less than six independent places at the placing price of HK\$0.62 per placing share. The Company intends to apply the net proceeds of the placing (i) as to 30% for the Group’s general working capital; and (ii) as to 70% for repayment of outstanding indebtedness of the Group. Each of the places thereunder has undertaken on a voluntary basis to be subject to lock-up undertakings made in favour of the Company, that he/she/it will not dispose of his/her/its placing shares within six (6) months from the date of the relevant placee letter unless with the prior written consent from the Company. Details are disclosed in the announcements of the Company dated 2 June 2021, 16 June 2021 and 22 June 2021.

During the Period, pursuant to the subscription agreement dated 25 January 2019, the Company allotted and issued an aggregate of 264,099,966 Shares to the relevant employees at the subscription price of HK\$0.7 per share, the completion of which took place on 25 June 2021. Details are disclosed in the announcements of the Company dated 25 January 2019, 27 February 2019, 29 April 2019, 28 June 2019, 23 July 2019, 13 September 2019, 31 March 2020, 12 March 2021, 17 March 2021 and 25 June 2021, and the circular of the Company dated 26 July 2019.

Management Discussion and Analysis *(Continued)*

FINANCIAL HIGHLIGHT *(CONTINUED)*

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2021, the Group has a principal amount of HK\$107,900,000 (31 December 2020: HK\$125,500,000) unsecured bonds payable, approximately HK\$740,725,000 (31 December 2020: HK\$695,748,000) secured bank loan, Nil (31 December 2020: HK\$2,285,000) unsecured bank loan, Nil (31 December 2020: HK\$30,000,000) secured other borrowings and HK\$33,625,000 (31 December 2020: HK\$28,571,000) unsecured other borrowings.

Save for disclosed above, the Group did not have any other borrowing as at 30 June 2021. The gearing ratio of the Group was 0.94 as at 30 June 2021 (31 December 2020: 1.26). The decrease in the ratio was mainly due to decrease of lease liabilities.

The Group maintains sufficient working capital and cash position for daily operations. Bank and cash balances as at 30 June 2021 amounted to approximately HK\$126,990,000 (31 December 2020: HK\$81,530,000).

The Group has adopted a prudent financial management approach towards its treasury policies. The cash and bank balances were denominated in RMB, Hong Kong dollar and United State dollar and the bank borrowings facilities available to the Group were denominated in Renminbi and bear floating interest rates. The Group continued to have no foreign exchange contracts and investment in listed shares, bonds and debentures. As at 30 June 2021, the Group held structured bank deposits (“SBDs”) 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. Certain of the structured bank deposits are principal protected. The structured bank deposits are either redeemable on demand or have a maturity date ranges from three to seven months. The Group is not exposed to material fluctuations risks in exchange rates.

REMUNERATION POLICIES AND SHARE OPTION SCHEME

It is the Group’s policy to recruit the suitable candidate for each position based on the individual’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\$86,231,000 (2020: HK\$81,457,000).

At the annual general meeting of the Company held on 11 October 2012, the shareholders of the Company approved the adoption of a share option scheme (“**2012 Share Option Scheme**”). The purpose of the 2012 Share Option Scheme is to provide incentives or rewards to Eligible Participants (as defined in the 2012 Share Option Scheme) of the 2012 Share Option Scheme for their contribution to, and continuing efforts to promote the interests of the Group. The Eligible Participants include any employees of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Company or any of its subsidiaries) and any customer, supplier, service provider, shareholder, adviser or consultant and any person who, in the sole discretion of the Board, has contributed or may contribute to the Group. Unless otherwise cancelled or amended, the 2012 Share Option Scheme will remain in force for ten years from the effective date. As at 30 June 2021, no share option was granted and no share option was outstanding (31 December 2020: Nil).

Management Discussion and Analysis *(Continued)*

FINANCIAL HIGHLIGHT *(CONTINUED)*

REMUNERATION POLICIES AND SHARE OPTION SCHEME (CONTINUED)

The Board has approved the adoption of a share award scheme (the “**Scheme**”) on 5 July 2018 and it was approved by the shareholders of the Company at the special general meeting held on 30 August 2018. The purposes and objectives of the 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 Scheme to carry out the purposes and achieve relevant objectives of the Scheme. The Company was informed by the trustee of the Scheme that, in May 2020 and February 2021, it has purchased on the open market an aggregate of 2,100,000 Shares, representing approximately 0.05% of the issued share capital of the Company for the purpose of the Scheme. No share award was granted pursuant to the Scheme during the Period.

PLEDGE OF ASSETS

Reference is made to the Company’s announcement dated 16 September 2019 regarding, among other things, the loan agreements entered into between Guangdong Goodtop Health Industry Group Limited (廣東萬佳健康產業集團有限公司) (formerly known as “Guangdong Common Splendor Health Industry Group Limited (廣東同佳健康產業集團有限公司)”) (“**Guangdong Goodtop**”), a wholly-owned subsidiary of the Company, as borrower, with Dongguan Rural Commercial Bank Co., Ltd. (“**DRC Bank**”), as lender, pursuant to which, DRC Bank, Donglian Branch agreed to make available to Guangdong Goodtop the loan facilities of up to an aggregate principal amount of RMB340 million. Guangdong Goodtop provided share pledge of up to RMB510 million over 88.5184% share interests in Shenzhen Aidigong. The Company provided guarantees and Mr. Cheung Wai Kuen, the executive Director, provided personal guarantees to the loan facilities.

In 2020, the Group obtained a loan facility of RMB300 million from Dongguan Rural Commercial Bank Co., Ltd. and the loan was secured by the subsidiaries of the Company.

The provision of such personal guarantees constitute a 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 compliance with 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 2021 and 31 December 2020.

CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any material contingent liability (31 December 2020: Nil).

Management Discussion and Analysis (Continued)

MATERIAL ACQUISITIONS AND DISPOSALS

DISPOSAL OF SUBSIDIARIES

On 28 April 2021, the Company entered into an equity transfer agreement with an independent third party to dispose the entire equity interests in Dongguan Aijia Health Management Limited (東莞愛佳健康管理有限公司) (“**Dongguan Aijia**”) held by the Group at a consideration of RMB1.1 million. After the completion of the disposal, the Company ceased to hold any interest in Dongguan Aijia, and accordingly, the financial results of Dongguan Aijia will no longer be consolidated into the consolidated financial statements. Owing to the aforesaid disposal during the Period, the Group recorded a gain on disposal of subsidiaries of approximately HK\$0.9 million. As none of the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the disposal of Dongguan Aijia exceeded 5%, it did not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

On 18 May 2021, the Company entered into an equity transfer agreement with an independent third party to dispose the entire equity interests in Guangdong Weijingfang Food Limited (廣東維菁坊食品有限公司) (“**Guangdong Weijingfang**”) held by the Group at a consideration of RMB16 million. After the completion of the disposal, the Company ceased to hold any interest in Guangdong Weijingfang, and accordingly, the financial results of Guangdong Weijingfang will no longer be consolidated into the consolidated financial statements. Owing to the aforesaid disposal during the Period, the Group recorded a gain on disposal of subsidiaries of approximately HK\$2.0 million. As none of the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the disposal of Guangdong Weijingfang exceeded 5%, it did not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

Reference is made to the announcement of the Company dated 10 June 2021. During the Period, the Company completed the disposal of the entire issued share capital in Golden Time Ventures Limited (金泰創投有限公司) (together with its subsidiaries, collectively, the “**GTV Group**”) at a consideration of HK\$70 million. After the completion of the disposal, the Company ceased to hold any interest in the GTV Group, and accordingly, the financial results of the GTV Group will no longer be consolidated into the consolidated financial statements. Owing to the aforesaid disposal during the Period, the Group recorded a gain on disposal of subsidiaries of approximately HK\$13.5 million (unaudited).

The actual amount of gain arising from the disposals of subsidiaries to be recognised by the Group will be subject to final audit by the Company’s auditors.

DISPOSAL OF ASSOCIATES

Reference is made to the announcement of the Company dated 10 June 2021. During the Period, the Company completed the disposal of the 49% interests in Shenzhen Wanqi Marine Bio Tech Company Limited* (深圳市萬騏海洋生物科技有限公司) (“**Shenzhen Wanqi**”) and the entire issued share capital in its original holding company (the “**SW Holdco**”, collectively with Shenzhen Wanqi, the “**Jumbo Group**”) at a consideration of HK\$25 million. Owing to the aforesaid disposal during the Period, the Group recorded an unaudited gain on disposal of associates of approximately HK\$3.9 million.

Reference is made to the announcement of the Company dated 18 June 2021. The Company entered into an equity transfer agreement (the “**Agreement**”) with Mr. Zhao on 18 June 2021 to dispose of the following entire equity interests in entities held by the Group (the “**Disposals**”), namely (i) the 51% equity interests in Guangdong Kelv Bio Medical Tech Company Limited* (廣東科綠生物醫藥科技有限公司) (“**Guangdong Kelv**”, together with Guangdong Fengyuan, the “**Target Companies**”); and (ii) the 22.72% equity interests in Guangdong Fengyuan (collectively, the “**Disposed Interest**”), at a total consideration of RMB62 million. Owing to the aforesaid disposal during the Period, the Group recorded an unaudited gain on disposal of associates of approximately HK\$7.0 million.

Management Discussion and Analysis (Continued)

OTHER INFORMATION

PLACING OF 100,000,000 NEW SHARES UNDER GENERAL MANDATE IN DECEMBER 2019

Reference is made to the announcement of the Company dated 18 December 2019 and 31 December 2019 (collectively, the “December Placing Announcements”) in relation to the placing of an aggregate of up to 100,000,000 new shares of the Company under the general mandate. On 18 December 2019, the Company entered into placing agreements (the “December Placing Agreements”) with the placing agents to procure on a best efforts basis for placees to subscribe up to an aggregate of 100,000,000 placing shares at HK\$0.5 per placing share (the “December Placing”).

The aggregate net proceeds of the December Placing, after the deduction of related expenses, amounted to approximately HK\$49.2 million, among which, approximately HK\$44.6 million were utilised in the financial year of 2019 and approximately HK\$4.6 million were brought forward to the financial year of 2020. The following table sets out the breakdown of the use of proceeds of the December Placing:

Intended use of net proceeds under the December Placing	Allocation of net proceeds HK\$ (million) (Approximate)	Utilisation for the financial year ended 31 December 2019 HK\$ (million) (Approximate)	Utilisation for the financial year ended 31 December 2020 HK\$ (million) (Approximate)
Repayment of the outstanding principal amount interest bearing, secured, guaranteed note to Wan Tai Investments Limited, being an indirect wholly-owned subsidiary of CCB International (Holdings) Limited and convertible notes to China Great Wall AMC (International) Holdings Co., Ltd.(中國長城資產(國際)控股有限公司)	44.6	44.6	–
General working capital	4.6	–	4.6
Total	49.2	44.6	4.6

Management Discussion and Analysis *(Continued)*

OTHER INFORMATION *(CONTINUED)*

PLACING OF 190,000,000 NEW SHARES UNDER SPECIFIC MANDATE IN JUNE 2021

Reference is made to the announcements of the Company dated 2 June 2021, 16 June 2021 and 22 June 2021, the Company entered into a placing agreement with a placing agent pursuant to which the placing agent conditionally agreed to procure not less than six placees on a best efforts basis to subscribe for up to a maximum of 190,000,000 placing shares at HK\$0.62 per placing share (the “**June Placing**”). Completion of the June Placing took place on 22 June 2021, whereby an aggregate of 190,000,000 Shares has been placed and issued to not less than six independent placees pursuant to the terms and conditions of the placing agreement.

The aggregate net proceeds of the June Placing, after the deduction of related expenses, amounted to approximately HK\$113.8 million. The closing price per ordinary share of the Company as quoted on the Stock Exchange on 2 June 2021, being the date of the placing agreement was HK\$0.760. The net issue price of the Placing Share is approximately HK\$0.599 per Placing Share. There are no proceeds brought forward from any issue of securities made in previous financial years. The following table sets out the breakdown of the use of proceeds of the June Placing:

Intended use of net proceeds under the June Placing	Allocation of net proceeds HK\$ (million) (Approximate)	Utilisation for the financial period ended 30 June 2021 HK\$ (million) (Approximate)
Repayment of outstanding indebtedness of the Group	79.7	56.5
General working capital	34.1	2.8
Total	113.8	59.3

Management Discussion and Analysis (Continued)

OTHER INFORMATION (CONTINUED)

SUBSCRIPTION OF 264,099,966 NEW SHARES UNDER THE FIRST SUBSCRIPTION AGREEMENT IN SEPTEMBER 2019

Reference is made to the announcements of the Company dated 25 January 2019, 27 February 2019, 29 April 2019, 28 June 2019, 23 July 2019, 13 September 2019, 31 March 2020, 12 March 2021, 17 March 2021 and 25 June 2021 (the “**Announcements**”), and the circular of the Company dated 26 July 2019 (the “**Circular**”), in relation to, among other things, (i) the acquisition of 88.5184% equity interest in Shenzhen Aidigong; and (ii) the subscription of new shares under specific mandate.

Subscriber A and Subscriber B have received their respective entitlements of the Earnout Payment in full, and have utilised the cash considerations for subscription of the First Subscription Shares pursuant to the First Subscription Agreement (the “**First Subscription**”). The Board announces that the completion of the First Subscription has taken place in accordance with the terms of the First Subscription Agreement, and the allotment and issue of First Subscription Shares has been completed on 25 June 2021. An aggregate of 264,099,966 Shares were allotted and issued by the Company to the Relevant Employees at the subscription price of HK\$0.7 per Share. The First Subscription Shares represent (i) approximately 6.57% of the issued Shares immediately before completion of the allotment and issue of the First Subscription Shares and (ii) approximately 6.16% of the enlarged issued Shares immediately after the allotment and issue of the First Subscription Shares.

The aggregate net proceeds of the First Subscription agreement, after the deduction of related expenses, are approximately HK\$182.9 million. The following table sets out the breakdown of the use of proceeds:

Intended use of net proceeds under the First Subscription agreement	Allocation of net proceeds HK\$ (million) (Approximate)	Utilisation for the financial period ended 30 June 2021 HK\$ (million) (Approximate)
Repayment of principal and interest of the bank loan drawn down for the financing of the Consideration	88.5	–
Repayment of the debenture	14.6	–
Business development in relation to the opening of two new postpartum care centres	79.8	–
Total	182.9	–

The proceeds from the First Subscription, the December Placing and the June Placing were used according to the intentions previously disclosed by the Company in the relevant announcements, and there were no material change or delay in the use of proceeds.

Management Discussion and Analysis *(Continued)*

OTHER INFORMATION *(CONTINUED)*

PROFIT GUARANTEE IN RELATION TO THE MAJOR ACQUISITION OF 88.5184% EQUITY INTEREST IN SHENZHEN AIDIGONG

As disclosed in the Company's announcement dated 31 March 2020, the net profit of Shenzhen Aidigong for the financial year ended 31 December 2019 amounted to RMB70,724,000, as such the purchaser will be required to pay the Fourth Installment in the maximum amount of RMB200,000,000 to the relevant management vendors in proportion to their respective shareholdings in Shenzhen Aidigong.

On 21 March 2021, the Company announced that the net profit of Shenzhen Aidigong for the financial year ended 31 December 2020 amounted to RMB80,598,000 and the aggregate net profit for the three years ended 31 December 2020 amounted to RMB209,856,000 based on PRC GAAP, which was higher than the net profit target of RMB197,000,000 for the three years ending 31 December 2020. As disclosed in such announcements, the Group would pay the relevant installment in the maximum amount of RMB109,358,000 to the management vendors in proportion to their respective shareholdings.

As disclosed in the Company's announcements dated 12 March 2021 and 17 March 2021 (the "**March Announcements**"), pursuant to the subscription agreement entered into between Shenzhen Aidigong, Ms. Zhu and Shenzhen City Aixinhengjiuyuan Assets Management Partnership (Limited Partnership)* (深圳市愛心恒久遠資本管理合夥企業(有限合夥)) on 25 January 2019 ("**First Subscription Agreement**"), the Company will issue up to an aggregate of 264,099,966 shares to Ms. Zhu, the Joint Chairman and executive Director, and relevant employees of the Group, at the predetermined subscription price of HK\$0.7 per share, and the completion date for the subscription is expected to be in or around May 2021 and there will be no lock-up period for such shares. The shares originally to be issued to the subscribers in the First Subscription Agreement were agreed to be issued to individuals including Zhu Yufei and Li Jun, who are employees of the Group, according to the terms of the First Subscription Agreement.

The Company believes that the issuance of shares to the relevant employees express our recognition of their contribution to the Group. This will motivate and reinforces the relevant employees' sense of belonging and will in turn promote the business performance of the team. For further information including identities of the subscribers, please refer to the March Announcements. The First Subscription has taken place in accordance with the terms of the First Subscription Agreement, and the allotment and issue of First Subscription Shares has been completed on 25 June 2021. Please refer to the announcement dated 25 June 2021.

STATUS OF THE HANGZHOU CENTRE

As disclosed in the Company's announcement dated 7 December 2020, a previous wholly-owned subsidiary of the Company (the "**Tenant**") rented a property located in Zhijiang New City, Xihu District, Hangzhou, from an independent third party landlord in December 2020.

Subsequently, there was a disagreement over certain commercial terms between the Tenant and the landlord, and as such, the Company has subsequently strategically disposed of the Tenant (the "**Termination and Disposal**") to safeguard the Group's interest and/or minimise any impact on the Group. The Termination and Disposal did not constitute a discloseable transaction of the Company under Chapter 14 of Listing Rules.

The Group maintains its position and plan to establish a new postpartum care centre in Hangzhou, the PRC, despite the Termination and Disposal, and the Group is in the process of looking for an alternative location for establishing such new postpartum care centre. The Company will provide updates, if any, on matters relating to the Group's business as and when appropriate in accordance with the Listing Rules.

Management Discussion and Analysis (Continued)

EVENTS AFTER THE REPORTING PERIOD

The Board was informed by one of the Company's shareholders, namely, Suntek Global Growth Fund SPC – Suntek Global Growth Fund Number One SP Limited, that it has voluntarily made a lock-up undertaking solely to the Company in respect of all of the interests held directly in 398,304,379 shares in the Company up to 17 September 2022, to demonstrate their faith in the long-term value of the Company. See the Company's announcement dated 15 August 2021 for reference.

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

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

As at 30 June 2021, the interests and short positions of the Directors and the chief executive of the Company in the shares of the Company, underlying shares of the Company and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the 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 are as follows:

Name of Director	Number of Shares			Capacity	Note	Percentage of issued share capital
	Ordinary Shares	Underlying Shares	Total			
Mr. Cheung	930,379,671	–	930,379,671 (L)	Interest of controlled corporation	1	21.71%
Ms. Zhu	449,151,755	–	449,151,755 (L)	Beneficial owner and interest of controlled corporation	2	10.48%

Notes:

- (1) Mr. Cheung, through his controlled corporation, Champion Dynasty Limited (“**Champion Dynasty**”) is deemed to be interested in 930,379,671 shares of the Company held by Champion Dynasty. 930,379,671 Shares registered in the name of Champion Dynasty were charged in favour of Golden Full Holdings Limited (“**Golden Full**”) pursuant to a share charge made by Champion Dynasty as chargor based on a share charge agreement dated 8 January 2020 and 25 June 2021.
- (2) Ms. Zhu is (i) beneficially interested in 249,151,755 shares of the Company and, (ii) deemed to be interested in 200,000,000 shares of the Company through Hongchang International Investment Limited, her controlled corporation.
- (3) The letter “L” denotes the long position in shares of the Company held by this person.

Save for disclosed above, as at 30 June 2021, 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 of the Company, underlying shares of the Company 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 2021, so far as are known to any Director or chief executives 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 ordinary shares of the Company	Capacity	Notes	Percentage of issued share capital
Wang Aier	1,328,684,050 (L)	(Notes 1 and 2)	1, 2	31.00%
Champion Dynasty	930,379,671 (L)	Beneficial owner	1	21.71%
Golden Full Holdings Limited	930,379,671 (L)	(Notes 1 and 2)	1, 2	21.71%
Zhu Yufei	449,151,755 (L)	Beneficial owner and interest of controlled corporation	3	10.48%
Suntek Global Growth Fund SPC – Suntek Global Growth Fund Number One SP Limited	398,304,379 (L)	Investment manager	4	9.90%

Notes:

- (1) Mr. Cheung is the sole director of Champion Dynasty and owned its entire issued capital. 930,370,671 Shares registered in the name of Champion Dynasty were charged in favour of Golden Full Holdings Limited pursuant to a share charge made by Champion Dynasty as chargor based on a share charge agreement dated 8 January 2020 and 25 June 2021.
- (2) 930,370,671 Shares were held by Wang Aier through Golden Full Holdings Limited, which is wholly owned by Wang Aier, and 398,304,379 Shares were held by Wang Aier as a beneficial owner.
- (3) 200,000,000 Shares were held by Ms. Zhu through Hongchang International Investment Limited, which is wholly owned by Ms. Zhu and 249,151,755 Shares were held by Ms. Zhu as a beneficial owner.
- (4) According to the relevant Disclosure of Interest Notice (“DI Notice”) in connection with the Company available on www.hkex.com.hk as at 30 June 2021, Suntek Global Growth Fund SPC – Suntek Global Growth Fund Number One SP is interested in 398,304,379 Shares as an investment manager, which accounted for 9.90% of the Company’s issued share capital based on 4,285,014,974 Shares in issue as at 30 June 2021.
- (5) The letter “L” denotes the long position in shares of the Company held by that person.

All the interests stated above represent long position which included interests in shares of the Company and underlying shares of the Company. Save for disclosed above, as at 30 June 2021, 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 of the Company, 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.

Management Discussion and Analysis (Continued)

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

Save as disclosed in the section titled "Directors' and Chief Executive(s)' interests in the securities of the Company and associated corporations" above, at no time during the six months ended 30 June 2021 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.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

On 27 October 2020, the Company entered into an incentive agreement with Hongchang International Investment Limited ("**Zhu Associate**"), pursuant to which Zhu Associate will be entitled to incentive shares based on the aggregate net profit amount of a new postpartum care centre during the incentive base period. The maximum number of the incentive shares to be issued to Zhu Associate by the Company is 200,000,000 incentive shares, representing (i) as at the date of the incentive agreement, approximately (a) 5.22% of the issued share capital of the Company; (b) 4.96% of the Company's issued share capital as enlarged by the issue of the maximum number of the incentive shares and (ii) as at the date of this report, approximately (a) 4.67% of the issued share capital of the Company; (b) 4.46% of the Company's issued share capital as enlarged by the issue of the maximum number of the incentive shares. The incentive agreement was approved by the independent Shareholders at the special general meeting held on 28 December 2020.

On 5 October 2018, the Company, as lender, entered into a facility agreement and agreed to renew a loan agreement with Champion Dynasty, as borrower, and Mr. Cheung Wai Kuen, one of the Company's controlling shareholders, as individual guarantor, for a period of three years from 19 November 2018 to 18 November 2021 in relation to a three-year revolving loan facility of up to HK\$200,000,000 to Champion Dynasty at an interest rate of 12% per annum (the "**Loan Transaction**"). The Loan Transaction was approved by the independent Shareholders at the special general meeting held on 19 November 2018. The loan is repayable on demand.

As at 30 June 2021, the outstanding balance of the loan to Champion Dynasty amounted to HK\$30,154,316 (31 December 2020: HK\$30,830,000).

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. Cash and cash equivalents of the Group is mainly denominated in RMB.

CORPORATE GOVERNANCE

Save as disclosed below, the Company has applied the principles and complied with the code provisions of the Corporate Governance Code ("**CG Code**"), as set out in Appendix 14 of the Listing Rules throughout the Period. The Company had complied with the code provisions set out in the CG Code during the Period. Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. Ms. Zhu Yufei was appointed as an executive Director, a joint chairman of the Board and the chief executive officer on 6 December 2019. Following Mr. Cheung Wai Kuen's stepped down from his role as one of the joint chairmen of the Board with effect from 27 June 2021, Ms. Zhu Yufei holds the positions as an executive Director, the chairman of the Board and the chief executive officer as at the date of this report. With Ms. Zhu Yufei's extensive experience in the maternal and child healthcare industry, the Board considers that vesting the roles of chairman and CEO in the same person is beneficial to the business prospects and management of the Group. The check and balance of power and authority are ensured by the operation of the senior management and the Board, which comprises experienced and high calibre individuals. The Board believes that this arrangement will not impact on the balance of power and authorisations between the Board and the management of the Company.

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

Pursuant to the terms of the rules and trust deed of the Scheme, the trustee of the Company's Scheme purchased on the Stock Exchange a total of 1,000,000 shares of the Company at a total consideration of HK\$521,000 during the Period for the purpose of the Share Award Scheme. Except as disclosed above, neither the Company nor any of its subsidiaries 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 auditor of the Company. The Audit Committee, comprised 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.

CHANGES IN INFORMATION OF DIRECTORS

As at 27 June 2021, Mr. Cheung Wai Kuen, has stepped down from his role as one of the joint chairmen of the Board but remained as an executive director of the Company. Details of which have been disclosed in the Company's announcement dated 27 June 2021.

APPRECIATION

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

By order of the Board
Aidigong Maternal & Child Health Limited
Zhu Yufei
Chairman

Hong Kong, 27 August 2021



AIDIGONG MATERNAL & CHILD HEALTH LIMITED

Address: Unit E, 28th Floor, YHC Tower, 1 Sheung Yuet Road,
Kowloon Bay, Kowloon, Hong Kong

Website: www.aidigong.hk

Telephone: (852) 2620 6623