愛帝宮母嬰健康股份有限公司
AIDIGONG MATERNAL & CHILD HEALTH LIMITED
(Incorporated in Bermuda with limited liability)
(Stock code: 286)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The board (the "**Board**") of directors (the "**Directors**") of Aidigong Maternal & Child Health Limited (the "**Company**") announces the consolidated financial information of the Company and its subsidiaries (together, the "**Group**") for the year ended 31 December 2021 (the "**Year**"), together with relevant comparative figures for the same period in 2020, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
Revenue	3	**642,573**	601,211
Cost of sales		**(437,161)**	(355,084)
Gross profit		**205,412**	246,127
Other income	5	**27,001**	23,368
Administrative expenses		**(63,421)**	(82,350)
Selling and distribution expenses		**(107,479)**	(88,527)
Share of result of associates		**(802)**	4,311

	Notes	**2021** **HK$'000**	2020 *HK$'000*
Profit from operations		**60,711**	102,929
Impairment loss recognised in respect of goodwill		**–**	(229,010)
Impairment loss recognised in respect of intangible assets		**–**	(65,728)
Impairment loss recognised in respect of right-of-use assets and property, plant and equipment		**–**	(12,323)
Impairment loss recognised in respect of interest in associates		**–**	(87,105)
Loss on fair value change of contingent consideration payable		**(2,071)**	(13,818)
Gain on disposal of associates		**5,278**	–
Gain on disposal of subsidiaries		**55,161**	5,896
Finance cost	*6*	**(65,670)**	(64,721)
Profit/(loss) before income tax	*7*	**53,409**	(363,880)
Income tax expense	*8*	**(18,624)**	(18,762)
Profit/(loss) for the Year		**34,785**	(382,642)
Other comprehensive income/(expense), net of income tax			
Items that may be reclassified subsequent to profit or loss			
Share of other comprehensive income of associates		**1,319**	3,455
Exchange differences on translating foreign operations		**16,550**	65,014
Release of exchange reserve upon disposal of subsidiaries		**7,207**	(85)
Release of exchange seserve upon disposal of associates		**(2,595)**	–
Items that will not be reclassified to profit or loss			
Change in value of equity investments at fair value through other comprehensive income		**(598)**	(4,011)
Other comprehensive income for the Year, net of income tax		**21,883**	64,373
Total comprehensive income/(expense) for the Year		**56,668**	(318,269)

	Notes	2021 HK$'000	2020 HK$'000
Profit/(loss) for the Year attributable to:			
Owners of the Company		**5,300**	(381,352)
Non-controlling interests		**29,485**	(1,290)
		34,785	(382,642)
Total comprehensive income/(expense) for the Year attributable to:			
Owners of the Company		**24,348**	(327,576)
Non-controlling interests		**32,320**	9,307
		56,668	(318,269)
Earnings/(loss) per share for the Year attributable to the owners of the Company:			
Basic *(HK cents per share)*	*10*	**0.13**	(9.96)
Diluted *(HK cents per share)*	*10*	**0.13**	(9.96)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	**2021** ***HK$'000***	2020 *HK$'000*
Non-current assets			
Property, plant and equipment		**144,768**	167,811
Right-of-use assets		**385,447**	353,651
Intangible assets		**804,033**	808,632
Goodwill		**437,106**	426,466
Interests in associates		**2,151**	112,222
Equity investments at fair value through other comprehensive income		**19,891**	20,489
Deferred tax assets		**13,695**	8,988
		1,807,091	1,898,259
Current assets			
Deposits, prepayments and other receivables		**538,301**	373,840
Trade receivables	*11*	**3,401**	10,290
Inventories		**2,923**	50,759
Loan to a shareholder		**–**	30,830
Properties under development		**485,907**	371,052
Short-term loans receivable		**28,355**	28,782
Financial assets at fair value through profit or loss		**69,344**	24,020
Bank and cash balances		**87,627**	81,530
		1,215,858	971,103

	Note	2021 HK$'000	2020 HK$'000
Current liabilities			
Trade payables	*12*	**29,307**	11,581
Accruals and other payables		**64,507**	118,134
Contract liabilities		**211,162**	169,990
Lease liabilities		**138,194**	53,942
Contingent consideration payable		**–**	129,393
Bank and other borrowings		**102,124**	60,856
Bonds payable		**39,397**	65,079
Tax payable		**14,179**	28,402
		598,870	637,377
Net current assets		**616,988**	333,726
Total assets less current liabilities		**2,424,079**	2,231,985
Capital and reserves			
Share capital		**42,850**	38,309
Reserves		**1,053,863**	734,459
Equity attributable to owners of the Company		**1,096,713**	772,768
Non-controlling interests		**153,030**	221,366
Total equity		**1,249,743**	994,134
Non-current liabilities			
Deferred tax liabilities		**167,524**	167,436
Bank borrowings		**692,626**	695,748
Lease liabilities		**281,142**	322,892
Bonds payable		**33,044**	51,775
		1,174,336	1,237,851
		2,424,079	2,231,985

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year ended 31 December 2021

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

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

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to HKAS 8	Definition of Accounting Estimates[3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[2]

[1] *Effective for annual periods beginning on or after 1 April 2021.*

[2] *Effective for annual periods beginning on or after 1 January 2022.*

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

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

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

The consolidation financial statements are presented in Hong Kong ("**HK$**") which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

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

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

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

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

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

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

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

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

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

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

3. REVENUE

	2021	2020
	HK$'000	*HK$'000*
Revenue from contracts with customers:		
Disaggregated by major products or service lines		
Provision of postpartum care services	**631,976**	578,402
Health industry		
– Provision of medical anti-aging healthcare services	**3,740**	15,177
– Sales of pharmaceutical products and others	**–**	32
	635,716	593,611
Timing of revenue recognition		
At a point in time	**–**	32
Over-time	**635,716**	593,579
	635,716	593,611
Revenue from other sources:		
– Interest income from loans receivable	**6,857**	7,600
	642,573	601,211

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

4. OPERATING SEGMENTS

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

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

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

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

Information about major customers

No individual customer contributed over 10% of the total revenue of the Group during the Year (2020: nil).

Operating segment information is presented below:

Segment revenues and results

	Postpartum Care Services		Health Industry		Others		Consolidated	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue								
Revenue from external customers	**631,976**	578,402	**3,740**	15,209	**6,857**	7,600	**642,573**	601,211
Results								
Segment results for reportable segment	**56,528**	92,960	**(1,600)**	(394,253)	**(17,433)**	(54,516)	**37,495**	(355,809)
Unallocated expenses, net*							**(2,710)**	(26,833)
Profit/(loss) for the Year							**34,785**	(382,642)

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

Segment asset and liabilities

	Postpartum Care Services		Health Industry		Others		Consolidated	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Assets								
Segment assets for reportable segments	**1,909,197**	1,761,677	**1,071,561**	1,032,194	**28,723**	59,612	**3,009,481**	2,853,483
Unallocated assets							**13,468**	15,879
Total assets							**3,022,949**	2,869,362
Liabilities								
Segment liabilities for reportable segments	**1,050,714**	920,331	**447,549**	493,610	**96,041**	140,545	**1,594,304**	1,554,486
Unallocated liabilities							**178,902**	320,742
Total liabilities							**1,773,206**	1,875,228

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

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

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

All assets are allocated to reportable segments other than unallocated corporate assets which mainly include certain property, plant and equipment, 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, deferred tax liabilities and contingent consideration payable.

Geographical information

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

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

	Revenue from external customers		**Non-current assets***	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The People's Republic of China (the "**PRC**")	**631,976**	582,498	**1,768,382**	1,724,493
Hong Kong	**10,597**	18,713	**2,972**	32,067

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

Other segment information

	Postpartum Care Services		Health Industry		Others		Consolidated	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Depreciation of property, plant and equipment	**45,375**	42,592	**3,380**	4,995	**823**	1,657	**49,578**	49,244
Depreciation of right-of-use assets	**94,209**	80,406	**703**	7,265	**1,646**	3,113	**96,558**	90,784
Share of result of associates	**–**	490	**(802)**	3,821	**–**	–	**(802)**	4,311
Impairment loss recognised in respect of interest in associates	**–**	–	**–**	87,105	**–**	–	**–**	87,105
Bank interest income	**310**	207	**3**	2	**57**	37	**370**	246
Interest income from financial assets at FVTPL	**2,424**	4,861	**–**	–	**–**	–	**2,424**	4,861
Loss on fair value change of contingent consideration payable	**2,071**	13,818	**–**	–	**–**	–	**2,071**	13,818
Impairment loss recognised in respect of right-of-use assets and property, plant and equipment	**–**	–	**–**	12,323	**–**	–	**–**	12,323
Impairment loss recognised in respect of goodwill	**–**	–	**–**	229,010	**–**	–	**–**	229,010
Impairment loss recognised in respect of intangible assets	**–**	–	**–**	65,728	**–**	–	**–**	65,728
Allowance for/(reversal of) expected credit losses, net								
– trade receivables	**412**	–	**(1,723)**	665	**–**	–	**(1,311)**	665
– other receivables	**–**	–	**(1,865)**	(2,241)	**–**	–	**(1,865)**	(2,241)
– loan to a shareholder	**–**	–	**–**	–	**(42)**	(23)	**(42)**	(23)
– short-term loans receivable	**–**	–	**–**	–	**113**	666	**113**	666
Gain on disposal of associates	**–**	–	**5,278**	–	**–**	–	**5,278**	–
Gain on disposal of subsidiaries	**–**	–	**–**	–	**55,161**	–	**55,161**	–
Interests in associates	**2,151**	1,720	**–**	110,502	**–**	–	**2,151**	112,222
Capital expenditures*	**234,993**	104,598	**612**	12	**2,055**	–	**237,660**	104,610
Finance cost	**47,609**	15,546	**1,315**	28,360	**16,746**	20,815	**65,670**	64,721

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

5. OTHER INCOME

	2021	2020
	HK$'000	*HK$'000*
Bank interest income	**370**	246
Imputed interest income from consideration receivable	**5,013**	–
Gain on fair value change of financial assets at FVTPL	**1,762**	76
Interest income from financial assets at FVTPL	**2,424**	4,861
Dividend income from unlisted investments	**461**	377
Rental income	**10,315**	12,481
Management fee income	**700**	734
Government grants *(note)*	**4,577**	4,140
Others	**1,379**	453
	27,001	23,368

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

6. FINANCE COST

	2021	2020
	HK$'000	*HK$'000*
Interest on bonds payable	**11,864**	14,501
Interest on bank and other borrowings	**57,781**	47,478
Interest expense on lease liabilities	**18,855**	15,391
	88,500	77,370
Less: Capitalised in properties under development *(note)*	**(22,830)**	(12,649)
	65,670	64,721

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

7. PROFIT/(LOSS) BEFORE INCOME TAX

	2021	2020
	HK$'000	*HK$'000*
Profit/(loss) for the Year has been arrived at after charging/ (crediting):		
Total staff costs including remuneration of directors of the Group:		
Salaries and other benefits	**208,944**	187,112
Retirement benefit scheme contributions	**14,269**	5,470
	223,213	192,582
Auditors' remuneration for audit services	**2,000**	2,000
Auditors' remuneration for non-audit services	**–**	–
Exchange loss, net	**–**	11
Share award expenses	**982**	–
Impairment loss recognised in respect of interest in associates	**–**	87,105
Impairment loss recognised in respect of goodwill	**–**	229,010
Impairment loss recognised in respect of intangible assets	**–**	65,728
Impairment loss recognised in respect of right-of-use assets and property, plant and equipment	**–**	12,323
Allowance for/(reversal of) expected credit losses of		
– trade receivables	**(1,311)**	665
– other receivables	**(1,865)**	(2,241)
– loan to a shareholder	**(42)**	(23)
– short-term loans receivable	**113**	666
Loss on fair value change of contingent consideration payable	**2,071**	13,818
Gain on fair value change of financial assets at FVTPL	**(1,762)**	(76)
Depreciation of property, plant and equipment	**49,578**	49,244
Depreciation of right-of-use assets	**96,558**	90,784
Payments to short-term leases	**2,103**	2,402

8. INCOME TAX EXPENSE

	2021	2020
	HK$'000	*HK$'000*
Income tax expense comprises:		
Current tax – Hong Kong Profits tax		
Charge for the Year	**–**	–
Over provision in prior year	**–**	–
Current tax – PRC Enterprise income tax		
Charge for the Year	**24,144**	31,303
Under provision in prior year	**–**	–
Deferred tax	**(5,520)**	(12,541)
	18,624	18,762

(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%. 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.

9. DIVIDENDS

	2021	2020
	HK$'000	*HK$'000*
Dividend for ordinary shareholders of the Company recognised as distribution during the Year		
2019 Annual – HK$0.067 cents	**–**	2,567

The Board does not recommend the payment of dividend for the Year (2020: Nil).

There was no payment of dividend during the Year. On 18 June 2020, the declaration of final dividends of approximately HK$0.067 cents per ordinary share for the year ended 31 December 2019, amounting to HK$2,567,000 was approved by the shareholders of the Company. The payment of final dividend was completed on 20 August 2020.

10. EARNINGS/(LOSS) PER SHARE

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

	2021	2020
	HK$'000	*HK$'000*
Earnings/(loss)		
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share (profit/(loss) for the year attributable to owners of the Company)	**5,300**	(381,352)
Number of shares ('000)		
Issued ordinary shares as at 1 January	**3,830,915**	3,830,915
Weighted average number of shares in respect of placing and subscription of shares	**236,698**	–
Weighted average number of shares held for the share award scheme	**(2,008)**	(654)
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**4,065,605**	3,830,261
Effect of dilutive potential ordinary shares:		
– Share award	**350**	–
Weighted average number or ordinary share for the purpose of diluted earnings/(loss) per share	**4,065,955**	3,830,261

Diluted loss per share is the same as the basis loss per share for the year ended 31 December 2020 as there were no potential dilutive ordinary share.

11. TRADE RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Trade receivables	**3,813**	12,013
Less: Allowance for expected credit losses	**(412)**	(1,723)
	3,401	10,290

The Group generally allows an average credit period ranging from 30 to 90 days (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:

	2021	2020
	HK$'000	*HK$'000*
0 to 30 days	**–**	–
31 to 60 days	**1,646**	–
61 to 90 days	**–**	–
Over 90 days	**1,755**	10,290
	3,401	10,290

Allowance for expected credit losses of approximately HK$412,000 have been recognised for trade receivables as at 31 December 2021 (2020: HK$1,723,000).

12. TRADE PAYABLES

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

	2021	2020
	HK$'000	*HK$'000*
0 to 30 days	**19,882**	8,076
31 to 60 days	**6,499**	3,459
181 to 365 days	**255**	46
Over 365 days	**2,671**	–
	29,307	11,581

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

MANAGEMENT DISCUSSION AND ANALYSIS

CHAIRMAN' STATEMENT

Historical Review

In 2021, there are two key words for Aidigong's postpartum care services business: one is "stable" and the other is "fast".

"Stable" means that we have always maintained stable service standard and profitability.

Despite raging COVID-19 pandemic and various changes in external environment in recent two years, our business remained stable and achieved continuous profitability. The overall income and profit of the postpartum care centres with over one year of operation since their opening of the postpartum care services business under the Aidigong brand remained stable.

In 2020, our postpartum care services business achieved a net profit of HK$108 million, representing a year-on-year increase of 3.4%. In 2021, the overall revenue and profit of all postpartum care centres (excluding new postpartum care centres) "with over one year of operation" within the Group remained stable, amounting to HK$590.18 million and HK$110.13 million, with a year-on-year increase of 2.0% and 1.5%, respectively.

The stability of the operation and service stems from the philosophy of professional-oriented leadership and caring service adopted since the establishment of postpartum care centres under the Aidigong brand in 2007. It has established, improved and realized the "Nine Professional Care Standard Systems", including rehabilitation care system for postpartum mothers, nutrition application system of postpartum care meals, traditional Chinese medicine conditioning and health care system, body repair and shaping system for postpartum mothers, health care system for newborns, early education and intellectual development system for newborns, butler-style high-end service system, three-dimensional defense system for postpartum care, and all-weather seamless security system. After 15 years of improvement and verification by nearly 30,000 mothers, the Nine Professional Care Standard Systems have been applied in the "Digital Management System for Postpartum Care Centres" independently developed by the postpartum care brand of Aidigong, and are implemented in our daily customer service management.

To ensure service quality, the Group has set up a quality training centre to continuously improve and optimize various service standards and inspection standards, established an effective and efficient employee training system and training courses, and implemented visual online teaching. It greatly improved the efficiency and sustainability of employee induction training and in-service continuous education, which have effectively guaranteed the quality and efficiency of customer service, and strengthened the foundation of professional services. Meanwhile, we also regularly hold seminars on customer demand to identify new demand of customers and issues found in practical services, which will be studied in-depth as special matters through the "Group Expert Committee" to find solution until they are resolved, thereby being professional-oriented as always.

Stable service standards, income and profits represent the ability to maintain certainty for years, which has been tested for 15 years. It is not a flash in the pan, but a steady and long-term progress, and a gold medal given by time.

"Fast" means that after years of accumulation, we are on our fast lane. This is our proactive choice, and also the result of our long-term accumulation and "break out after deep experience accumulation".

The first meaning of "fast" is the increase in the number of rooms during the Year. In 2021, the Group opened four new postpartum care centres under the brand name of Aidigong with a total of new 257 postpartum care rooms. Chengdu Concept Courtyard converted 4 postpartum care rooms into functional rooms that provide value-added services of postpartum care and rehabilitation due to surging demand for value-added business of postpartum care and rehabilitation, resulting in an increase of 58.2% from 435 postpartum care rooms as at 31 December 2020 to 688 postpartum care rooms. Although the number of rooms is not the only indicator in measuring our growth as an integrated professional service provider, as the most basic unit of service, the number of rooms can be used to determine our growth rate. Ceitainly, with expanding base number, we will face more and more challenges in maintaining such growth. However, the postpartum care services team of Aidigong is not afraid of challenges, and long-term accumulation has laid a unique foundation for us. In the future, we will strive to maintain a high growth in the number of rooms.

The second meaning of "fast" is that, during the Year, the numer of orders and revenue of our new postpartum care centres which have less than one year of operation since their opening met our expectation.

As a majority of customers reserve postpartum care centres 3-6 months in advance and pay a 30% deposit at the time of booking and signing of the contracts on reservation, the new postpartum care centres will experience a process of escalating occupancy rate as well as higher cash inflow as compared to their revenue growth under the same period. During the Year, four new postpartum care centres under the brand of Aidigong have contributed 10.2% of receipts in advance and 7.2% of revenue from the postpartum care services business. With the continuous improvement of occupancy rate and increasing operating months of the new postpartum care centres, the four new postpartum care centres that opened in 2021 will bring more contributions in 2022. Thus, the above can be summed up as fast opening of new postpartum care centres, fast signing of customer orders and fast generation of income.

The third meaning of "fast" is achieving profitability by new postpartum care centres in a short period of time. Shenzhen Qiaochengfang Luxury Courtyard, being the first new postpartum care centre opened by us in 2021, started operation in April and achieved profitability since the sixth month. The profitability is stable and sustainable. As at 28 February 2022, Shenzhen Qiaochengfang Luxury Courtyard has achieved profitability for six consecutive months. It demonstrated that the first new postpartum care centre under the ultra-light asset model has reached the historic profitability rate of the postpartume care centres under the brand of Aidigong, which proves that the ultra-light asset model is reproducible with strong profitability. The success of Shenzhen Qiaochengfang Luxury Courtyard in adopting the ultra-light asset model demonstrated that there is no barrier in space and time under the new model, which has strong replication and certainty. The Group will continue to vigorously open new postpartum care centres under the ultra-light asset model to further improve the net asset return rate of postpartum care centres.

The first reason for fast growth is that we have a history of 15 years. During the first seven-year period, we focused on operating one postpartum care centre well and concentrated on establishing systems and standards. During the second seven-year period, we focused on operating four postpartum care centres to improve and achieve operating system standardisation as well as forming a solid foundation. During the Year, we opened four new postpartum care centres. The eventual success of service enterprises lies on the control of service details. An enterprise is unable to replicate and expand successfully and rapidly without long-term accumulation of experience and improvement of standardised service systems. Great high-end service enterprises cannot be developed through rapid expansion with only huge investment. Besides, postpartum care centres require care at professional standard and longer time and more customer service experience to validate the safety of the system. Only after deep experience accumulation can one to break out. Our accumulation is solid and hard and it is time to burst. We have entered the stage of "fast" growth.

The second reason for fast growth is that we have acquired high adaptability based on its core service capabilities. Such adaptability is mainly reflected in physical space. We have a great variety of property types, covering almost all types in the market such as independent parks, hotels, hotel apartments, pure apartments and holiday garden villas. Credits to our strong brands and our core service capabilities, we have succeeded in our attempts in each property type. It further proved that the property type will not confine our development and our business model is applicable to all property types. According to the Top 20 Brands of Postpartum Care Centres and Institutions in China in 2021 released by iiMedia, a third-party research institute, Aidigong excelled its peers with a ranking index of 90.98, which is much higher than the ranking index of other brands ranked the second and the third with 88.42 and 85.21 respectively. While the gap among the places that follow is not huge, it means that the leading enterprise in the postpartum care centre industry enjoys a solid position while enterprises in the middle and bottom face fierce competitions. Our strong branding and professional maternal and infant nursing service and operation capabilities also enabled us to adopt any type of property in large scale at the outset. As at the end of December 2021, the average scale of a single postpartum care centre under the brand of Aidigong was 76 rooms. We can maintain stable services and sustainable profitability only by expanding the scale, thereby reassuring our customers, building long-term reputations and continuously improving repeated purchase rate among customers.

Future Prospects

15 years of solid and steady development, the continuous profitability we witnessed, and our continuous and orderly increase in the supply of postpartum care rooms, are the strong growth logic of Aidigong.

Such good logic doesn't change. In 2022, the stable and fast features of 2021 will continue, with more rooms and new profitable postpartum care centres to serve more families with newborns. Certainly, we will also further expand to ecological industries in the maternal and infant industry under such basis in 2022. The Group will concentrate all resources and efforts and focus on the development of the maternal and infant industry. Therefore, there will be more exciting innovations and changes in 2022.

As an emerging industry in the maternal and infant industry in China with a market size of RMB1 trillion, the postpartum care services industry is still under the preliminary stage of development. The postpartum care centre is a new entry point to the new consumption habits of maternal and infant groups. It has been accepted and favoured by increasingly more consumers. With further refinement of social division of labour, the contributions of postpartum care centres to the society and families will be reflected and recognized remarkably, which will further show the value created by the postpartum care services business. For the sake of population planning, the PRC is formulating and implementing various incentive policies for the declining birth rate. Although the postpartum care centre is not a medical institution, it is also an important part in the process of childbirth. It helps more families with newborns to solve the problems during the postpartum care period and provides postpartum mothers with services such as baby care and postpartum recovery, so that mothers can enjoy hassle-free postpartum services. The healthy growth of babies as well as harmonious and happy family are also part of the contribution made by the industry to the PRC's population planning.

The postpartum care centres under the brand name of Aidigong are characterized by low investments, rapid returns and strong cash flows. After years of accumulation, our development is on its fast lane. The increase in the supply of new postpartum care rooms represents our development target and pace in recent five years and we will strive to maintain such trend. With expanding base number, we will face more and more challenges in maintaining our rapid growth in the number of postpartum care rooms. The Group believes that relying on the sophisticated team's ability to replicate and nurture, including the solid staff base construction of grass-roots staff teams and by empowering and leading grass-roots staff in continuously enhancing their business capabilities through the professional promotion mechanism of "star rating" + the cultivation of grassroots staff's personal comprehensive quality and the selection of teaching team, the management can rapidly identify talents through precise talent portrait under the training path of "management talent training maps" and "group talent reserve pool" to carry out targeted cultivation, provide qualified talents periodically and reserve the cadre employees and management staff required for new postpartum care centres as scheduled. Meanwhile, to guarantee the continuous supply of outstanding graduates, the Group established strategic partnership with another five nursing colleges in November 2021. It will deepen the cooperation with various professional colleges and increase the supply of graduates in various majors to meet the demand for employees for its rapid establishment of new postpartum care centres through setting up training classes and practice bases, implementing joint teaching and academic researches. Aidigong's team is fearless of challenges. Continuously embracing and overcoming challenges can only make our team stronger. Our values are "eternal love, professionalism-oriented, perseverance, and self-transcendence", so as to become an excellent enterprise that will never be surpassed.

BUSINESS REVIEW

Postpartum Care Services Business

Revenue growth from postpartum care services business, albeit a decrease in profit due to expansion

During the Year, the revenue of the postpartum care services business increased by 9.3% year-on-year to HK$631.98 million. Net profit decreased by 31.0% year-on-year to HK$74.85 million. The growth in revenue is mainly attributable to the slight increase in occupancy rate and the revenue contribution of new postpartum care centres. The decrease in net profit is due to the losses of new postpartum care centres which are in the early stage of opening and in the process of growing the occupancy rate.

During the Year, its business performance was as follows:

	For the Year ended 31 December 2021	For the Year ended 31 December 2020
	HK$'000	*HK$'000*
Revenue	**631,976**	578,402
Gross profit	**188,355**	220,297
Administrative expenses	**25,661**	32,991
Selling and distribution expenses	**107,479**	84,787
Profit for the Year	**74,854**	108,492

Revenue and profit of courtyards "with over one year of operation" remained stable

We categorise postpartum care centres based on their opening time. Postpartum care centres that have been in operation for 12 months or more since opening are referred to as courtyards "with over one year of operation"; while postpartum care centres that have been in operation for less than 12 months since opening are referred as courtyards "with less than one year of operation". During the Year, the revenue of courtyards "with over one year of operation" increased by 2.0% year-on-year to HK$590.18 million and net profit increased by 1.5% year-on-year to HK$110.13 million. The operation and profit of courtyards "with over one year of operation" remained stable. The increase in revenue and net profit of courtyards "with over one year of operation" is mainly attributable to the slight increase in occupancy rate.

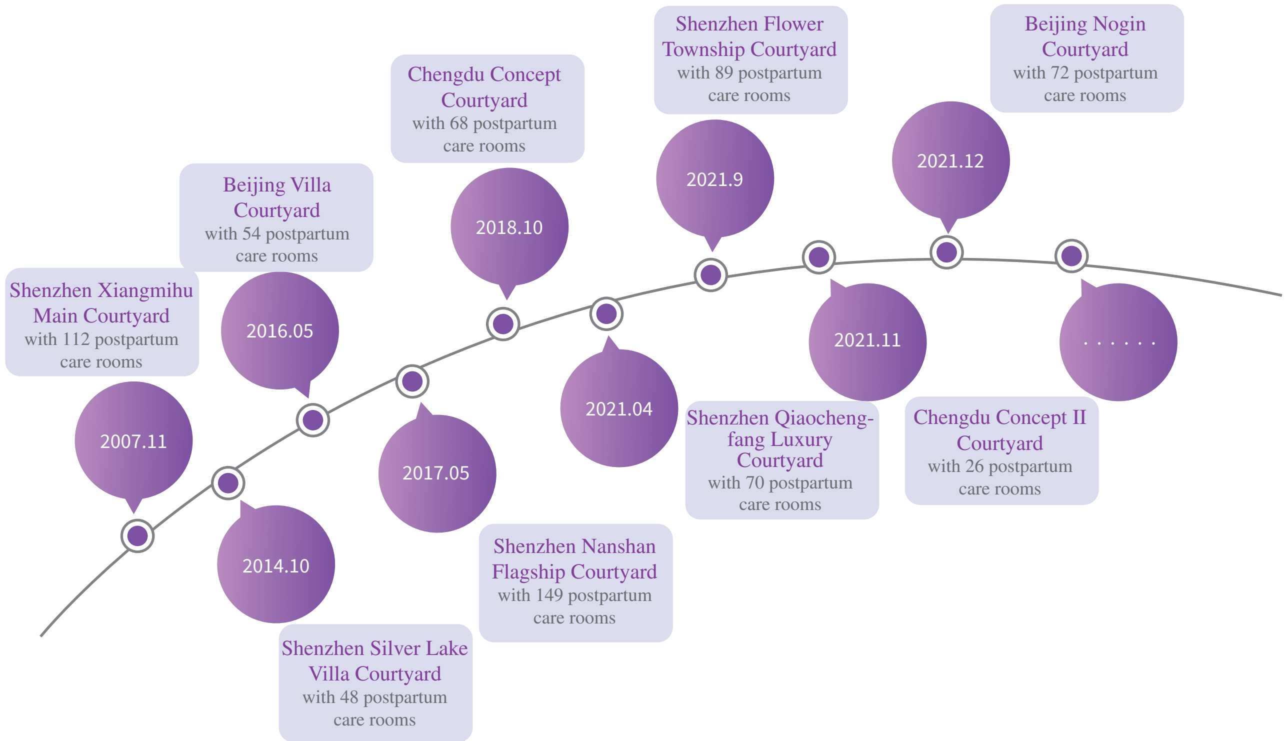
During the Year, the revenue and profit of courtyards "with over one year of operation" were as follows:

	For the Year ended 31 December 2021	For the Year ended 31 December 2020
	HK$'000	*HK$'000*
Revenue	**590,179**	578,402
Profit for the Year	**110,129**	108,492

There are 257 new postpartum care rooms in the postpartum care centres under the brand of Aidigong in 2021, reaching an aggregate of 688 postpartum care rooms as of 31 December 2021 and representing a year-on-year increase of 58.2%

As of 31 December 2020, postpartum care centres under the Aidigong brand opened 5 postpartum care centres in Shenzhen, Beijing and Chengdu with a total of 435 postpartum care rooms. In 2021, the Aidigong brand opened Shenzhen Qiaochengfang Luxury Courtyard (深圳僑城輕奢院) with 70 postpartum care rooms and Shenzhen Flower Township Courtyard (深圳花卉小鎮院) with 89 postpartum care rooms in April and September in Shenzhen, respectively. It opened Chengdu Concept II Courtyard (成都概念二院) with 26 postpartum care rooms in Chengdu in November and opened Beijing Nogin Courtyard (北京諾金院) with 72 postpartum care rooms in Beijing in December. As of 31 December 2021, Aidigong postpartum care centres have opened 257 new postpartum care rooms, while Chengdu Concept Courtyard converted 4 postpartum care rooms into functional rooms that provide value-added services of postpartum care and rehabilitation due to surging demand for value-added business of postpartum care and rehabilitation. As of 31 December 2021, therefore, postpartum care centres under the brand name of Aidigong have an aggregate of 688 postpartum care rooms, representing a year-on-year increase of 58.2%.

Timeline of the opening of Aidigong Postpartum Care Centres



Operation indicators of Shenzhen Qiaochengfang Luxury Courtyard reached the historical standard of Aidigong postpartum care centres, proving the preliminarily success of the ultra-light asset model

In April 2021, for the first time, the Group commenced the running of postpartum care centres under the ultra-light asset model (i.e. involving the operation of postpartum care centres through the leasing of decorated properties). As the Group is no longer required to take up any decoration, the preparation period for opening Aidigong postpartum care centres is shortened from over six months in the past to within two months. The Shenzhen Qiaochengfang Luxury Courtyard, the first Aidigong postpartum care centre under the ultra-light asset model, commenced its operation in just 41 days. The Shenzhen Qiaochengfang Luxury Courtyard is located in the Overseas Chinese Town zone in Shenzhen with 70 postpartum care rooms. As the Group only needed to make functional changes and add facilities to the property, the investment amount of the postpartum care centre is over 70% lower than Aidigong postpartum care centres of the same scale in its history with only the spending of RMB15 million to achieve its commencement of business. Qiaochengfang Luxury Courtyard achieved monthly profitability in September 2021, being the sixth month since its opening. As of February 2022, the Shenzhen Qiaochengfang Luxury Courtyard has achieved profitability for six consecutive months.

Aidigong postpartum care centres are highly adaptive to wide varieties of properties

In 2021, Aidigong postpartum care centres through four new courtyards offered services with a wide coverage of properties, including "independent parks, hotels, hotel apartments, pure apartments and holiday garden villas". Among them, the property leased by Shenzhen Qiaochengfang Luxury Courtyard is a five-star hotel apartment. For Shenzhen Flower Township Courtyard, the leased property is a five-star hotel and apartments. Chengdu Concept II Courtyard leased a medical complex and Beijing Nogin Courtyard leased a five-star hotel. The multi-property model provides customers with more choices for environment.

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 affluent 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, comprising mainly saleable health preservation villas and health preservation bungalows. The project has obtained approximately 123 mu (畝) of residential land with a land use term of 70 years. The project is undergoing construction in full. It has successfully identified hot spring and relevant procedures are underway, with a goal of realizing ancillary facilities of household hot springs. The project has successively obtained pre-sale permits for some health preservation villas and has commenced sales since May 2021. The average pre-sale price is over RMB20,000 per square meter. During the Year, 28 sale reservations have been obtained, and the total value is approximately RMB127 million, with a receipt of approximately RMB50 million in advance. It is expected that in the first half of 2022, pre-sale certificates for other properties under construction will be successively obtained and the number of saleable houses will increase. However, as the entire residential market in the mainland has been affected by the epidemic and economic policies since the second half of 2021, the Group does not rule out that the Health Preservation Residential Project in Luofu Mountain will seek and implement feasible disposal plan that is most beneficial to the shareholders of the Company (the "**Shareholders**").

Other investment project currently held by the Group includes Prance Dragon Medical Group which is owned by the Group as to 9.47%. Prance Dragon Medical Group which owns JP Partners Medical Group, which practices Chinese medicine, western medicines and operates dental clinics and endoscopy services in Hong Kong, operating an aggregate of 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. Its performance is relatively stable during the Year.

During the Year, revenue from medical anti-aging and healthcare industry investments amounted to approximately HK$3,740,000 (2020: HK$15,209,000), representing a decrease of approximately HK$11,469,000 when compared to the year ended 31 December 2020, which was mainly due to the disposals of part of the business of this segment of the Group in the first half of the Year.

FINANCIAL REVIEW

RESULTS FOR THE YEAR

Revenue of the Group for the Year amounted to HK$642,573,000 (2020: HK$601,211,000), which represented a year-on-year increase of HK$41,362,000 or 6.9%. The increase was mainly due to the slight increase in the occupancy rate of the courtyards "with over one year of operation" of the postpartum care services business and the revenue contributed by the newly opened postpartum care centres.

Gross profit of the Group for the Year amounted to HK$205,412,000 (2020: HK$246,127,000), representing a decrease of HK$40,715,000 or 16.5% as compared to previous year. Gross profit margin for the Year was 32.0% (2020: 40.9%). The decrease in the Group's gross profit and gross profit margin were mainly due to the loss recorded by new postartum care centres which are in the early stage of opening and in the process of growing the occupancy rate.

ADMINISTRATIVE EXPENSES

Administrative expenses for the Year of the Group were approximately HK$63,421,000 (2020: HK$82,350,000), representing a decrease of approximately HK$18,929,000 or 23.0% as compared to last year, which was mainly due to significant decrease in administrative expenses of medical anti-aging and health industry investment business as a result of the Group's disposals of part of the businesses in the first half of the Year.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses for the Year of the Group were approximately HK$107,479,000 (2020: HK$88,527,000), representing an increase of approximately HK$18,952,000 or 21.4% as compared to last year. Such increase was mainly due to the additional selling and distribution expenses from new postpartum care centres.

FINANCE COSTS

Finance costs for the Year of the Group were approximately HK$65,670,000 (2020: HK$64,721,000), representing an increase of approximately HK$949,000 or 1.5% as compared to last year. Finance costs mainly include interest on bonds payable of approximately HK$11,864,000 (2020: HK$14,501,000), interest on bank and other borrowings of approximately HK$34,951,000 (2020: HK$34,829,000) and non-cash interest expense on lease liabilities of approximately HK$18,855,000 (2020: HK$15,391,000).

PROFIT/(LOSS) BEFORE TAX

The turnaround in results for the financial year of 2021 was mainly due to the following: the pre-existing postpartum care centres of the postpartum care services business was able to maintain a stable profit, and based on the stable profitability of the postpartum care services business, the Group will further focus on the postpartum care services business; and there was no significant impairment loss recorgnised during the financial year of 2021 (2020: approximately HK$394,166,000), plus a gain of HK$60,439,000 upon disposals of part of businesses under the healthcare industry segment. Furthermore, the profit growth of the Group was affected to some extent due to the the loss recorded by new postartum care centers of the postpartum care services business which are in the early stage of opening and in the process of growing the occupancy rate, and the pre-sale payment for the sale of the Health Preservation Residential Project in Luofu Mountain has not been recognized as revenue in the current period.

SHARE OF PROFIT/(LOSS) FOR THE YEAR

Profits attributable to owners of the Company and non-controlling interests for the Year were approximately HK$5,300,000 (2020: loss of HK$381,352,000) and HK$29,485,000 (2020: loss of HK$1,290,000) respectively. During the Year, the gain on the disposal of subsidiaries by the Group of approximately HK$39,893,000 is in non-controlling interests nature, and most of other expenses of the Group, such as finance costs, are attributable to the owners of the company, thus profits attributable to non-controlling interests are more than that of the owners of the Company.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the Year (2020: Nil).

FINANCIAL HIGHLIGHTS

Net asset value

As at 31 December 2021, total net assets of the Group amounted to approximately HK$1,249,743,000 (2020: HK$994,134,000), representing an increase of HK$255,609,000 as compared to 2020. The increase was mainly attributable to (i) funds of approximately HK$299,136,000 raised from the issuance of new Shares by the Company; (ii) comprehensive income for the Year of approximately HK$56,668,000; (iii) disposal of subsidiaries resulting in a decrease in minority interests of approximately HK$68,336,000; and (iv) refund of approximately HK$51,531,000 to minority shareholders as a result of the reduction of capital by a subsidiary.

As at 31 December 2021, net asset value per issued ordinary shares of the Company was HK$0.29 (2020: HK$0.26).

The current ratio (calculate as current assets to current liabilities) for the Year was 2.03 (2020: 1.52).

Equity

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

On 22 June 2021, an aggregate of 190,000,000 placing shares have been placed to no less than six independent placees 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 placees thereunder has undertaken on a voluntary basis to be subject to lockup undertakings made in favour of the Company, that he/she/it will not dispose of his/her/its placing shares within six 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 Year, 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.

Liquidity and financial resources

As at 31 December 2021, the Group has a principal amount of HK$78,000,000 (2020: HK$125,500,000) unsecured bonds payable, approximately HK$758,880,000 (2020: 695,748,000) secured and guaranteed bank loan, Nil (2020: HK$2,285,000) unsecured bank loan, Nil (2020: HK$30,000,000) secured other borrowings and HK$35,869,000 (2020: HK$28,571,000) unsecured other borrowings.

Save as disclosed above, the Group did not have any other borrowing as at 31 December 2021.

The Group maintained sufficient working capital and cash position for daily operations. Bank and cash balances as at 31 December 2021 amounted to approximately HK$87,627,000 (31 December 2020: HK$81,530,000).

In addition to the above bank and cash balances, as at 31 December 2021, the Group held structured bank deposits ("**SBDs**") of approximately HK$69,344,000 (31 December 2020: HK$24,020,000) at certain banks. Pursuant to the relevant underlying agreements, the SBDs generally carry income at a variable rate per annum with reference to the performance of foreign currency, commodity price, or assets during the investment period and the principal sums are denominated in RMB. Such structured bank deposits are principal protected, either redeemable on demand or have a maturity date ranged from three to seven months.

The Group has adopted a prudent financial management approach towards its treasury policies. The cash and bank balances were denominated in RMB, Hong Kong dollar and United State dollar and the bank borrowings facilities available to the Group were denominated in Renminbi and bear floating interest rates. The Group continued to have no foreign exchange contracts and investment in listed shares, bonds and debentures. The Group is not exposed to material fluctuations risks in exchange rates.

Pledge of assets

Reference is made to the Company's announcement dated 16 September 2019 regarding, among other things, the loan agreements entered into between Guangdong Goodtop Health Industry Group Limited (廣東萬佳健康產業集團有限公司) (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 to acquire Shenzhen Aidigong Maternity Health Management Co., Ltd.* (深圳愛帝宮母嬰健康管理有限公司) ("Shenzhen Aidigong"). Guangdong Goodtop provided share pledge over 88.5184% share interests in Shenzhen Aidigong. The Company and its subsidiaries provided guarantees and Mr. Cheung Wai Kuen ("Mr. Cheung"), the executive Director, provided personal guarantees to the loan facilities.

In 2020, the Group obtained a loan facility of RMB300 million from Dongguan Rural Commercial Bank Co., Ltd. for the development of the project in Luofu Mountain. The Company and its subsidiaries provided guarantees and Mr. Cheung provided personal guarantees to the loan facilities.

The provision of such personal guarantees constitute financial assistance to the Group under Chapter 14A of the Listing Rules. Given that the personal guarantees are not secured by any assets of the Group, and that the Directors consider that the personal guarantees are conducted on normal commercial terms or better to the Group, the personal guarantees are fully exempted from the shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

Save as disclosed above, no asset was pledged by the Group as at 31 December 2021.

Remuneration policies and share option scheme

It is the Group's policy to recruit the right person for each position based on the person's qualification and experience. The remuneration of each employee is reviewed every year based on the performance of the employee with reference to the prevailing market conditions. During the Year, total staff costs excluding Directors' emolument were approximately HK$208,446,000 (2020: HK$191,828,000).

At the annual general meeting of the Company held on 11 October 2012, the Shareholders 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 commencement date. During the Year, no share option was granted pursuant to the 2012 Share Option Scheme. As at 31 December 2021, no share option was outstanding (31 December 2020: Nil).

The Board has approved the adoption of a share award scheme (the "**Scheme**") on 5 July 2018 and it was approved by the Shareholders at the special general meeting held on 30 August 2018. The purposes and objectives of the 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. On 12 November 2021, the Company granted 63,500,000 award shares at an exercise price of HK$0.8 per share to certain eligible persons through issuing new shares under the general mandate pursuant to the Scheme. As at the date of this announcement, such Shares have not been allotted and issued. Please refer to the announcements of the Company dated 5 July 2018 and 12 November 2021 for details.

Contingent liabilities

The Group did not have any material contingent liabilities for both years.

MATERIAL ACQUISITIONS AND DISPOSALS

Disposal of Subsidiaries

Reference is made to the announcement of the Company dated 10 June 2021. On 10 June 2021, the Company entered into a share transfer agreement with an independent third party purchaser to dispose 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 Year, the Group recorded a gain on disposal of subsidiaries of approximately HK$13,602,000.

Disposal of Associates

Reference is made to the announcement of the Company dated 10 June 2021. On 10 June 2021, the Company entered into a share transfer agreement with an independent third party purchaser to dispose 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) and the entire issued share capital in its original holding company at a consideration of HK$25 million. Owing to the aforesaid disposal during the Year, the Group recorded an gain on disposal of associates of approximately HK$3.1 million.

Reference is made to the announcement of the Company dated 18 June 2021. The Company entered into an equity transfer agreement with Mr. Zhao on 18 June 2021 to dispose of the following equity interests in entities held by the Group, 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); and (ii) the 22.72% equity interests in Guangdong Fengyuan Huake Bio Tech Company Limited* (廣東豐源華科生物科技有限公司), at a total consideration of RMB62 million. Owing to the aforesaid disposal during the Year, the Group recorded an gain on disposal of associates of approximately HK$2.2 million.

Connected Transaction and Continuing Connected Transaction

On 27 October 2020, the Company entered into an incentive agreement with Hongchang International Investment Limited ("**Zhu Associate**"), a company wholly-owned by Ms. Zhu Yufei, our executive Director, the Chairman and the chief executive officer of the Company, 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 announcement, 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. No Shares were issued to Zhu Associate during the Year.

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 fully repaid during the Year and there is no renewal for the loan agreement.

EVENTS AFTER REPORTING PERIOD

The Board is not aware of any significant event affecting the Group and requiring disclosure that has taken place subsequent to 31 December 2021 and up to the date of this announcement.

TREASURY POLICIES

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

CORPORATE GOVERNANCE

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

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

Pursuant to the terms of the rules and trust deed of the Scheme, the trustee of the Company's Scheme purchased on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") a total of 1,000,000 shares of the Company at a total consideration of HK$521,000 to satisfy the award of shares to selected employees.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

SCOPE OF WORK OF THE AUDITORS

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

REVIEW OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

PUBLICATION OF 2021 ANNUAL REPORT

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

APPRECIATION

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

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

Hong Kong, 31 March 2022

As at the date of this announcement, the Board comprises Ms. Zhu Yufei, Mr. Cheung Wai Kuen, Mr. Lin Jiang and Mr. Li Runping as executive Directors; Mr. Wong Kin Man and Mr. Yang Zhibo as non-executive Directors; and Ms. Yu Lin, Mr. Lam Chi Wing and Mr. Wong Yiu Kit, Ernest as independent non-executive Directors.