Jinxin Fertility Group Limited
錦欣生殖醫療集團有限公司*

(Incorporated under the laws of the Cayman Islands with limited liability)

Stock Code: 01951

Interim Report 2019

* For identification purposes only

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. Yan Xiaoqing
Mr. Zhong Ying *(Chief Executive Officer)*
Dr. John G. Wilcox

Non-executive Directors

Mr. Wang Bin *(Chairman)*
Mr. Fang Min
Ms. Hu Zhe
Mr. Dong Yang

Independent Non-executive Directors

Dr. Chong Yat Keung
Mr. Lim Haw Kuang
Mr. Wang Xiaobo
Mr. Ye Changqing

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr. Ye Changqing *(Chairman)*
Dr. Chong Yat Keung
Mr. Dong Yang
Mr. Fang Min
Mr. Wang Xiaobo

REMUNERATION COMMITTEE

Dr. Chong Yat Keung *(Chairman)*
Mr. Fang Min
Mr. Wang Xiaobo
Ms. Yan Xiaoqing
Mr. Ye Changqing

NOMINATION COMMITTEE

Mr. Wang Bin *(Chairman)*
Dr. Chong Yat Keung
Dr. John G. Wilcox
Mr. Wang Xiaobo
Mr. Ye Changqing

STRATEGIC DECISIONS COMMITTEE

Mr. Zhong Ying *(Chairman)*
Mr. Dong Yang
Mr. Fang Min
Dr. John G. Wilcox
Mr. Wang Bin

MEDICAL QUALITY CONTROL AND R&D COMMITTEE

Dr. Chi Ling *(Chairman)*
Mr. Zhong Ying
Dr. Chong Yat Keung
Dr. John G. Wilcox
Mr. Zeng Yong

JOINT COMPANY SECRETARIES

Ms. Liu Hongkun
Ms. Leung Suet Wing

AUTHORIZED REPRESENTATIVES

Ms. Yan Xiaoqing
Ms. Leung Suet Wing

REGISTERED OFFICE

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Cayman Islands

Corporate Information

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
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HONG KONG LEGAL ADVISOR

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AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
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Hong Kong

COMPLIANCE ADVISOR

TUS Corporate Finance Limited
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Hong Kong

STOCK CODE

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COMPANY WEBSITE

www.jxr-fertility.com

Financial Highlights

	Six months ended June 30, 2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)	Change
Operating results			
Revenue	**791,120**	411,838	92.1%
Gross profit	**380,851**	190,134	100.3%
Profit before tax	**244,381**	142,109	72.0%
Net profit	**177,958**	108,014	64.8%
Adjusted net profit[1]	**256,582**	126,947	102.1%
Profitability			
Gross margin (%)	**48.1%**	46.2%	
Net profit margin (%)	**22.5%**	26.2%	
Adjusted net profit margin (%)	**32.4%**	30.8%	

	As at June 30, 2019 RMB'000 (Unaudited)	As at December 31, 2018 RMB'000 (Audited)	Change
Financial position			
Total assets	**8,717,332**	6,558,308	32.9%
Total equity	**6,926,163**	4,499,798	53.9%
Total liabilities	**1,791,169**	2,058,510	-13.0%
Cash and cash equivalents	**3,097,186**	1,184,190	161.5%

(1) Excluding impacts from (i) Listing expenses; (ii) ESOP expenses; (iii) amortization and depreciation of medical practice license and property, plant and equipment arising from Shenzhen Zhongshan Hospital acquisition; and (iv) imputed interest income from related parties to better reflect the Company's current business and operations.

Corporate Profile

The Group is a leading ARS provider in China and the United States. The assisted reproductive medical facilities in the Group's network in China ranked third in China's ARS market in 2018 with 20,958 in IVF treatment cycles performed, representing approximately 3.1% of total China market share, according to the market research report on the China and US ARS market prepared by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., (the "**F&S Report**"). These facilities also ranked first among China's non-state owned ARS providers in 2018 based on the same metric. HRC Fertility (including HRC Medical, which is managed by HRC Management pursuant to the MSA) ranked first in the Western United States in 2018. Leveraging the Group's existing market leadership in China and the United States, the Group is uniquely positioned to capture unmet demand of ARS patients in China and the United States as well as growth opportunities in both markets. The Group endeavor to provide patients with personalized solutions to fulfill their dreams of becoming parents.

Through the Group's recent acquisition of HRC Management, which manages HRC Medical pursuant to the MSA, it has enhanced its capabilities to provide high-value ARS to international patients, in particular, those from China. HRC Fertility is a leading full-service ARS provider in the United States with more than 30 years of experience, providing PGS services in addition to similar IVF services it provides in China, and preimplantation genetic diagnosis (PGD) services through third-party clinics or agencies. It ranked first among all ARS providers in the United States, in terms of IVF treatment cycles provided to ARS patients traveling from China to the United States for treatment in 2017, according to the F&S Report. By acquiring HRC Management, the Group has gained access to the United States ARS market – the most sophisticated and high-end ARS market in the world. By leveraging its access to the United States market, it is able to synergize the technically excellent and sophisticated services in the United States with its existing leading national platform in China, allowing it to capture fast-evolving demand for personalized and sophisticated ARS in China and the United States.

The Group is one of the pioneers in the ARS industry in both China and the United States. It has consistently delivered ARS with superior success rates, which is an important benchmark in the ARS industry. The assisted reproductive medical facilities in our network in China and the United States have attained success rates higher than the national average in China and the United States, respectively, according to the F&S Report. In addition, HRC Fertility had higher success rates in every age group as defined by the United States Centers for Disease Control and Prevention than the United States national average and California state average for non-donor embryo transfers in 2016, according to the F&S Report. The Group has established a strong reputation, based on superior success rates, which we have achieved through accumulating decades of experience and know-how and through recruiting and retaining of a group of renowned physicians.

Management Discussion and Analysis

BUSINESS UPDATES

During the Reporting Period, we continued to adhere to our strategy of establishing a leading global ARS platform with integrated abilities, aiming to address increasing unmet demand, in particular from Chinese patients. We have built a strong market reputation stemming from superior success rates, experienced medical staff and high quality patient care that have greatly contributed to our role as a leading ARS provider in China and the United States. With this strategy and reputation in mind, in the first half of 2019, we continued to expand our network operations, enhanced patient experience and loyalty, improved brand awareness through marketing and cooperation initiatives, recruited talent to our experienced network of physicians and increased success rates across our network of operations. The end of the Reporting Period was also highlighted by the listing of our shares on the Stock Exchange on June 25, 2019.

Expansion of operations

In February 2019, Chengdu Xinan Hospital relocated its operations to the New Hospital Building, which is a modern high-rise building well-equipped with an extensive IVF lab, gym facilities, increased parking spaces, and additional amenities and services and seven times larger than its previous location with a total gross floor area of 42,659.64 sq.m. This relocation significantly expanded operations, optimized and better integrated the patient treatment process, which enable Chengdu Xinan Hospital with the ability to serve more patients with the increased capacity and offer more comprehensive services to its patients.

Further, towards the end of June 2019, in order to further improve the patient treatment experience, renovations were completed to significantly enlarge the outpatient area of Jinjiang IVF Center from approximately 300 sq.m to 1,674 sq.m. The renovations also expanded the patient waiting area and consultation rooms.

Enhance patient experience

Chengdu Xinan Hospital continued to provide an array of services to VIP patients to meet the increasing demand for highly personalized and private services. Each VIP patient is assigned an experienced medical assistant and butler to provide timely and personalized concierge services throughout the entire treatment process. VIP patients are given access to exclusive privileges, such as an increased consultation time with our physicians, advanced equipment, private consultation area, flexible appointment schedule, complementary nutrition guidance, Chinese medicine treatment, psychological counseling, and fitness courses. To enhance our VIP patients' experience, Chengdu Xinan Hospital initiated renovation of the VIP area in the New Hospital Building immediately after the relocation, which was completed in June 2019. We believe the new VIP area will help us offer more sophisticated services to our VIP patients. Through provision of our VIP services, the revenue generated from our network has increased.

To continuously optimize and improve the patient experience, we conducted one-on-one interviews with patients before discharge from our network of medical institutions to collect feedback on their experience. Furthermore, in conjunction with the OBGYN (Obstetrician Gynecologist) department of the Sister Group, we continued to provide patients with educational courses on pregnancy, online medical consulting and other support services, which have increased patient loyalty and the number of new patients from former patient referrals.

Management Discussion and Analysis

In July 2019, Chengdu Xinan Hospital opened a new department to allow ethnic minority patients to better access our wide range of services. This full service department provides consultations from experienced doctors and is staffed with nurses from ethnic minorities who speak the language.

Marketing and cooperation initiatives

We continued to develop our brand and expertise through various marketing and cooperation initiatives. As of June 30, 2019, we cooperated with 65 medical institutions, which involve two-way referrals or specialty alliance cooperation agreements. We strategically cooperated with a well-known professional salon in Japan named "Angel Baby," in order to obtain authorization for the use of the brands "Angel's Egg" (天使のたまご) and "Fujiwara Angel Baby" (藤原式天使寶貝) to provide prenatal and postnatal acupuncture treatment and aromatherapy services at Chengdu Xinan Hospital. We expect to sign the licensing agreement in August 2019. Together with the Sichuan Provincial Trade Union, we launched the "Healthy Workplace Happy Women" public welfare speaking tour to spread awareness on infertility and assisted reproductive technology and promote our brand and competitive strengths to attract new patients. Given our leading market position in the China ARS market, outstanding success rates, strong research and development ability and sense of social responsibility, we entered into a cooperation agreement with the China Conservation and Research Center for Giant Pandas (the "**Panda Research Center**") in April 2019 to conduct research on increasing conservation efforts of giant pandas in China. The Panda Research Center is one of the global leaders for giant panda conservation, and its primary mission is to boost the giant panda population through assisted breeding and other conservation methods.

In addition, HRC Fertility continued to use its extensive experience of serving Chinese patients to actively enhance its brand awareness. HRC Fertility is well-equipped with Chinese-speaking personnel (including nurses, facilitators and translators) who are familiar with the health conditions and culture of Chinese patients. We continued to organize educational seminars and information sessions to increase communication and exchanges between the medical teams of the China and United States operations. Moreover, at the end of March 2019, an official WeChat account was launched and a customer service team was established to target Chinese patients not served by the agencies in the area. Furthermore, we continued to advertise our brand through digital and traditional media outlets by publishing and promoting articles, conducting live broadcasts, granting exclusive interviews, donating our services to communities, and holding health seminars.

Talents Recruitment

During the Reporting Period, we continued to bolster its strong medical team with strategic hires of experienced medical professionals, including Dr. Lisa Becht, a well-regarded assisted reproductive physician with extensive experience in ARS. Her addition to our medical team at HRC Fertility will further increase its capacity and capability to serve more patients and provide better services. We will continue to identify and recruit experienced medical professionals in both China and the United States to our medical team.

Management Discussion and Analysis

Key operating data

The following table sets forth the key operating data generated from our network of assisted reproductive medical facilities for the six months ended June 30, 2018 and 2019.

	Six months ended June 30,	
	2019	2018
Chengdu operations		
Xinan Hospital Group		
Number of IVF patients	**4,470**	4,535
Number of IVF treatment cycles	**4,988**	5,099
Overall success rate	**55.1%**	54.1%
Jinjiang IVF Center and Jinxin Fertility Center		
Number of IVF patients	**3,013**	1,978
Number of IVF treatment cycles	**3,440**	2,181
Overall success rate	**58.5%**	57.3%
Shenzhen operations		
Number of IVF patients	**2,214**	1,893
Number of IVF treatment cycles	**2,909**	2,340
Overall success rate	**55.2%**	52.0%
United States operations		
Number of IVF patients	**1,865**	N/A[1]
Number of IVF treatment cycles	**2,075**	N/A[1]
Overall success rate	**56.4%**	N/A[1]

During the Reporting Period, we increased the success rate in all three segments of our operations compared to the first half of 2018, which further reinforces our established reputation and business strategy. Operations in Shenzhen and Jinjiang IVF Center recorded an increase in the number of IVF patients and IVF treatment cycles, while the number of IVF patients and IVF treatment cycles decreased slightly at the operations in Xinan Hospital Group primarily due to the relocation. More patients were assigned to Jinjiang IVF center to receive treatment when Chengdu Xinan Hospital went through the relocation. The combined number of IVF treatment cycles performed by Xinan Hospital Group and Jinjiang IVF Center continue to grow. The consolidation of United States operations also contributed to the growth of the Group's business in the first half of 2019.

1 As the Group acquired the United States operations in December 2018, the key operating data of the United States operations for the six months ended June 30, 2018 does not belong to the Group.

Management Discussion and Analysis

OUTLOOK AND FUTURE

The global ARS market has increased over the years and such growth is expected to continue over the next few years, particularly due to an increased prevalence of infertility, improved quality of life, and increased public awareness on birth defects and prevention. By 2023, the global ARS market is expected to further increase to US$31.7 billion. More specifically, the China ARS market experienced rapid growth, from RMB14.0 billion in 2014 to RMB25.2 billion in 2018. Driven by a relatively low market penetration rate, increasing affordability and demand for ARS, and increasing investment, the China ARS market is expected to grow to RMB49.6 billion by 2023. The United States ARS market also experienced growth during the same period, increasing from US$2.87 billion in 2014 to US$3.71 billion in 2018. This growth was primarily driven by an increase in the average age of the first birth and wider acceptance of ARS, and it is expected to further increase to US$4.93 billion by 2023.

As a leading ARS provider in China and the United States, we have established a competitive advantage on branding, technology, medical staff and management in a market with significant entry barriers. According to the F&S Report, in terms of IVF treatment cycles and revenue generated from ARS institutions in 2018, our network in China ranked third among all the ARS institutions. Due to an increase in the number of people seeking more ARS options, 18,000 patients in China went overseas for ARS, of which 30% (5,400 patients) went to the United States. The number of patients from China going to the United States for ARS is expected to grow to 13,500 by 2023. Our network in the United States is well-positioned to benefit from this future growth. In 2017, HRC Fertility ranked first among all ARS providers in the United States, in terms of IVF treatment cycles provided to ARS patients traveling from China to the United States for treatment. In 2018, HRC Fertility also ranked first in the Western United States in terms of both revenue generated from ARS clinics and IVF treatment cycles performed. In terms of success rates of IVF treatment cycles, a metric that ARS providers primarily compete on, we have a competitive advantage with success rates well above the national average in both China and the United States ARS markets. In 2018, the average success rate of an IVF treatment cycle in China was approximately 45% compared to our network in China of 54%. Similarly, in the United States ARS market, the average success rate in 2016 was 52.5% compared to our network in the United States of 62%.

In view of the aforesaid, we intend to leverage our position as a leading ARS provider and favorable industry prospects by continuing to pursue the following core strategies that have contributed to our success so far:

Increase market share, productivity and capacity

In both China and the United States, we continue to promote market education activities that improve public awareness of our high quality services and increase our market share. Furthermore, leveraging on our existing marketing leadership in Sichuan and Guangdong, we plan to penetrate the Southwest China (such as Guizhou and Yunnan) market and use our competitive pricing in Shenzhen to expand our services to treat patients from Hong Kong. In the United States, we plan to expand our capacity at Pasadena by relocating to a new location in the first half of 2020, which will double our existing capacity at Pasadena.

Management Discussion and Analysis

Continue to improve our brand awareness

We intend to reinforce our brand building efforts, allowing us to maintain and enhance our reputation and attract new patients. Leveraging our existing market leadership, long-standing experience and strong reputation in the ARS market, we intend to adopt effective strategies to improve our brand awareness and educate intended parents of the ARS we provide. In particular, we intend to use social medial tools and utilize our online platform to increase publicity and improve patient care. We also seek to further strengthen and expand our cooperation with local hospitals, companies and institutions to expand our patient reach.

Continue to invest in research and development to enhance overall performance

Leveraging our position as one of the pioneers in the ARS industry in both China and the United States, we intend to continue to invest in research and development initiatives to maintain our leading position in the application of assisted reproductive technologies and improve clinical outcomes of our patients. We will continue to invest in research and development at both Chengdu and Shenzhen research facilities, which have been focusing on fundamental research relating to heredity and reproductive immunology, respectively. We also focus on research to identify the physiologic appearance of embryos which are associated with higher success rates. We intend to continue to actively promote technological cooperation with tertiary institutions in China and overseas to discover new methods to improve our IVF success rates. In the US, we will continue working with top tier pharmaceutical companies to maintain our leading position in the application of assisted reproductive technologies, such as Ferring Pharmaceuticals, which in turn maintains our high success rate. Furthermore, we seek to actively deploy the technology that we possess to expand the services we provide.

Expand our platform reach through acquisitions

We have been expanding our network in China, the United States and other regions to address ongoing demands from patients, particularly Chinese patients. In China, we are expanding our national network by acquiring ARS providers and/or entering into cooperation arrangements with other ARS providers with an established business in populous and affluent urban centers with limited ARS providers. In the United States, we also intend to extend our services along the ARS value chain as well as acquire fertility clinics in California.

We intend to acquire established surrogacy and egg donor agencies, particularly those which are located in the Greater Los Angeles area, and establishing egg banks, all of which would complement and strengthen HRC Fertility's core IVF services by offering one-stop-shop services to attract more potential patients. We are also plan to set up and/or acquire embryology laboratories that provide standardized services, have a replicable business model and have achieved high profit margins. These laboratories can provide laboratory space to HRC Medical's physicians as well as physicians outside our network. We would also selectively consider entering into other countries with a relatively high demand for ARS due to high infertility rates and markets that are of particular significance for providing ARS to international patients, such as Thailand and other Southeast Asia countries that are increasingly becoming medical tourism destinations for Chinese patients.

FINANCIAL REVIEW

Revenue

Revenue of the Group increased by 92.1% from approximately RMB411.8 million for the six months ended June 30, 2018 to approximately RMB791.1 million for the six months ended June 30, 2019. The overall increase was primarily due to (i) an increase of the number of IVF patients and IVF treatment cycles performed in the Group's Chengdu and Shenzhen operations; (ii) inclusion of the results of the United States operations into the Group starting from January 1, 2019; and (iii) completion of renovation of Shenzhen Zhongshan Hospital in the first half of 2018.

During the Reporting Period, the Group generated revenue from the following services: (i) ARS; (ii) management services; and (iii) ancillary medical and facilities services. The following table sets forth a breakdown of the Group's revenue for each service category:

	Six months ended June 30,			
	2019		2018	
	Revenue	**%**	Revenue	%
	(RMB in thousands, except percentages)			
Revenue				
ARS				
Xinan Hospital Group	**275,651**	**34.8**	242,186	58.8
Shenzhen Zhongshan Hospital	**146,272**	**18.5**	112,902	27.4
Sub-total	**421,923**	**53.3**	355,088	86.2
Management service fee				
Jinjiang IVF Center and Jinxin Fertility Center	**71,166**	**9.0**	40,754	9.9
HRC Medical[(1)]	**270,202**	**34.2**	—[(2)]	—[(2)]
Sub-total	**341,368**	**43.2**	40,754	9.9
Ancillary medical and facilities services[(3)]				
Shenzhen Zhongshan Hospital	**14,789**	**1.9**	15,996	3.9
HRC Management[(1)]	**13,040**	**1.6**	—[(2)]	—[(2)]
Sub-total	**27,829**	**3.5**	15,996	3.9
Total	**791,120**	**100.0**	411,838	100.0

Notes:

(1) HRC Medical is managed by HRC Management pursuant to the MSA since July 2017, which the Group indirectly acquired in December 2018. As such, the revenue generated from the United States operations for the six months ended June 30, 2018 does not belong to the Group.

(2) As the Group acquired the United States operations in December 2018, this does not belong to the Group.

(3) Ancillary medical and facilities services provided by HRC Management include ambulatory surgery centre facility services and PGS testing services.

Management Discussion and Analysis

Chengdu operations

The revenue contributed by the medical facilities in the Group's network in Chengdu increased by 22.6% from approximately RMB283.0 million for the six months ended June 30, 2018 to approximately RMB346.8 million for the six months ended June 30, 2019, primarily due to an increase in the revenue from ARS provided at Xinan Hospital Group and management service fees charged to Jinjiang IVF Center resulting from the increase in the number of IVF treatment cycles performed at Jinjiang IVF Center.

The revenue from ARS provided at Xinan Hospital Group increased by 13.8% from approximately RMB242.2 million for the six months ended June 30, 2018 to approximately RMB275.7 million for the six months ended June 30, 2019, primarily due to an increase in the average spending per IVF treatment cycle performed at Xinan Hospital Group resulting from the increase in IVF related services.

Revenue from management services provided in Chengdu increased by 74.6% from approximately RMB40.8 million for the six months ended June 30, 2018 to approximately RMB71.2 million for the six months ended June 30, 2019, primarily due to (i) the increase in management service fee charged to Jinjiang IVF Center due to more patients receiving IVF treatments at Jinjiang IVF Center when Chengdu Xinan Hospital was undergoing relocation, which was partially offset by the decrease of management service fee charged to Jinxin Fertility Center; and (ii) Jinxin Fertility Center was closed in March 2018 to optimize the Group's business structure and resources and no management service fee was charged to Jinxin Fertility Center for the six months ended June 30, 2019.

Shenzhen operations

The revenue contributed by the Group's Shenzhen operations increased by 25.0% from approximately RMB128.9 million for the six months ended June 30, 2018 to approximately RMB161.1 million for the six months ended June 30, 2019, primarily due to the increase in the number of IVF treatment cycles performed at Shenzhen Zhongshan Hospital resulting from the completion of renovation of Shenzhen Zhongshan Hospital in the first half of 2018 and increase in average spending per IVF treatment cycle.

United States operations

Revenue from management services provided by the Group under the MSA with HRC Medical in California, the United States amounts to approximately RMB270.2 million for the six months ended June 30, 2019[2].

Ancillary medical and facilities services provided by HRC Management include ambulatory surgery centre facility services and PGS testing services. Ambulatory surgery centre facilities services revenue relates to provision of ambulatory surgery centre facilities at RSA Centers to doctors in exchange for a fee, which amounts to approximately RMB2.4 million for the six months ended June 30, 2019. PGS testing services revenue relates to provision of preimplantation genetic screening service at its in-house clinical laboratory called NexGenomics, which amounts to approximately RMB10.7 million for the six months ended June 30, 2019.

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2 As the Group acquired the United States operations in December 2018, no financial result of the United States operations presented for the first half of 2018 as it does not belong to the Group.

Management Discussion and Analysis

Cost of Revenue

Cost of revenue of the Group increased by 85.1% from approximately RMB221.7 million for the six months ended June 30, 2018 to approximately RMB410.3 million for the six months ended June 30, 2019. The increase of the cost of revenue was mainly attributed to (i) the inclusion of the results of the United States operations starting from January 1, 2019; and (ii) the growth of business and increase in pharmaceutical products and consumables, and increase in staff costs and depreciation, all of which were largely in line with the increase in revenue.

Cost of revenue of the Group consists primarily of cost of pharmaceutical products and consumables, staff costs, and depreciation of property, plant and equipment, and others. Cost of pharmaceutical products and consumables consists of the cost of pharmaceutical products and consumables that the Group uses in the course of providing its services. Staff costs are primarily incurred in connection with salaries, benefits, social insurance payments and bonus of the Group's medical staff. Depreciation primarily consists of depreciation of property, plant and equipment.

Gross Profit and Gross Profit Margin

Gross profit of the Group increased by 100.3% from approximately RMB190.1 million for the six months ended June 30, 2018 to approximately RMB380.9 million for the six months ended June 30, 2019. The increase in the gross profit was mainly attributed to (i) the growth of the Group's business; (ii) the inclusion of the results of the United States operations starting from January 1, 2019; and (iii) the increase in the scale of the Group's operations in Chengdu and Shenzhen. The Group's gross profit margin increased from 46.2% for the six months ended June 30, 2018 to 48.1% for the six months ended June 30, 2019. The increase in the gross profit margin was attributed to improvements in economies of scale and a change in revenue mix and higher gross profit margin generated from the United States operations.

Other Income

Other income of the Group increased by 76.7% from approximately RMB10.8 million for the six months ended June 30, 2018 to approximately RMB19.1 million for the six months ended June 30, 2019, primarily due to an increase in interest income from the bank deposits.

Other income consists primarily of interest income from bank deposits, government grants for research and development projects at Shenzhen Zhongshan Hospital, imputed interest income from related parties and others.

Other Gains and Losses

Other gains and losses primarily represent net exchange gain or loss. The Group recorded net exchange gain of approximately RMB17.5 million for the six month ended June 30, 2019 resulting from converting the U.S. dollar denominated balances at the Group's offshore entities using Renminbi as functional currencies to Renminbi.

Management Discussion and Analysis

Research and Development Expenses

Research and development expenses of the Group increased by 3.4% from approximately RMB5.6 million for the six months ended June 30, 2018 to approximately RMB5.8 million for the six months ended June 30, 2019, primarily due to an increase in the staff costs of the Group's research and development team and the cost of materials used by them.

Research and development expenses primarily consist of staff costs of the Group's research and development team at Shenzhen Zhongshan Hospital, which conducts projects in assisted reproductive technology, in particular, reproductive immunology, and cost of materials used by its research and development team.

Administrative Expenses

Administrative expenses primarily consist of staff costs, depreciation and amortization, business development expenses, repairment and maintenance, property-related expenses, ESOP expenses and others. Administrative expenses of the Group increased by 167.6% from approximately RMB37.1 million for the six months ended June 30, 2018 to approximately RMB99.2 million for the six months ended June 30, 2019, primarily due to increase in staff costs and other administrative expenses as a result of the inclusion of the results of the United States operations starting from January 1, 2019 and the increase in the volume of the Group's business, as well as the growth in business scale and revenue of the Group.

Finance Costs

Finance costs of the Group primarily arise from application of IFRS 16 for the first time in the current interim period. The Group did not record any finance costs for the six months ended June 30, 2018.

Income Tax Expenses

Income tax expenses of the Group primarily consist of PRC enterprise income tax and US income tax. Income tax expenses of the Group increased by 94.8% from approximately RMB34.1 million for the six months ended June 30, 2018 to approximately RMB66.4 million for the six months ended June 30, 2019, primarily due to (i) the increase in the Group's profit before taxation which is in line with its business growth; and (ii) the inclusion of the results of the United States operations starting from January 1, 2019.

The effective tax rate of the Group increased from 24.0% for the six months ended June 30, 2018 to 27.2% for the six months ended June 30, 2019, primarily due to the higher income tax rate applicable to the Group's United States operations.

Management Discussion and Analysis

Non-IFRS Measures

To supplement the Group's condensed consolidated financial statements which are presented in accordance with IFRS, the Company has provided adjusted net profit, adjusted net profit margin, adjusted EBITDA, adjusted EBITDA margin and adjusted basic earnings per share as non-IFRS measures, which is not required by, or presented in accordance with, IFRS. The Company believes that the adjusted financial measures provide useful information to investors in understanding and evaluating the Group's consolidated statements of profit or loss in the same manner as they helped the Company's management, and that the Company's management and investors may benefit from referring to these adjusted financial measures in assessing the Group's financial and operating performance from period to period by eliminating impacts of items that the Group does not consider indicative of the Group's operating performance. However, the presentation of these non-IFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with IFRS. You should not view the adjusted results on a stand-alone basis or as a substitute for results under IFRS.

Net Profit and Net Profit Margin

As a result of the foregoings, net profit of the Group increased by 64.8% from approximately RMB108.0 million for the six months ended June 30, 2018[3] to approximately RMB178.0 million for the six months ended June 30, 2019. Net profit margin of the Group for the six months ended June 30, 2019 was 22.5%, compared to 26.2% for the six months ended June 30, 2018. The lower net profit margin compared to the six months ended June 30, 2018 was primarily due to the increase in Listing expenses.

Adjusted net profit[4] of the Group increased by 102.1% from approximately RMB126.9 million for the six months ended June 30, 2018 to approximately RMB256.6 million for the six months ended June 30, 2019. The adjusted net profit margin of the Group for the six months ended June 30, 2019 was 32.4%, compared to 30.8% for the six months ended June 30, 2018. The higher adjusted net profit margin of the Group for the six months ended June 30, 2019 was primarily due to the economies of scale.

3 As the Group acquired the United States operations in December 2018, no financial result of the United States operations is presented for the first half of 2018 as it does not belong to the Group.

4 Adjusted net profit is calculated as net profit for the Reporting Period, excluding (i) Listing expenses; (ii) ESOP expenses; (iii) amortization and depreciation of medical practice license and property, plant and equipment arising from Shenzhen Zhongshan Hospital acquisition; and (iv) imputed interest income from related parties to better reflect the Company's current business and operations.

Management Discussion and Analysis

EBITDA

EBITDA[5] of the Group increased by 73.5% from approximately RMB159.2 million[6] for the six months ended June 30, 2018 to approximately RMB276.1 million for the six months ended June 30, 2019. The EBITDA margin of the Group for the six months ended June 30, 2019 was 34.9%, compared to 38.6% for the six months ended June 30, 2018. The lower EBITDA margin of the Group for the six months ended June 30, 2019 was primarily due to the increase in Listing expenses.

Adjusted EBITDA[7] of the Group increased by 103.6% from approximately RMB170.4 million for the six months ended June 30, 2018 to approximately RMB347.1 million for the six months ended June 30, 2019. The adjusted EBITDA margin of the Group for the six months ended June 30, 2019 was 43.9%, compared to 41.4% for the six months ended June 30, 2018. The higher adjusted EBITDA margin of the Group for the six months ended June 30, 2019 was primarily due to economies of scale.

Basic and Diluted Earnings per Share

The basic and diluted earnings per share of the Group for the six months ended June 30, 2019 amounted to RMB0.09 and RMB0.08, as compared with RMB0.14 as that for the six months ended June 30, 2018. Please refer to Note 10 to the condensed consolidated financial statements in this report. Adjusted basic earnings per share[8] of the Group for the six months ended June 30, 2019 amounted to RMB0.12.

Inventories

Inventories of the Group increased by 50.8% from approximately RMB16.5 million as at December 31, 2018 to approximately RMB25.0 million as at June 30, 2019, primarily because of the growth of business scale of the Group.

Accounts and Other Receivables

Accounts and other receivables of the Group decreased by 68.0% from approximately RMB76.9 million as at December 31, 2018 to approximately RMB24.6 million as at June 30, 2019, primarily due to the decrease in the prepayment for the leasing of the New Hospital Building as a result of the acquisition of the New Hospital Building instead of rental during the six months ended June 30, 2019.

Accounts and Other Payables

Accounts and other payables of the Group increased by 16.6% from approximately RMB367.3 million as at December 31, 2018 to approximately RMB428.3 million as at June 30, 2019, primarily due to the increase in accrued listing expenses.

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5 EBITDA represents profit before taxation excluding (i) finance costs; (ii) depreciation of property, plant and equipment; and (iii) amortization of medical practice license, while less interest income (excluding imputed interest from related parties).

6 As the Group acquired the United States operations in December 2018, no financial result of the United States operations is presented for the first half of 2018 as this does not belong to the Group.

7 Adjusted EBITDA is calculated as EBITDA for the Reporting Period, excluding (i) Listing expenses; (ii) ESOP expenses; and (iii) imputed interest income from related parties to better reflect the Company's current business and operations.

8 Adjusted basic earnings per share is calculated as adjusted net profit divided by weighted average number of ordinary shares for the purpose of calculating basic earnings per share.

Liquidity and Capital Resources

The business operations and expansion plans of the Group require a significant amount of capital, including upgrading the Group's existing medical facilities and establishing and acquiring new medical institutions and other working capital requirement. In June 2019, the Group received total proceeds of approximately HK$2,808.1 million from the Listing, after deducting the underwriting fees, commissions and related Listing expenses. The net proceeds would be used to fund the capital requirements of the Group and according to the intended purposes listed in the section headed "Use of Proceeds from Listing" below. As of June 30, 2019, the cash and cash equivalents held by the Group are comprised of HK dollars, U.S. dollars and Renminbi.

Cash Flows

The following table sets forth selected cash flow data of the Group's condensed consolidated statements of cash flows for the periods indicated and analysis of balances of cash and cash equivalents for the periods indicated:

	For the six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
Net cash generated from operating activities	**249,086**	144,755
Net cash (used in) investing activities	**(18,257)**	(279,831)
Net cash generated from financing activities	**1,682,167**	36,217
Cash and cash equivalents at the beginning of the period	**1,184,190**	449,495
Cash and cash equivalents at the end of the period	**3,097,186**	350,636

Capital Expenditures

The principal capital expenditures of the Group relate primarily to purchases of property, plant and equipment. The following table sets forth a breakdown of the Group's capital expenditures for the periods indicated:

	For the six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
Capital expenditure in respect of property, plant and equipment contracted for but not provided	**6,323**	22,968
Total	**6,323**	22,968

Significant Investments, Material Acquisitions and Disposals

As at June 30, 2019, there were no significant investment held by the Company, nor were any material acquisitions or disposals of subsidiaries, associates and joint ventures.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this report, the Group did not have other plans for material investments and capital assets as at June 30, 2019.

Indebtedness

Lease liabilities

The Group recognized right-of-use assets and corresponding lease liabilities in respect of all leases, except for short-term leases and leases of low value assets. As at June 30, 2019, the Group, as a lessee, had outstanding lease liabilities for the remaining terms of relevant lease agreements in an aggregate amount of RMB174.4 million. The lease liabilities represent payment for right of using underlying assets, of which RMB84.7 million is secured with the rental deposits and unguaranteed, and the remaining is unsecured and unguaranteed.

Borrowings

As at June 30, 2019, we did not have any borrowings (December 31, 2018: Nil).

Contingent Liabilities and Guarantees

As at June 30, 2019, the Group did not have any material contingent liabilities or guarantees.

Charge of Assets

As at June 30, 2019, there was no charge on the material assets of the Group.

Contractual Obligations

As at June 30, 2019, the Group did not have any contractual obligations that would have a material effect on its financial position or results of operations.

Gearing Ratio

Gearing ratio is calculated using total borrowings divided by total equity as of the end of such period and multiplied by 100%. As at June 30, 2019, the Group was in net cash position and thus, gearing ratio is not applicable (December 31, 2018: N/A).

EMPLOYEES AND REMUNERATION POLICY

As at June 30, 2019, the Group and the medical facilities in its network had a total of 1,226 employees, of whom 601 were located in Chengdu, 376 were located in Shenzhen and 249 were located in the United States. The staff costs, including Directors' emoluments were approximately RMB174.6 million for the six months ended June 30, 2019, as compared to approximately RMB82.7 million for the six months ended June 30, 2018.

The medical facilities in the Group's network generally enter into individual employment contracts with their employees to cover matters such as wages, benefits and grounds for termination. At each of the assisted reproductive medical facilities, the medical professionals are provided with competitive compensation packages, attractive promotion opportunities, diverse training courses and a professional working environment. Remuneration packages for the employees primarily comprise of: base salary, performance-based compensation and/or discretionary bonus. As required by PRC laws and regulations, the Group participates in various employee social security plans for its employees that are administered by local governments, including housing provident fund, pension, medical, maternity insurance, work-related injury insurance and unemployment insurance.

The Group also offers its employees the option to participate in its RSU Scheme, which is adopted on February 15, 2019. Summary of the principal terms and grant details of the RSU Scheme are set out in the section headed "Statutory and General Information – D. RSU Scheme" in Appendix V to the Prospectus. Besides, the Group has adopted the Share Option Scheme to grant options as defined in the Share Option Scheme to selected participants as incentives or rewards for their contributions to the Group, which was adopted on June 3, 2019. Summary of the principal terms of the Share Option Scheme are set out in the section headed "Statutory and General Information – E. Share Option Scheme" in Appendix V to the Prospectus.

INTERIM DIVIDEND

The Board does not recommend payment of an interim dividend for the six months ended June 30, 2019 (for the six months ended June 30, 2018: nil).

Other Information

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as set out in Appendix 14 to the Listing Rules as its own code of corporate governance since the Listing Date.

The Company has complied with all applicable code provisions of the CG Code for the period from the Listing Date to June 30, 2019. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he or she has complied with the required standards as set out in the Model Code for the period from the Listing Date to June 30, 2019.

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

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

AUDIT AND RISK MANAGEMENT COMMITTEE

The Board has established the Audit and Risk Management Committee which is chaired by an independent non-executive Director, Mr. Ye Changqing, and consists of another two independent non-executive Directors, Dr. Chong Yat Keung and Mr. Wang Xiaobo, and two non-executive Directors, Mr. Dong Yang and Mr. Fang Min. The primary duties of the Audit and Risk Management Committee are to assist the Board by monitoring the Company's ongoing compliance with the applicable laws and regulations that governs its business operations, providing an independent view on the effectiveness of the Company's internal control policies, financial management processes and risk management systems, in particular, the implementation of the Company's anti-corruption and anti-bribery measures.

REVIEW OF INTERIM REPORT

The independent auditor of the Company, namely Deloitte Touche Tohmatsu, has carried out a review of the unaudited condensed consolidated financial statements in accordance with the Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The Audit and Risk Management Committee, together with management and the independent auditor of the Company, has reviewed the unaudited condensed interim results and interim report of the Group for the six months ended June 30, 2019. The Audit and Risk Management Committee has jointly reviewed with the management and the independent auditor of the Company, the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters. The Audit and Risk Management Committee considered that the interim results and interim report are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

Other Information

CHANGES TO DIRECTORS' INFORMATION

As at June 30, 2019, there were no changes in the Directors' information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

RISK MANAGEMENT

Currency Risk

The business of the Group operates in both the PRC and the United States with its transactions settled in Renminbi and U.S. dollar, respectively. Renminbi is not a freely convertible currency and is subject to changes in central government policies and to international economic and political developments. Despite the fact that the Company currently has not adopted any hedging measure, the cost of U.S. dollar is covered by the revenue generated in U.S. dollar, which serves as natural hedging purpose. As a result, the Company does not believe that it currently has any significant direct foreign exchange risk and has not used any derivative financial instruments to hedge our exposure to such risk.

Interest Rate Risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances. Its cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances. The Directors consider that the overall interest rate risk is not significant and no sensitivity analysis is presented. The Company considers the interest rate risk associated with the financial assets at fair value through profit or loss and fixed rate structured bank deposit to be limited because the tenor of such instruments are short, ranging from 35 to 90 days.

Liquidity Risk

The Group aims to manage liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

USE OF PROCEEDS FROM LISTING

The total proceeds from the issue of new Shares by the Company in its Listing (after deducting the underwriting fees and related Listing expenses) amounted to approximately HK$2,808.1 million was kept at the bank accounts of the Group as at June 30, 2019.

Other Information

The net proceeds from the Listing (adjusted on a pro rata basis based on the actual net proceeds) will be utilized in accordance with the purposes set out in the Prospectus. The table below sets out the planned applications of the net proceeds and actual usage up to June 30, 2019:

Use of proceeds	Planned applications (HK$ million)	Percentage of total net proceed	Actual usage up to June 30, 2019 (HK$ million)	Unutilized net proceeds as at June 30, 2019 (HK$ million)	Expected timeframe for utilizing the unutilized net proceeds[(2)]
To expand and upgrade existing assisted reproductive medical facilities in the Group's network in China and recruit medical professionals, including physicians and embryologists, in order to increase capacity, expand its service offering and market share	702.0[(1)]	25.0%[(1)]	–	702.0	From July 2019 to June 2024
For the potential acquisition of additional assisted reproductive medical facilities in provinces in China we are currently not operating in	561.6	20.0%	–	561.6	From July 2019 to June 2022
For investment in research and development to enhance overall performance and maintain the Group's position at the forefront of assisted reproductive technology	280.8	10.0%	–	280.8	From July 2019 to June 2024
For the potential acquisitions of ARS service providers and businesses along the ARS service chain	561.6	20.0%	–	561.6	From July 2019 to June 2022
To improve brand awareness and general ARS awareness in both China and the United States	421.2	15.0%	–	421.2	From July 2019 to June 2024
For the Group's working capital and general corporate purposes	280.8	10.0%	–	280.8	From July 2019 to June 2022
Total	2,808.1	100.0%	–	2,808.1	

Notes:

(1) The Group intends to use (i) 20.0% or HK$561.6 million to (a) expand and upgrade the medical facilities, (b) acquire additional medical equipment, and (c) acquire and/or construct patient care facilities, and (ii) 5.0%, or HK$140.4 million to recruit and expand medical professional teams and relevant supporting staff, including introducing professional staff specializing in prenatal services.

(2) The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of market conditions.

Since the Listing Date and as of June 30, 2019, the Group has not utilized any net proceeds from the Listing. The Group will gradually utilize the proceeds from the Listing in accordance with the intended purposes.

Subsequent to the balance sheet date, on July 18, 2019, additional shares of 53,568,000 were issued at HK$8.54 pursuant to the over-allotment option fully exercised by the Joint Representatives, which resulted in additional net proceeds of approximately HK$439.1 million.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above, there was no significant event that might affect the Group after the Reporting Period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at June 30, 2019, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Interests in Shares and underlying Shares

Name of Director	Capacity/ Nature of interest	Number of Shares/ underlying Shares	Approximate Percentage of Shareholding in the Company	Long position/ Short position/ Lending pool
Dr. John G. Wilcox[1]	Interests of controlled corporations	360,725,005	15.15%	Long position

Notes:

(1) Dr. John G. Wilcox controlled John G. Wilcox, M.D., A Medical Corporation, which is a 23.65% shareholder of HRC Investment Cayman, LLC. Together with other Physician Shareholders, John G. Wilcox, M.D., A Medical Corporation holds 100% in HRC Investment Cayman, LLC, which holds 100% in HRC Investment, which in turn holds 360,725,005 Shares. Under the SFO, Dr. John G. Wilcox is deemed to be interested in the Shares held by HRC Investment.

(2) The calculation is based on the total number of 2,380,815,802 Shares in issue as at June 30, 2019.

Other Information

(ii) Interests in the Company's associated corporations

Name of Director	Capacity/ Nature of interest	Name of associated corporation	Approximate percentage of shareholding interest
Ms. Yan Xiaoqing	Beneficial owner	Jinrun Fude	51%[(1)]

Note:

(1) Ms. Yan Xiaoqing, one of the Registered Shareholders, holds 51% of the equity interest in Jinrun Fude. Jinrun Fude is a subsidiary of the Company by virtue of the Contractual Arrangements.

Save as disclosed above, as at June 30, 2019, so far as it was known to the Directors or chief executive of the Company, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this interim report, at no time during the period from the Listing Date to June 30, 2019 was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at June 30, 2019, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Interests in Shares or underlying Shares

Name of Shareholder	Capacity/ Nature of interest	Number of Shares/ underlying Shares	Approximate Percentage of Shareholding in the Company	Long position/ Short position/ Lending pool
Jinxin Fertility BVI	Beneficial owner	502,400,853	21.10%	Long position
Jinxin Global BVI	Beneficial owner	130,980,306	5.50%	Long position
Jinxin Fund[(1)]	Interests of controlled corporations	130,980,306	5.50%	Long position
Amethyst Gem[(2)(3)]	Beneficial owner	446,839,991	18.77%	Long position
Amethyst Gem Investments Ltd[(2)]	Interests of controlled corporations	446,839,991	18.77%	Long position
Ametrine Gem Investments Ltd[(2)]	Interests of controlled corporations	446,839,991	18.77%	Long position
Warburg Pincus (Bermuda) Private Equity GP Ltd.[(2)]	Interests of controlled corporations	446,839,991	18.77%	Long position
Warburg Pincus (Cayman) China GP LLC[(2)]	Interests of controlled corporations	446,839,991	18.77%	Long position
Warburg Pincus (Cayman) China GP, L.P.[(2)]	Interests of controlled corporations	446,839,991	18.77%	Long position
Warburg Pincus (Cayman) XII, L.P.[(2)]	Interests of controlled corporations	446,839,991	18.77%	Long position
Warburg Pincus China (Cayman), L.P.[(2)]	Interests of controlled corporations	446,839,991	18.77%	Long position
Warburg Pincus Partners II (Cayman), L.P.[(2)]	Interests of controlled corporations	446,839,991	18.77%	Long position
Warburg Pincus XII GP LLC[(2)]	Interests of controlled corporations	446,839,991	18.77%	Long position
HRC Investment	Beneficial owner	360,725,005	15.15%	Long position
HRC Investment Cayman, LLC	Interests of controlled corporations	360,725,005	15.15%	Long position
Dr. Michael A. Feinman[(4)]	Interests of controlled corporations	360,725,005	15.15%	Long position

Other Information

Name of Shareholder	Capacity/ Nature of interest	Number of Shares/ underlying Shares	Approximate Percentage of Shareholding in the Company	Long position/ Short position/ Lending pool
Dr. Daniel A. Potter(5)	Interests of controlled corporations	360,725,005	15.15%	Long position
Dr. Jane L. Frederick(6)	Interests of controlled corporations	360,725,005	15.15%	Long position
Dr. Bradford A. Kolb(7)	Interests of controlled corporations	360,725,005	15.15%	Long position
Dr. David Tourgeman(8)	Interests of controlled corporations	360,725,005	15.15%	Long position
Dr. John G. Wilcox(9)	Interests of controlled corporations	360,725,005	15.15%	Long position
Dr. Jeffrey Nelson(10)	Interests of controlled corporations	360,725,005	15.15%	Long position
Dr. Robert Boostanfar(11)	Interests of controlled corporations	360,725,005	15.15%	Long position

Notes:

(1) Jinxin Global BVI is wholly owned by Jinxin Fund, which is managed by its sole general partner, Jinxin Fertility BVI. Each of Jinxin Global BVI, Jinxin Fertility BVI and Jinxin Fund is ultimately controlled by the individual Shareholders, and none of the individual Shareholders are interested in 10% or more of our Company's issued share capital upon Listing and remain as one of our substantial shareholders upon Listing.

(2) Amethyst Gem is our substantial shareholder, the entire interest of which is wholly owned by Amethyst Gem Investments Ltd, which is 83.45% owned by Ametrine Gem Investments Ltd and 16.55% owned by Amethyst Gem Investors, L.P., the general partner of which is Amethyst Gem GP Ltd. Ametrine Gem Investments Ltd and Amethyst Gem GP Ltd. are owned 50% by Warburg Pincus China and 50% by Warburg Pincus XII. The general partner of Warburg Pincus China is Warburg Pincus (Cayman) China GP, LP, the general partner of which is Warburg Pincus (Cayman) China GP LLC; while the general partner of Warburg Pincus XII is Warburg Pincus (Cayman) XII, L.P., the general partner of which is Warburg Pincus (Cayman) XII GP LLC. The managing member of Warburg Pincus (Cayman) China GP LLC and the sole member of Warburg Pincus (Cayman) XII GP LLC is Warburg Pincus Partners II (Cayman), L.P., the general partner of which is Warburg Pincus (Bermuda) Private Equity GP Ltd..

(3) As at June 30, 2019, 446,839,991 Shares, being all of the Shares held by Amethyst Gem, were subject to a share charge in favour of Ping An Bank Co., Ltd., Tianjin Branch.

(4) Dr. Michael A. Feinman controlled Michael A. Feinman, Medical Corporation, which is a 2.43% shareholder of HRC Investment Cayman, LLC. Together with other Physician Shareholders, Michael A. Feinman, Medical Corporation holds 100% in HRC Investment, which in turn holds 360,725,005 Shares. Under the SFO, Dr. Michael A. Feinman is deemed to be interested in our Shares held by HRC Investment.

(5) Dr. Daniel A. Potter controlled Daniel A. Potter, M.D., Inc., which is a 13.26% shareholder of HRC Investment Cayman, LLC. Together with other Physician Shareholders, Daniel A. Potter, M.D., Inc. holds 100% in HRC Investment, which in turn holds 360,725,005 Shares. Under the SFO, Dr. Daniel A. Potter is deemed to be interested in our Shares held by HRC Investment.

(6) Dr. Jane L. Frederick controlled Jane L. Frederick, M.D., A Medical Corporation, which is a 9.76% shareholder of HRC Investment Cayman, LLC. Together with other Physician Shareholders, Jane L. Frederick, M.D., A Medical Corporation holds 100% in HRC Investment, which in turn holds 360,725,005 Shares. Under the SFO, Dr. Jane L. Frederick is deemed to be interested in our Shares held by HRC Investment.

(7) Dr. Bradford A. Kolb controlled Bradford A. Kolb, M.D., A Medical Corporation, which is a 20.18% shareholder of HRC Investment Cayman, LLC. Together with other Physician Shareholders, Bradford A. Kolb, M.D., A Medical Corporation holds 100% in HRC Investment, which in turn holds 360,725,005 Shares. Under the SFO, Dr. Bradford A. Kolb is deemed to be interested in our Shares held by HRC Investment.

(8) Dr. David Tourgeman controlled David Tourgeman, M.D., Inc., which is a 8.49% shareholder of HRC Investment Cayman, LLC. Together with other Physician Shareholders, David Tourgeman, M.D., Inc. holds 100% in HRC Investment, which in turn holds 360,725,005 Shares. Under the SFO, Dr. David Tourgeman is deemed to be interested in our Shares held by HRC Investment.

(9) Dr. John G. Wilcox controlled John G. Wilcox, M.D., A Medical Corporation, which is a 23.65% shareholder of HRC Investment Cayman, LLC. Together with other Physician Shareholders, John G. Wilcox, M.D., A Medical Corporation holds 100% in HRC Investment, which in turn holds 360,725,005 Shares. Under the SFO, Dr. John G. Wilcox is deemed to be interested in our Shares held by HRC Investment.

(10) Dr. Jeffrey Nelson controlled Jeffrey Nelson, D.O., Inc., which is a 4.90% shareholder of HRC Investment Cayman, LLC. Together with other Physician Shareholders, Jeffrey Nelson, D.O., Inc. holds 100% in HRC Investment, which in turn holds 360,725,005 Shares. Under the SFO, Dr. Jeffrey Nelson is deemed to be interested in our Shares held by HRC Investment.

(11) Dr. Robert Boostanfar controlled Robert Boostanfar, M.D. Inc., which is a 17.33% shareholder of HRC Investment Cayman, LLC. Together with other Physician Shareholders, Robert Boostanfar, M.D. Inc. holds 100% in HRC Investment, which in turn holds 360,725,005 Shares. Under the SFO, Dr. Robert Boostanfar is deemed to be interested in our Shares held by HRC Investment.

(12) The calculation is based on the total number of 2,380,815,802 Shares in issue as at June 30, 2019.

Save as disclosed above, as at June 30, 2019, the directors were not aware of any persons (who were not directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares 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.

SHARE OPTION SCHEME

The Share Option Scheme is conditionally adopted by a resolution in writing passed by the Shareholders on June 3, 2019, which has become effective upon Listing.

The purpose of the Share Option Scheme is to enable the Group to grant options as defined in the Share Option Scheme to selected participants as incentives or rewards for their contributions to the Group. The Board has not specified any performance target that must be achieved before options can be exercised. Given that the Board is entitled to determine any performance targets to be achieved and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by the Board, it is expected that grantees of an option will make an effort to contribute to the development of the Group so as to bring about an increase of market price of the Shares in order to capitalize on the benefits of the options granted. For more details of the Share Option Scheme, please refer to "Statutory and General Information – E. Share Option Scheme" of Appendix V to the Prospectus.

From the Listing Date to June 30, 2019, no option under the Share Option Scheme has been granted, exercised, cancelled and lapsed.

Other Information

RSU SCHEME

The Company has also adopted the RSU Scheme on February 15, 2019 to (i) provide the selected participants of the RSU Scheme (the "**Selected Participants**") with the opportunity to acquire proprietary interests in the Company; (ii) encourage the grantees to work towards enhancing the value of the Company and our Shares for the benefit of the Company and Shareholders as a whole; and (iii) provide the Company with a flexible means of either retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to the Selected Participants. The RSU Scheme became effective on February 15, 2019. Subject to earlier termination by the Board, the RSU Scheme shall be valid and effective for a period of 10 years from the adoption date. The maximum number of shares which can be awarded under the RSU Scheme and to a Selected Participant are limited to 1.66% (i.e. 32,981,388 Shares) of the issued share capital of the Company as at the adoption date and has been issued and allotted to the trustee of the RSU Scheme on the same date.

Pursuant to the RSU Scheme, the Board shall select the Eligible Participant and determine the number of shares to be awarded. The restricted shares and the related income derived therefrom are subject to a vesting scale to be determined by the Board at the date of the grant of the award. Vesting of the restricted shares will be conditional on the Selected Participants satisfying all vesting conditions specified by the Board at the time of making the award and, for the majority of the Selected Participants, the relevant restricted shares will be transferred to the Selected Participants on or about the relevant vesting dates. For more details of the RSU Scheme, please refer to "Statutory and General Information – D. RSU Scheme" of Appendix V to the Prospectus.

The Company shall comply with the relevant Listing Rules when granting the RSUs. If awards are made to the Directors or substantial shareholders of the Group, such awards shall constitute connected transaction under Chapter 14A of the Listing Rules and the Company shall comply with the relevant requirements under the Listing Rules.

During the Reporting Period, a total of 13,676,180 RSUs were granted under the RSU Scheme. Details of the movements of the RSUs granted under the RSU Scheme during the Reporting Period are set out under note 17 to the condensed consolidated financial statements of this report.

The table below shows details of the RSUs granted under the RSU Scheme during the Reporting Period:

		Number of RSUs					
Name of grantee	**Date of grant**	**Outstanding as at January 1, 2019**	**Granted during the Reporting Period**	**Vested during the Reporting Period**	**Forfeited during the Reporting Period**	**Outstanding as at June 30, 2019**	**Vesting period**
Employees in aggregate							
3 Selected Participants	February 15, 2019	–	13,676,180	–	–	13,676,180	Ranging from 3 to 5 years
Total:		–	**13,676,180**	–	–	**13,676,180**	

Report on Review of Condensed Consolidated Financial Statements

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF JINXIN FERTILITY GROUP LIMITED
錦欣生殖醫療集團有限公司
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Jinxin Fertility Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 75, which comprise the condensed consolidated statement of financial position as of June 30, 2019 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("HKSRE 2410") issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Report on Review of Condensed Consolidated Financial Statements

OTHER MATTER

The comparative condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended June 30, 2018 and the relevant explanatory notes included in these condensed consolidated financial statements have not been reviewed in accordance with HKSRE 2410.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
August 25, 2019

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	NOTES	Six months ended June 30, 2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
Revenue	3	**791,120**	411,838
Cost of revenue		**(410,269)**	(221,704)
Gross profit		**380,851**	190,134
Other income	4	**19,053**	10,783
Other gains and losses	5	**15,497**	(1,270)
Research and development expenses		**(5,770)**	(5,579)
Administrative expenses		**(99,245)**	(37,081)
Listing expenses		**(61,620)**	(14,878)
Finance costs	6	**(4,385)**	—
Profit before taxation	7	**244,381**	142,109
Income tax expenses	8	**(66,423)**	(34,095)
Profit for the period		**177,958**	108,014
Other comprehensive (expense) income:			
Item that will not be reclassified to profit or loss:			
Exchange difference on translation from functional currency to presentation currency		**(20,724)**	—
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**12,467**	—
Other comprehensive expense for the period		**(8,257)**	—
Total comprehensive income for the period		**169,701**	108,014
Profit for the period attributable to:			
– Owners of the Company		**170,163**	67,457
– Non-controlling interests		**7,795**	40,557
		177,958	108,014
Total comprehensive income for the period attributable to:			
– Owners of the Company		**162,826**	67,457
– Non-controlling interests		**6,875**	40,557
		169,701	108,014
Earnings per share:			
– Basic (RMB)	10	**0.09**	0.14
– Diluted (RMB)		**0.08**	0.14

Condensed Consolidated Statement of Financial Position

	NOTES	**As at June 30, 2019 RMB'000 (unaudited)**	As at December 31, 2018 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	11	**872,874**	137,737
Right-of-use assets	11	**167,138**	—
Goodwill		**803,573**	802,051
License		**394,708**	401,285
Contractual right to provide management services		**1,944,518**	1,939,049
Trademark		**1,295,381**	1,292,432
Equity instrument at fair value through other comprehensive income ("FVTOCI")		**9,877**	9,990
Refundable deposits	12	**944**	2,082
Prepayments	12	—	100,000
Amounts due from related parties	13	—	438,165
		5,489,013	5,122,791
Current assets			
Inventories		**24,956**	16,548
Accounts and other receivables	12	**24,612**	76,920
Amounts due from related parties	13	**24,065**	70,894
Tax recoverable		—	934
Structured bank deposit		**20,000**	20,000
Financial assets at fair value through profit or loss ("FVTPL")		**37,500**	65,010
Bank balances and cash		**3,097,186**	1,184,190
		3,228,319	1,434,496
Assets classified as held for sale		—	1,021
		3,228,319	1,435,517
Current liabilities			
Accounts and other payables	14	**428,326**	367,323
Dividend payables		**318,552**	23,727
Amounts due to related parties	13	**136,767**	916,985
Lease liabilities		**14,728**	—
Tax payables		**40,779**	68,765
		939,152	1,376,800
Net current assets		**2,289,167**	58,717
Total assets less current liabilities		**7,778,180**	5,181,508

Condensed Consolidated Statement of Financial Position

	NOTES	**As at June 30, 2019 RMB'000 (unaudited)**	As at December 31, 2018 RMB'000 (audited)
Non-current liabilities			
Lease liabilities		**159,688**	—
Deferred rent		—	4,769
Deferred tax liabilities	15	**692,329**	676,941
		852,017	681,710
Net assets		**6,926,163**	4,499,798
Capital and reserves			
Share capital	16	**157**	129
Reserves		**6,812,934**	4,363,042
Equity attributable to owners of the Company		**6,813,091**	4,363,171
Non-controlling interests		**113,072**	136,627
Total equity		**6,926,163**	4,499,798

Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company										
	Share/ Paid-up capital RMB'000	Share premium RMB'000	Shares held for Restricted Share Award Scheme RMB'000 (Note 17b)	Capital reserve RMB'000 (Note c)	Translation reserve RMB'000	Statutory reserve RMB'000 (Note d)	Equity-settled share based payment reserve RMB'000	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At January 1, 2019 (audited)	**129**	**4,312,676**	—	**(63,753)**	—	**11,142**	—	**102,977**	**4,363,171**	**136,627**	**4,499,798**
Profit for the period	—	—	—	—	—	—	—	**170,163**	**170,163**	**7,795**	**177,958**
Other comprehensive expense for the period	—	—	—	—	**(7,337)**	—	—	—	**(7,337)**	**(920)**	**(8,257)**
Total comprehensive (expense) income for the period	—	—	—	—	**(7,337)**	—	—	**170,163**	**162,826**	**6,875**	**169,701**
Issue of new shares by the Company for acquisition of non-controlling interests (Note b)	**1**	**51,924**	—	**(21,495)**	—	—	—	—	**30,430**	**(30,430)**	—
Issue of new shares pursuant to the Restricted Share Award Scheme (as defined and detailed in Note 17(b))	**2**	—	**(2)**	—	—	—	—	—	—	—	—
Recognition of equity settled share-based payment (Note 17)	—	—	—	—	—	—	**11,677**	—	**11,677**	—	**11,677**
Dividend recognised as distribution (Note 9)	—	**(303,961)**	—	—	—	—	—	—	**(303,961)**	—	**(303,961)**
Issue of new shares by the Company upon share offer in the Listing (as defined in Note 1 and detailed in Note 16)	**25**	**2,674,198**	—	—	—	—	—	—	**2,674,223**	—	**2,674,223**
Transaction costs attributable to issue of new shares	—	**(129,669)**	—	—	—	—	—	—	**(129,669)**	—	**(129,669)**
Disposal of a subsidiary (Note 20)	—	—	—	**4,394**	—	—	—	—	**4,394**	—	**4,394**
At June 30, 2019 (unaudited)	**157**	**6,605,168**	**(2)**	**(80,854)**	**(7,337)**	**11,142**	**11,677**	**273,140**	**6,813,091**	**113,072**	**6,926,163**
At January 1, 2018 (audited)	688,267	—	—	147,293	—	11,111	—	81,198	927,869	433,757	1,361,626
Profit and total comprehensive income for the period	—	—	—	—	—	—	—	67,457	67,457	40,557	108,014
Effect of On-shore Restructuring and Group Reorganisation (Note a)	(688,267)	—	—	947,318	—	—	—	—	259,051	(259,051)	—
Dividend recognised as distribution (Note 9)	—	—	—	—	—	—	—	(95,538)	(95,538)	—	(95,538)
Dividends to non-controlling shareholders (Note 9)	—	—	—	—	—	—	—	—	—	(107,159)	(107,159)
At June 30, 2018 (unaudited)	—	—	—	1,094,611	—	11,111	—	53,117	1,158,839	108,104	1,266,943

Condensed Consolidated Statement of Changes in Equity

Notes:

(a) As part of the on-shore restructuring ("On-shore Restructuring") to put 四川錦欣生殖醫療管理有限公司 (Sichuan Jinxin Fertility Medical Management Co. Ltd., "Sichuan Jinxin Fertility") as the on-shore investment holding platform of the Company and its subsidiaries (collectively referred to as the "Group"), the non-controlling shareholders of 成都西囡婦科醫院有限公司 (Chengdu Xinan Gynecological Hospital Co. Ltd., "Chengdu Xinan Hospital") injected their entire equity interest in Chengdu Xinan Hospital into Sichuan Jinxin Fertility as capital contribution into the Group in April 2018. Upon completion, Chengdu Xinan Hospital becomes a wholly-owned subsidiary of Sichuan Jinxin Fertility. The Group then underwent part of the Group Reorganisation (as defined and detailed in Note 1) during the six-months ended June 30, 2018 pursuant to which the Company became the holding company of the companies comprising the Group.

(b) On February 2, 2019, YU PENG XIANG Company Limited, a British Virgin Islands ("BVI") incorporated limited liability company wholly-owned by Mr. Zeng Yong, one of the Group's key management personnel, subscribed for 10,882,013 shares of the Company of US$0.00001 each at par value. On the same day, Mr. Zeng Yong entered into a series of contractual arrangements with the Group in respect of his 5.46% equity interest in 深圳市中山泌尿外科醫院有限公司 (Shenzhen Zhongshan Urological Hospital Co., Ltd, "Shenzhen Zhongshan Hospital"), a non-wholly owned subsidiary of the Group. The Group, therefore, obtained control over Mr. Zeng Yong's 5.46% equity interest in Shenzhen Zhongshan Hospital via the series of contractual arrangements entered into between Mr. Zeng Yong and the Group. The differences between the consideration paid, representing fair value of the share capital issued by the Company, and the carrying amount of the 5.46% equity interest in Shenzhen Zhongshan Hospital are recognised in capital reserve.

(c) The capital reserve is mainly comprised of:

(i) the deemed distribution to shareholders on the fair value adjustment at initial recognition of the non-interest bearing advances to entities controlled by 成都錦欣醫療投資管理集團有限公司 (Chengdu Jinxin Medical Investment Management Group Co., Ltd., "Chengdu Jinxin Investment"), the controlling shareholder of Sichuan Jinxin Fertility before the Group Reorganisation;

(ii) the deemed gain to the then owners of the Company as a result of the deemed disposal of partial interest in subsidiaries upon contributions from the non-controlling shareholders; and

(iii) the deemed contribution or distribution to the shareholders of the Company as a result of the Group Reorganisation prior to Listing of the Company on June 25, 2019.

(d) Amount represented statutory reserve of the entities in the People's Republic of China (the "PRC"). According to the relevant laws in the PRC, companies established in the PRC with limited liability are required to transfer at least 10% of their net profit after taxation, as determined under the PRC accounting regulations, to a non-distributable reserve fund until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before the distribution of a dividend to owners. Such reserve fund can be used to offset the previous years' losses, if any, and is non-distributable other than upon liquidation.

Condensed Consolidated Statement of Cash Flows

	NOTE	Six months ended June 30, 2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
Net cash generated from operating activities		**249,086**	144,755
Investing activities			
Purchase of financial assets at FVTPL		**(245,500)**	—
Acquisition of a subsidiary		**(150,000)**	—
Purchase of property, plant and equipment		**(30,542)**	(18,802)
Placement of structured bank deposit		**(20,000)**	—
Proceeds from disposal of financial assets at FVTPL		**273,010**	—
Proceeds from disposal of property, plant and equipment		**7,018**	—
Withdrawal of structured bank deposit		**20,000**	—
Interest received from banks		**11,009**	550
Net cash outflow on disposal of subsidiaries	20	**(16,340)**	—
Repayment from related parties		**138,889**	—
Advance to related parties		**(5,801)**	(261,579)
Net cash used in investing activities		**(18,257)**	(279,831)
Financing activities			
Proceeds from issue of shares		**2,674,223**	—
Advance from related parties		**22,527**	93,162
Repayment from related parties		**7,363**	—
Repayment to shareholders		**(888,380)**	—
Share issue costs paid		**(108,122)**	(3,144)
Temporary receipt paid to a not-for-profit organisation		—	(366)
Repayment of leases liabilities		**(11,923)**	—
Dividend paid		**(9,136)**	(53,435)
Interest paid for lease liabilities		**(4,385)**	—
Net cash generated from financing activities		**1,682,167**	36,217
Net increase (decrease) in cash and cash equivalents		**1,912,996**	(98,859)
Cash and cash equivalents at beginning of the period		**1,184,190**	449,495
Cash and cash equivalents at end of the period, represented by bank balances and cash		**3,097,186**	350,636

Notes to the Condensed Consolidated Financial Statements

1. GENERAL AND BASIS OF PREPARATION AND PRESENTATION

Jinxin Fertility Group Limited (the "Company", together with its subsidiaries collectively referred to as the "Group") was incorporated and registered as an exempted company in the Cayman Islands with limited liability under Companies Law (2018 Revision) of the Cayman Islands, Cap. 22 (Law 3 of 1961) as amended or supplemented or otherwise modified from time to time on May 3, 2018 and the shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since June 25, 2019 (the "Listing"). The addresses of the registered office of the Company and the principal place of business of the Company are disclosed in the section "Corporate Information" in the interim report.

The Company is an investment holding company. The major subsidiaries of the Company are principally engaged in the provision of (i) assisted reproductive services; (ii) management services; (iii) ambulatory surgery centre facilities services; and (iv) ancillary medical services.

The condensed consolidated financial statements are presented in Renminbi ("RMB") as it best suits the needs of the shareholders and investors. Prior to January 1, 2019, RMB was regarded as the functional currency of the Company since all the Group's business are conducted in the People's Republic of China (the "PRC"). The Group completed the acquisition in late December 2018 of HRC Fertility Management, LLC ("HRC Management") through acquisition of Willsun Fertility (BVI) Company Limited ("Willsun BVI"), which holds 51% equity interests in HRC Management, and its remaining 49% interest through HRC Investment Holding LLC ("HRC Investment"), the 49% shareholder of HRC Management (these two acquisitions are hereinafter collectively referred to as "HRC Management Acquisition"). HRC Management together with its subsidiary (collectively referred to as "HRC Management Group"), principally provides (i) non-medical management and administrative services required for the operation of physician medical practices carried out by Huntington Reproductive Centre Medical Group ("HRC Medical") which is a medical corporation established in the State of California, the United States of America ("U.S.A.") pursuant to a management service agreement (the "MSA") entered into with HRC Management; (ii) ambulatory surgery centre facilities; and (iii) pre-implantation genetic screening testing ("PGS Testing"). HRC Medical is a medical corporation engaged in the provision of (i) in vitro fertilization ("IVF") services; (ii) cryopreservation services; and (iii) gynaecologic surgery, and other related services. The directors of the Company (the "Directors") consider that upon the HRC Management Acquisition the primary economic environment in which the Company operates has changed and together with the expected expansion of the Group primarily through future overseas acquisitions, it is more appropriate to use United States dollars ("US$") as the functional currency of the Company effective from January 1, 2019.

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") *Interim Financial Reporting* issued by the International Accounting Standards Board ("IASB") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange. These unaudited condensed consolidated financial statements should be read in conjunction with the accountants' report (the "Accountants' Report") of the Company as set out in Appendix IA to the prospectus of the Company dated June 13, 2019.

The Group underwent a series of group reorganisation ("Group Reorganisation") from May 2018 through December 2018 in preparation for the Listing and details of which have been set out in the Accountants' Report. The condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months ended June 30, 2018 are prepared as if the group structure upon completion of the Group Reorganisation had been in existence throughout the six months ended June 30, 2018, or since their respective date of incorporation/establishment or acquisition of the relevant entities, where there is a shorter period.

Notes to the Condensed Consolidated Financial Statements

1. GENERAL AND BASIS OF PREPARATION AND PRESENTATION *(Continued)*

1A. SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT INTERIM PERIOD

On February 11, 2019, the Group entered into a share purchase agreement and property transfer agreement, which were supplemented on May 7, 2019 and May 23, 2019, with 成都優他製藥有限責任公司 (Chengdu Youta Pharmaceutical Company Limited, "Youta Pharmaceutical"), a related party controlled by 成都錦欣醫療投資管理集團有限公司 (Chengdu Jinxin Medical Investment Management Group Co., Ltd., "Chengdu Jinxin Investment"), to acquire the entire equity interest in 成都錦奕企業管理有限公司 (the "Share Transfer") which owned a hospital building (the "Hospital Building") and the related carpark facilities upon its transfer from Youta Pharmaceutical before completion of the Share Transfer. The transaction was accounted for as an asset acquisition. Refer to Notes 11 and 12 for details.

On February 15, 2019, 32,981,388 shares were issued to the nominee of the Restricted Share Award, namely Jinxin Employee Holdings Company Limited, for and on behalf of the Company. On February 15, 2019, restricted share unit awards (the "Restricted Shares Units") representing 13,676,180 shares of the Company were granted to certain key management personnel of the Group and a physician of HRC Medical under the Restricted Share Award Scheme which are subject to certain vesting conditions as stipulated in the respective award letters. Refer to Note 16 for details.

On June 25, 2019, the Listing of the shares of the Company was successful with the issuance of 357,124,000 new shares of the Company of US$0.00001 each for proceeds of approximately RMB2,545 million. Details are set out in Note 16.

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, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("IFRSs") issued by the IASB and except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2019 are the same as those presented in the Accountants' Report.

Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs which are mandatory effective for the annual period beginning on or after January 1, 2019 for the preparation of the Group's condensed consolidated financial statements:

IFRS 16	Leases
IFRIC – Int 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycle

Notes to the Condensed Consolidated Financial Statements

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Application of new and amendments to IFRSs *(Continued)*

Except as described below, the application of the new and amendments to IFRSs in the current 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 financial statements.

2.1. Impacts and changes in accounting policies of application on IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current interim period. IFRS 16 superseded IAS 17 *Leases* ("IAS 17"), and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of IFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of IFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

<u>Allocation of consideration to components of a contract</u>

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the condensed consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

<u>Short-term leases and leases of low-value assets</u>

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Notes to the Condensed Consolidated Financial Statements

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1. *Impacts and changes in accounting policies of application on IFRS 16 Leases* *(Continued)*

2.1.1 Key changes in accounting policies resulting from application of IFRS 16 (Continued)

As a lessee *(Continued)*

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 *Financial Instruments* ("IFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

Notes to the Condensed Consolidated Financial Statements

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1. Impacts and changes in accounting policies of application on IFRS 16 Leases *(Continued)*

2.1.1 Key changes in accounting policies resulting from application of IFRS 16 (Continued)

As a lessee *(Continued)*

Lease liabilities *(Continued)*

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period on which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Notes to the Condensed Consolidated Financial Statements

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1. Impacts and changes in accounting policies of application on IFRS 16 Leases *(Continued)*

2.1.1 Key changes in accounting policies resulting from application of IFRS 16 (Continued)

As a lessee *(Continued)*

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

2.1.2 Transition and summary of effects arising from initial application of IFRS 16

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC – Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after January 1, 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1. Impacts and changes in accounting policies of application on IFRS 16 Leases *(Continued)*

2.1.2 Transition and summary of effects arising from initial application of IFRS 16 (Continued)

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, January 1, 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rates for certain leases of clinics in the U.S.A. was determined on a portfolio basis;

iv. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

v. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of IFRS 16:

As at January 1, 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying IFRS 16 C8(b)(ii) transition.

Notes to the Condensed Consolidated Financial Statements

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1. *Impacts and changes in accounting policies of application on IFRS 16 Leases* *(Continued)*

2.1.2 Transition and summary of effects arising from initial application of IFRS 16 (Continued)

As a lessee *(Continued)*

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 4.85%.

	Note	As at January 1, 2019 RMB'000
Operating lease commitments disclosed as at December 31, 2018		1,346,164
Lease liabilities discounted at relevant incremental borrowing rates		834,866
Add: Extension options reasonably certain to be exercised		20,627
		855,493
Less: Recognition exemption – short-term leases		(5,295)
Recognition exemption – low value assets		(339)
Lease period commenced after January 1, 2019 and was subsequently cancelled	(a)	(662,661)
Lease liabilities as at January 1, 2019		187,198
Analysed as:		
– Current		61,923
– Non-current		125,275
		187,198

Notes to the Condensed Consolidated Financial Statements

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1. Impacts and changes in accounting policies of application on IFRS 16 Leases *(Continued)*

2.1.2 Transition and summary of effects arising from initial application of IFRS 16 (Continued)

As a lessee *(Continued)*

The carrying amount of right-of-use assets as at January 1, 2019 comprises the following:

	Notes	**Right-of-use assets** RMB'000
Right-of-use assets relating to operating leases recognised upon application of IFRS 16		187,198
Adjustments on rental deposits at January 1, 2019	(b)	137
Less: Accrued lease liabilities relating to rent free period and progressive rents	(c)	(6,150)
		181,185
Represented by:		
– Right-of-use assets – Properties		174,823
– Right-of-use assets – Equipment		6,362
		181,185

(a) Amount represented a lease agreement entered into with 成都錦昇醫院管理有限公司 (Chengdu Jinsheng Hospital Management Company Limited, "Jinsheng Hospital Management"), a related party controlled by Chengdu Jinxin Investment, in December 2017 for the Hospital Building provided by the related party for a lease period of 20 years effective from January 1, 2018. The annual rental is RMB50,000,000 for the first three years and an annual 3% escalation thereafter. On January 31, 2018, a supplemental agreement ("Supplemental Agreement") was entered into with Jinsheng Hospital Management to defer the lease commencement to a date on or after January 31, 2019, due to the delay of the construction and renovation of the Hospital Building. The Supplemental Agreement was cancelled in May 2019 upon signing the share purchase agreement as described in Note 12.

(b) Before the application of IFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which IAS 17 applied. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, RMB137,000 was adjusted to refundable rental deposits paid and right-of-use assets.

(c) Rent free period

These relate to accrued lease liabilities for leases of properties in which the lessors provided rent-free period. The carrying amount of the lease incentive liabilities as at January 1, 2019 was adjusted to right-of-use assets at transition.

Lease payments increase progressively over lease terms

These relate to accrued lease liabilities of several operating leases for leases of hospital/clinics/offices in which the rentals increase progressively by fixed annual percentage. The carrying amount of the accrued lease liabilities as at January 1, 2019 was adjusted to right-of-use assets at transition.

Notes to the Condensed Consolidated Financial Statements

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1. *Impacts and changes in accounting policies of application on IFRS 16 Leases* *(Continued)*

2.1.2 Transition and summary of effects arising from initial application of IFRS 16 (Continued)

As a lessee *(Continued)*

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at January 1, 2019. Line items that were not affected by the changes have not been included.

	Notes	Carrying amounts previously reported at December 31, 2018 RMB'000	Adjustments RMB'000	**Carrying amounts under IFRS 16 at January 1, 2019 RMB'000**
Non-current Assets				
Right-of-use assets		—	181,185	**181,185**
Other receivables				
– Rental deposits	(b)	2,082	(137)	**1,945**
Current Liabilities				
Trade and other payables				
– Deferred rent	(c)	1,381	(1,381)	—
Lease liabilities		—	61,923	**61,923**
Non-current Liabilities				
Deferred rent		4,769	(4,769)	—
Lease liabilities		—	125,275	**125,275**

Note: For the purpose of reporting cash flows for the six months ended June 30, 2019, movements have been computed based on opening statement of financial position as at January 1, 2019 as disclosed above.

2.2 *Significant changes in significant judgements and key sources of estimation uncertainty*

Determination on lease term of contracts with renewal options

The Group applies judgement to determine the lease term for certain lease contracts for the clinics in the U.S.A which include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised. The Directors consider the Group has significant economic incentive in those clinics and therefore is reasonably certain for the Group to exercise such options in order to operate the clinics until the end of the useful lives of the related property, plant and equipment.

In addition, the Group applied the following new accounting policy in the current interim period subsequent to the adoption of the Restricted Share Award Scheme.

Notes to the Condensed Consolidated Financial Statements

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Equity-settled share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (equity-settled share-based payment reserve). At the end of reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled share-based payment reserve.

When share options are exercised, the amount previously recognised in equity-settled share-based payment reserve will be transferred to share capital and share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in equity-settled share-based payment reserve will/will be transferred to retained profits.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received and receivable for assisted reproductive services, management services, ambulatory surgery centre facilities services and ancillary medical services, net of discounts.

During the six months ended June 30, 2019, the Group's revenue is contributed from its operations in Chengdu, Shenzhen and the U.S.A. (six months period ended June 30, 2018: Chengdu, and Shenzhen).

The Group has single operating segment in the PRC for the six months period ended June 30, 2018, in which information reported to the Directors, being collectively the chief operating decision maker (the "CODM") of the Group who review the consolidated revenue analysis of assisted reproductive services, management services and ancillary medical services, and the financial results of the Group as a whole for performance assessment.

In the current period, upon the HRC Management Acquisition, a new segment in the U.S.A. is added as another new reportable segment. The reportable segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the CODM, for the purpose of allocating resources to segments and assessing their performance. Accordingly, segment revenue, segment result for the period ended June 30, 2018 and segment assets and liabilities information as at December 31, 2018 that is presented for comparative purposes has been represented to conform with current period's presentation. The change in segment reporting does not have an impact on the Group's financial position, financial performance or cash flows.

Notes to the Condensed Consolidated Financial Statements

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

The Group's operating and reportable segments under IFRS 8 *Operating Segment*, are operations located in the PRC and the U.S.A during the six months ended June 30, 2019. The revenue generated by each of the operating segments is mainly derived from revenue from provision of assisted reproductive services and related services, and management services. The following is an analysis of the Group's revenue and results by reportable segment.

For the six months ended June 30, 2019:

	PRC RMB'000	U.S.A. RMB'000	Consolidated RMB'000
Revenue			
Segment revenue from external customers	**507,879**	**283,241**	**791,120**
Segment profit	**194,480**	**107,640**	**302,120**
Unallocated administrative expenses			**(22,463)**
Exchange gain, net			**17,454**
Interest income from banks			**8,890**
Listing expenses			**(61,620)**
Profit before taxation			**244,381**

For the six months ended June 30, 2018:

	PRC RMB'000 (restated)	U.S.A. RMB'000 (restated)	Consolidated RMB'000 (restated)
Revenue			
Segment revenue from external customers	411,838	—	411,838
Segment profit	158,484	—	158,484
Unallocated administrative expenses			(1,497)
Listing expenses			(14,878)
Profit before taxation			142,109

Notes to the Condensed Consolidated Financial Statements

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

The following is an analysis of the Group's asset and liabilities by reportable and operating segments:

	As at June 30, 2019 RMB'000 (unaudited)	As at December 31, 2018 RMB'000 (unaudited) (restated)
Segment assets		
PRC	**2,090,580**	1,497,105
U.S.A.	**3,874,064**	3,670,689
Total segment assets	**5,964,644**	5,167,794
Equity instrument at FVTOCI	**9,877**	9,990
Corporate bank balances and cash	**2,740,899**	866,634
Amounts due from shareholders	—	507,721
Unallocated (other assets)	**1,912**	6,169
Total	**8,717,332**	6,558,308

	As at June 30, 2019 RMB'000 (unaudited)	As at December 31, 2018 RMB'000 (unaudited) (restated)
Segment liabilities		
PRC	**688,861**	608,610
U.S.A.	**711,221**	570,227
Total segment liabilities	**1,400,082**	1,178,837
Dividend payables	**318,552**	15,919
Unallocated (corporate liabilities)	**72,535**	81,205
Amounts due to shareholders	—	782,549
Total	**1,791,169**	2,058,510

Notes to the Condensed Consolidated Financial Statements

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities (Continued)

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

- All assets are allocated to operating segments, other than equity instrument at FVTOCI, corporate bank balances and cash, and amounts due from shareholders and other unallocated corporate assets; and
- All liabilities are allocated to operating segments, other than dividend payables, amounts due to shareholders and other unallocated corporate liabilities.

Revenue from major services

		Six months ended June 30,	
	Notes	**2019**	2018
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Types of services			
Assisted reproductive services – PRC			
A point in time recognition	(i)	**267,314**	226,692
Over time recognition	(i)	**154,609**	128,396
		421,923	355,088
Management services – Over time recognition			
– U.S.A.	(ii), (iii)	**270,202**	—
– PRC	(i)	**71,166**	40,754
		341,368	40,754
Ambulatory surgery centre facilities services – U.S.A.			
– A point in time recognition	(ii)	**10,667**	—
Ancillary medical services			
A point in time recognition			
– U.S.A.	(ii)	**2,372**	—
– PRC	(i)	**8,104**	9,243
		10,476	9,243
Ancillary medical services – PRC			
Over time recognition	(i)	**6,686**	6,753
		17,162	15,996
Total		**791,120**	411,838

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Revenue from major services *(Continued)*

Notes:

(i) Revenue generated in the PRC which amounted to RMB507,879,000 (six months ended June 30, 2018: RMB411,838,000).

(ii) Revenue generated in the U.S.A. which amounted to RMB283,241,000 (six months ended June 30, 2018: Nil).

(iii) Upon the HRC Management Acquisition, gross management services fee for services provided under the MSA for the six months ended June 30, 2019, including cost reimbursed of RMB35,221,000 as purchasing agent for pharmaceuticals procurement pursuant to HRC Medical's medication supply program, amounted to RMB305,423,000.

Geographical information

On June 30, 2019, the non-current assets located in the PRC and the U.S.A. amounted to RMB1,728,095,000 and RMB3,751,041,000, respectively (December 31, 2018: RMB1,058,166,000 and RMB3,616,470,000, respectively). Non-current assets as at June 30, 2019 and December 31, 2018 excluded equity instrument at FVTOCI and amounts due from related parties.

Information about major customers

Revenue from customers of the corresponding periods contributing over 10% of the total sales of the Group are as follows:

	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
HRC Medical	**274,612**	N/A[1]

1 New customer upon completion of the HRC Management Acquisition in late December 2018.

Notes to the Condensed Consolidated Financial Statements

4. OTHER INCOME

	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Imputed interest income from related parties	**2,321**	3,593
Interest income from banks	**11,009**	1,083
Government grants (Note)	**1,882**	2,462
Others	**3,841**	3,645
	19,053	10,783

Note: The government grants mainly represented the grants on cost incurred for research and development projects of 深圳市中山泌尿外科醫院有限公司 (Shenzhen Zhongshan Urological Hospital Co., Ltd, "Shenzhen Zhongshan Hospital") with no unfulfilled conditions.

5. OTHER GAINS AND LOSSES

	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Loss on disposal of a subsidiary	**(21)**	–
Gain on disposal of property, plant and equipment	**227**	–
Exchange gain, net	**17,454**	–
Others	**(2,163)**	(1,270)
Total	**15,497**	(1,270)

6. FINANCE COSTS

Upon the application of IFRS 16, the Group recognised lease liabilities which were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rates as of January 1, 2019. The difference between the present value and the remaining lease payments represents the cost of financing and such finance cost is charged to the condensed consolidated statement of profit or loss in the period in which it is incurred using effective interest method.

Notes to the Condensed Consolidated Financial Statements

7. PROFIT BEFORE TAXATION

	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging:		
Cost of inventories recognised as expenses (representing pharmaceutical products and consumables used, included in cost of revenue)	**173,292**	134,203
Share-based compensation benefits	**11,677**	—
Amortisation of license (included in administrative expenses)	**6,577**	6,577
Depreciation of property, plant and equipment	**31,741**	11,557
Depreciation of right-of-use assets	**14,942**	—

8. INCOME TAX EXPENSES

	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax:		
PRC Enterprise Income Tax ("EIT")	**30,750**	28,932
PRC withholding tax on distributed profits of the PRC subsidiaries	**—**	7,075
U.S.A. Federal Income Tax	**14,858**	—
U.S.A. State Income Tax	**6,863**	—
	52,471	36,007
Deferred tax:		
Current period (note 15)	**13,952**	(1,912)
	66,423	34,095

The Company is tax exempted under the laws of the Cayman Islands and its subsidiaries incorporated in the British Virgin Islands ("BVI") are also tax exempted under the laws of the BVI from a BVI tax perspective.

No provision for Hong Kong Profits Tax has been made as the Group did not have assessable profit subject to Hong Kong Profits Tax during the six months ended June 30, 2019 (2018: Nil).

Notes to the Condensed Consolidated Financial Statements

8. INCOME TAX EXPENSES *(Continued)*

Under the Law of the PRC on Enterprise Income Tax ("EIT Law") and implementation regulations of the EIT Law, the statutory EIT rate of subsidiaries of the Group operating in the PRC is 25%, except for certain subsidiaries that are engaged in "the Encouraged Industries in the Western Region" and eligible for the preferential EIT rate at 15%. The Company's subsidiaries that are tax residents in the PRC are subject to the PRC dividend withholding tax of 10% for the non-PRC tax resident immediate holding company established in Hong Kong, when and if undistributed earnings are declared to be paid as dividends out of profits that arose on or after January 1, 2008.

After the HRC Management Acquisition, certain subsidiaries of the Group are subject to U.S.A. corporate tax representing 21% of the applicable U.S.A. Federal Income Tax rate and an average of 8.84% for California State Income Tax rate for the six months ended June 30, 2019 for their operations in the U.S.A.

9. DIVIDENDS

During the six months ended June 30, 2019, a dividend in the amounts of approximately RMB272,913,000 and US$4,590,000 (equivalent to RMB31,048,000) was declared by the Company, being approximately RMB0.15 per ordinary share based on the number of shares in issue at dates of declaration of the dividends.

During the six months ended June 30, 2018, Sichuan Jinxin Fertility, 成都西囡婦科醫院有限公司 (Chengdu Xinan Gynecological Hospital Co. Ltd., "Chengdu Xinan Hospital") and Shenzhen Zhongshan Hospital declared interim dividends of an aggregate amount of approximately RMB33,000,000, RMB156,687,000 and RMB50,000,000, respectively, to its then shareholders, of which approximately RMB36,990,000, RMB95,538,000 and RMB107,159,000 were distributed to Sichuan Jinxin Fertility, the owners of the Company and the non-controlling shareholders, respectively.

The rate of dividends and number of shares ranking for the dividends declared during the six months ended June 30, 2018 are not presented as such information is not considered meaningful having regard to the purpose of these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

10. EARNINGS PER SHARE

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

	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	**170,163**	67,457

	Six months ended June 30,	
	2019	2018
	'000	'000
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	**1,998,592**	495,262
Effect of dilutive potential ordinary shares:		
Restricted Shares Units issued by the Company	**4,480**	—
Over-allotment option issued by the Company	**40**	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,003,112**	495,262

For the six months ended June 30, 2019, the weighted average number of ordinary shares for the purpose of calculation of basic and diluted earnings per share has been adjusted for the effect of the 32,981,388 ordinary shares held by the nominee under the RSU Scheme as described in Note 17 (b).

For the six months ended June 30, 2019, the restricted shares and the over-allotment option granted by the Company have potential dilutive effect on the earnings per share. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding on the assumption of the conversion of all potential dilutive ordinary shares arising from restricted shares and the overallotment option granted by the Company. No adjustment is made to earnings.

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share has been determined based on the assumption that the Group Reorganisation had been effective on January 1, 2018.

Diluted earnings per share for the six months ended June 30, 2018 is the same as basic earnings per share as the Group had no potential ordinary shares in issue.

Notes to the Condensed Consolidated Financial Statements

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE OF ASSETS

During the current interim period, the Group disposed of certain plant and machinery with an aggregate carrying amount of RMB6,791,000 (June 30, 2018: Nil) for proceeds of RMB7,018,000 (2018: Nil), resulting in a gain on disposal of RMB227,000 (2018: Nil).

In addition, during the current interim period, the Group paid approximately RMB180,542,000 (June 30, 2018: RMB18,802,000) for acquisition of property, plant and equipment to expand and upgrade certain fixed assets and hospital premises primarily in Chengdu, Shenzhen and the U.S.A. This includes RMB150,000,000 paid for the acquisition of the entire equity interest in 成都錦奕企業管理有限公司, as described in Note 12, which owned the Hospital Building and the related carpark facilities. The final consideration for the acquisition was RMB738,153,000, of which RMB504,339,000 was offset against the amount due from related parties and RMB83,814,000 remained payable as at June 30, 2019.

During the current interim period, the Group entered into a new lease agreement for the use of buildings for 2 years. The Group is required to make fixed monthly payments and additional variable payments depending on the usage of the asset during the contract period. On lease commencement, the Group recognised RMB1,048,000 of right-of-use asset and RMB1,048,000 lease liability.

12. ACCOUNTS AND OTHER RECEIVABLES

	At June 30, 2019 RMB'000 (unaudited)	At December 31, 2018 RMB'000 (audited)
Accounts receivables	**5,140**	9,385
Other receivables and prepayment:		
Prepaid rental to a related party (note)	—	150,000
Deferred listing expenses	—	6,664
Prepayments to suppliers	**10,611**	8,571
Refundable deposits	**944**	2,321
Others	**8,861**	2,061
	20,416	169,617
Total accounts and other receivables	**25,556**	179,002
Analysed as:		
Current	**24,612**	76,920
Non-current	**944**	102,082
Total	**25,556**	179,002

Notes to the Condensed Consolidated Financial Statements

12. ACCOUNTS AND OTHER RECEIVABLES *(Continued)*

Note: Prepayments represent the prepaid rentals for three years pursuant to a lease agreement entered into with Jinsheng Hospital Management, in December 2017 for the Hospital Building provided by the related party for a lease period of 20 years effective January 1, 2018. The annual rental is RMB50,000,000 for the first three years and an annual 3% escalation thereafter.

On January 31, 2018, the Supplemental Agreement was entered into with Jinsheng Hospital Management to defer the lease commencement to a date on or after January 31, 2019, due to the delay of the construction and renovation of the Hospital Building. The Supplemental Agreement was subsequently cancelled upon signing the share purchase agreement below.

On February 11, 2019, the Group entered into a share purchase agreement and property transfer agreement, which were supplemented on May 7, 2019 and May 23, 2019, with Youta Pharmaceutical, to acquire the entire equity interest in 成都錦奕企業管理有限公司 which will own the Hospital Building and the related carpark facilities upon its transfer from Youta Pharmaceutical before completion of the Share Transfer. The total consideration for the Share Transfer is approximately RMB738,200,000 (inclusive of reimbursement of renovation and other expenses) and comprised three instalments: (i) an amount of RMB260,000,000, being reimbursement of renovation and other expenses, is payable within five days of the agreement; (ii) an amount of RMB244,300,000 is payable within twenty days of the agreement; and (iii) the remaining amount of RMB233,900,000 is payable by September 30, 2019. The Share Transfer was completed on May 10, 2019.

The Group settled the consideration for the above acquisition by way of a set-off against the prepaid rentals amounting to RMB150,000,000, outstanding amounts due from related parties amounting to RMB354,339,000 and paid RMB150,000,000 in cash. RMB83,814,000 of the consideration remained outstanding as at June 30, 2019.

The individual customer of Chengdu Xinan Hospital and its subsidiaries ("Chengdu Hospital Group") and Shenzhen Zhongshan Hospital and its subsidiaries ("Shenzhen Zhongshan Group") would usually settle payments by cash, credit cards, debit cards or governments' social insurance schemes. Payments by governments' social insurance schemes will normally be settled by the local social insurance bureau and similar government departments which are responsible for the reimbursement of medical expenses for patients who are covered by the government medical insurance schemes from 30 to 90 days from the transaction date.

The individual customer of ambulatory surgery centre facilities services of HRC Management Group would usually settle by cash or payments through insurance schemes. Payments by insurance schemes will normally be settled by commercial insurance companies from 60 to 365 days from the transaction date.

The Directors are in the view that there have been no significant increase in credit risk of default because the amounts are from local social insurance bureau, similar government departments or insurance companies with good credit rating and continuous repayment.

In determining the recoverability of trade receivables, the management of the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period.

Notes to the Condensed Consolidated Financial Statements

12. ACCOUNTS AND OTHER RECEIVABLES *(Continued)*

The following is an aged analysis of accounts receivables, presented based on the invoice date at the end of the reporting period.

	As at June 30, 2019 RMB'000 (unaudited)	As at December 31, 2018 RMB'000 (audited)
Within 90 days	**4,358**	6,126
91 to 180 days	**141**	2,923
Over 180 days	**641**	336
	5,140	9,385

The Directors closely monitor the credit quality of account receivables and consider the debts are of a good credit quality.

13. AMOUNTS DUE FROM/TO RELATED PARTIES/SUBSIDIARIES

Amounts due from related parties

	As at June 30, 2019 RMB'000 (unaudited)	As at December 31, 2018 RMB'000 (audited)
Trade in nature		
四川錦欣婦女兒童醫院有限公司 (Sichuan Jinxin Women and Children Hospital Limited, "Jinxin Women and Children Hospital") (notes ii & viii)	**494**	519
成都錦欣婦產科醫院有限公司 (Chengdu Jinxin Obstetrics and Gynaecology Hospital Limited, "Jinxin Ob-Gyn Hospital") (notes ii & viii)	**13**	56
Jinjiang District Maternity and Child Health Hospital (notes ii & viii)	**358**	402
	865	977

Notes to the Condensed Consolidated Financial Statements

13. AMOUNTS DUE FROM/TO RELATED PARTIES/SUBSIDIARIES *(Continued)*

Amounts due from related parties (Continued)

	As at June 30, 2019 RMB'000 (unaudited)	As at December 31, 2018 RMB'000 (audited)
Non-trade in nature		
Other receivables:		
Chengdu Jinxin Investment (note i)	**14,354**	438,167
Jinxin Fertility Investment Group Limited (note ii)	**2**	—
JINXIN Fertility Investment Group Limited ("Jinxin Fertility BVI") (note ii)	—	69,554
Amethyst Gem Holdings Limited (note iii)	—	1
Max Innovation Limited (note iii)	—	2
HRC Investment (note iv)	**1**	182
Hainan Project (note v)	**175**	175
135 South Rosemead LLC (note vi)	**1**	1
Dr. Daniel A. Potter (note vii)	**64**	—
Braford A. Kolb, M.D., A Medical Corporation (note vii)	**11**	—
Dr. John G. Wilcox (note vii)	**246**	—
成都高新西囡婦科醫院有限公司 (note ii)	**5,346**	—
成都錦欣生殖醫學與遺傳研究所 (note ii)	**3,000**	—
	23,200	508,082
Total	**24,065**	509,059

Notes to the Condensed Consolidated Financial Statements

13. AMOUNTS DUE FROM/TO RELATED PARTIES/SUBSIDIARIES *(Continued)*

Amounts due from related parties (Continued)

	As at June 30, 2019 RMB'000 (unaudited)	As at December 31, 2018 RMB'000 (audited)
Analysed as:		
– Current	**24,065**	70,894
– Non-current	—	438,165
	24,065	509,059

Notes:

(i) The amount is unsecured, interest-free and the prior year amount had been applied to offset the first and partial second instalments of the consideration for the Share Transfer subsequent to December 31, 2018 with details set out in Note 12.

(ii) These related parties and Chengdu Jinxin Investment have the same beneficial shareholders.

(iii) They are shareholders of the Company. The amounts are unsecured, interest-free and have been fully repaid during the current period.

(iv) HRC Investment becomes a shareholder of the Company upon selling its 49% interests in HRC Management to the Group in exchange for new shares issued by the Company in December 2018. The amount represents expenses paid on its behalf and is unsecured, interest-free and repayable on demand.

(v) The balance represents rental income from the related party and certain expenses paid on its behalf. The amount is unsecured, interest-free and repayable on demand.

(vi) The entity is owned by certain shareholders of HRC Investment. The amount is unsecured, interest-free and fully settled after the end of the reporting period.

(vii) They are shareholders of HRC Investment. The amounts are unsecured, interest-free and repayable on demand. They are mainly incurred for expenses paid on behalf of the related parties.

(viii) The balances are all aged within 90 days based on the invoice date at the end of the reporting period.

Notes to the Condensed Consolidated Financial Statements

13. AMOUNTS DUE FROM/TO RELATED PARTIES/SUBSIDIARIES *(Continued)*

Amounts due to related parties

	As at June 30, 2019 RMB'000 (unaudited)	As at December 31, 2018 RMB'000 (audited)
Trade in nature		
Jinxin Women and Children Hospital (note i)	**8,165**	6,563
成都錦欣精神病醫院有限公司 (Chengdu Jinxin Psychiatric Hospital Company Limited, "Jinxin Psychiatric") (note i)	**2,023**	1,111
成都和雋科技有限公司 (Chengdu Hejun Technology Company Limited, "Hejun Technology") (note i)	**5,195**	542
	15,383	8,216
Non-trade in nature		
HRC Medical (note ii)	**11,863**	10,852
HRC Investment (note iii)	—	2,916
Braford A. Kolb, M.D., A Medical Corporation (note iv)	**320**	—
Jane L. Frederick, MD, Inc. (note iv)	**28**	—
John Wilcox, MD, Inc. (note iv)	—	207
Daniel A. Potter, MD, Inc. (note iv)	—	271
David Tourgeman, MD, Inc. (note iv)	**62**	188
Michael Feinman, MD, Inc (note iv)	**59**	113
Jeffrey Nelson, MD, Inc (note iv)	**119**	9
Chengdu Jinxin Investment (notes vi & vii)	**1,632**	206,404
JINXIN Medical Investment Group Limited (note v)	**4,374**	4,201
Tibet Jinxin Enterprise Management Co., Ltd (notes vi & vii)	—	296,396
Tibet Juyi Venture Capital Partnership (Limited Partnership) (notes vi & vii)	—	66,147
Tibet Xingsheng Venture Capital Partnership (Limited Partnership) (notes vi & vii)	—	165,417
Qingdao Jinshi Haorui Investment Co., Ltd (notes vi & vii)	—	66,147
Ningbo Meishan Bonded Port Area Zesen Huilin Equity Investment Partnership (Limited Partnership) (notes vi & vii)	—	24,649
Sichuan Province Healthy Pension Industry Equity Investment Fund Partnership (Limited Partnership) (notes vi & vii)	—	33,225
Zhuhai Mingrui Corporate Consulting Co., Ltd. (notes vi & vii)	—	31,627
Youta Pharmaceutical (viii)	**83,814**	—
Jinjiang District Maternity and Child Health Hospital (note i)	**19,113**	—
	121,384	908,769
	136,767	916,985

Notes to the Condensed Consolidated Financial Statements

13. AMOUNTS DUE FROM/TO RELATED PARTIES/SUBSIDIARIES *(Continued)*

Amounts due to related parties *(Continued)*

Notes:

(i) The above related parties are controlled by Chengdu Jinxin Investment.

(ii) The amount represents the payable to HRC Medical as the bank balances and cash maintained by HRC Management on behalf of HRC Medical pursuant to the management services under the MSA exceeded the respective amount of management services fee receivable. The amount is unsecured, interest-free and repayable on demand.

(iii) The amount represented the distribution payable by HRC Management to HRC Investment and was fully repaid during the period.

(iv) They are shareholders of HRC Medical and/or HRC Investment. The amounts are unsecured, interest-free and repayable on demand. They are mainly incurred for expenses paid by the related parties on behalf of the Group.

(v) This related party and Chengdu Jinxin Investment have the same beneficial shareholders. The amount represents expenses paid by the related party on behalf of the Group and is unsecured, interest-free and repayable on demand.

(vi) These companies were shareholders of Sichuan Jinxin Fertility before their interests were acquired by the Group as part of the Group Reorganisation. Upon completion of the Group Reorganisation, their offshore investment vehicles have become shareholders of the Company. The amounts were unsecured, interest-free and fully repaid during the period.

(vii) The balance amounting to RMB782,550,000 in total represented the outstanding payables as at December 31, 2018 for the acquisition of shares of Sichuan Jinxin Fertility as part of the Group Reorganisation.

(viii) The balances is related to the payable for the acquisition of the Hospital Building as described in Note 11.

The following is an aged analysis of amounts due to related parties which are trade in nature presented based on the invoice date at the end of the reporting period.

	As at June 30, 2019 RMB'000 (unaudited)	As at December 31, 2018 RMB'000 (audited)
Within 90 days	**7,277**	1,890
91 to 180 days	**8,106**	1,367
Over 180 days	**—**	4,959
	15,383	8,216

Notes to the Condensed Consolidated Financial Statements

14. ACCOUNTS AND OTHERS PAYABLES

	As at June 30, 2019 RMB'000 (unaudited)	As at December 31, 2018 RMB'000 (audited)
Accounts payables	**142,242**	143,010
Other payables:		
Construction payables	**9,881**	2,459
Refundable customers' deposits	**51,813**	43,932
Accrued employee expenses (including social insurances and housing fund contributions)	**101,873**	98,866
Accrued listing expenses/share issue costs	**67,011**	22,500
Accrued rental expenses	**—**	44
Payables to a third party (note i)	**6,136**	7,685
Value-added tax and other tax payables	**14,930**	22,663
Deferred income (note ii)	**6,340**	5,601
Consultancy fee payable	**4,670**	633
Accrued late fee for unpaid PRC EIT and value-added tax	**4,066**	7,440
Others	**19,364**	12,490
	286,084	224,313
Total accounts and other payables	**428,326**	367,323

Notes:

(i) Amount represented temporary receipts on behalf of a not-for profit organisation.

(ii) The amount mainly represents government grants received for research and development projects but with conditions not yet fulfilled.

The credit period of accounts payables is from 30 to 90 days from the invoice date.

The following is an aged analysis of accounts payables presented based on the invoice date at the end of the reporting period.

	As at June 30, 2019 RMB'000 (unaudited)	As at December 31, 2018 RMB'000 (audited)
Within 90 days	**123,357**	82,718
91 to 180 days	**17,715**	55,710
181 to 365 days	**305**	3,794
Over 365 days	**865**	788
	142,242	143,010

Notes to the Condensed Consolidated Financial Statements

15. DEFERRED TAX LIABILITIES

	Fair value adjustments arising from acquisition of subsidiaries RMB'000
On January 1, 2018 (audited)	172,212
Arising on HRC Management Acquisition	508,553
Credited during the year	(3,824)
On December 31, 2018 and January 1, 2019 (audited)	676,941
Charged during the period (Note 8)	13,952
Exchange realignment	1,436
On June 30, 2019 (unaudited)	**692,329**

16. SHARE CAPITAL

The share capital as at January 1, 2018 represented the aggregate paid-up capital of Sichuan Jinxin Fertility and Chengdu Xinan Hospital attributable to Chengdu Jinxin Investment.

The share capital as at December 31, 2018, January 1, 2019 and June 30, 2019 represented the issued share capital of the Company.

The movements in the Company's issued ordinary share capital during the period are as follows:

	Number of shares	Share capital US$
Ordinary shares of US$0.00001 each		
Authorised:		
On date of incorporation on May 3, 2018, on December 31, 2018 and June 30, 2019	5,000,000,000	50,000
Issued:		
1 share allotted and issued upon incorporation (audited)	1	—
Issue of shares during the period	1,979,828,400	19,798
On December 31, 2018 (audited)	1,979,828,401	19,798
Shown in the financial statements as:		RMB129,000
On January 1, 2019 (audited)	**1,979,828,401**	**19,798**
Issue of shares during the period	**400,987,401**	**4,010**
On June 30, 2019 (unaudited)	**2,380,815,802**	**23,808**
Shown in the financial statements as:		**RMB157,000**

Notes to the Condensed Consolidated Financial Statements

16. SHARE CAPITAL *(Continued)*

The Company was incorporated in the Cayman Islands on May 3, 2018 with an authorised share capital of US$50,000 divided into 5,000,000,000 ordinary shares with a par value of US$0.00001 per share. On the date of incorporation, one share was allotted and issued by the Company.

On May 3, 2018 and July 20, 2018, the Company issued a further 19,999 and 78,780 of its shares at par value of US$0.00001 each for consideration of approximately US$0.2 (equivalent to RMB1.3) and US$0.8 (equivalent to RMB5.4), respectively, to Jinxin Fertility BVI.

On July 20, 2018, the Company acquired one share, being the entire issued share capital of LionRock New Hope BVI Company Limited ("BVI Holdco"), from the pre-initial public offering ("pre-IPO") investor in exchange for allotment and issue of 1,220 of the Company's shares to the pre-IPO investor.

On November 20, 2018 and December 19, 2018, the Company issued 915,538,334 and 296,459,725 of its shares at US$0.00001 each for consideration of approximately US$132,467,000 (equivalent to RMB908,584,000) and US$42,745,000 (equivalent to RMB293,186,000) as part of the Group Reorganisation to settle the consideration payable for the acquisition of the entire equity interest of Sichuan Jinxin Fertility.

On December 24, 2018, the Group acquired the entire interest in Willsun BVI which holds 51% equity interest in HRC Management and the remaining 49% interest in HRC Management by issuing 407,005,337 shares and 360,725,005 shares of US$0.00001 each in the Company to the shareholders of Willsun BVI and the 49% shareholders of HRC Management, respectively. Upon completion, HRC Management becomes a wholly-owned subsidiary of the Group.

On February 2, 2019, YU PENG XIANG Company Limited, a BVI incorporated limited liability company wholly-owned by Mr. Zeng Yong, one of the Group's key management personnel, subscribed for 10,882,013 shares of the Company of US$0.00001 each at par value. On the same day, Mr. Zeng Yong entered into a series of contractual arrangements with the Group in respect of his 5.46% equity interest in Shenzhen Zhongshan Hospital.

On February 15, 2019, 32,981,388 shares were issued to the nominee of the Restricted Share Award, namely Jinxin Employee Holdings Company Limited, for and on behalf of the Company. On the same day, restricted share unit awards representing 13,676,180 shares of the Company were transferred from Jinxin Employee Holdings Company Limited and granted to certain key management personnel of the Group and a physician of HRC Medical under the Restricted Share Award Scheme which are subject to certain vesting conditions as stipulated in the respective award letters.

On June 25, 2019, the Company was successfully listed on the Main Board of the Stock Exchange following the completion of Listing of 357,124,000 new shares of US$0.00001 each issued at a price of HK$8.54 per share. Proceeds of US$3,571, representing the par value of the shares issued, were credited to the share capital of the Company. The remaining proceeds of RMB2,544,529,000 net of share issue expense were credited to the share premium account.

On July 18, 2019, the over-allotment option was fully exercised and an aggregate of 53,568,000 shares were allotted and issued by the Company at HK$8.54 per share.

Notes to the Condensed Consolidated Financial Statements

17. SHARE-BASED PAYMENTS

(a) Share Option Scheme

The Company's share option scheme (the "Share Option Scheme") was adopted pursuant to a resolution passed on June 3, 2019 for the primary purpose of providing incentives to directors and eligible employees. The Share Option Scheme will be valid and effective for a period of ten years, commencing from June 3, 2019. No share option was in issue pursuant to the Share Option Scheme at the end of the reporting period.

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 238,081,580 Shares, being 10% ("Scheme Mandate Limit") of the shares in issue immediately after the Listing (assuming the over-allotment option is not exercised and no exercise of any option which may be granted under the Share Option Scheme) unless the Company obtains an approval from its shareholders. Options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit. Moreover, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 30% of the shares in issue from time to time.

No option may be granted under the Share Option Scheme and any other share option schemes of the Company if such Scheme Mandate Limited is exceeded.

(b) Restricted Share Award Scheme

On February 15, 2019 (the "Adoption Date"), the Company approved the Restricted Share Award Scheme ("RSU Scheme"). The purposes of the RSU Scheme are to (i) provide the selected participants of the RSU Scheme (the "Selected Participants") with the opportunity to acquire proprietary interests in the Company; (ii) encourage the grantees to work towards enhancing the value of the Company and its shares for the benefit of the Company and the shareholders of the Company as a whole; and (iii) provide the Company with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to the Selected Participants. The RSU Scheme commences on the Adoption Date and remains valid and effective unless and until being terminated upon the expiry of the period of ten years from such date, unless terminated earlier by a resolution of the board of directors of the Company.

The total number of the restricted share units (the "RSUs") underlying all grants made pursuant to the RSU Scheme shall not exceed in total 1.66% (i.e. 32,981,388 shares) of the Company's issued share capital as at the Adoption Date (the "RSU Scheme Limit"), provided that no account shall be taken into the calculation of the RSU Scheme Limit of any shares where the right to acquire such shares has been released, lapsed or vested in accordance with the RSU Scheme.

Notes to the Condensed Consolidated Financial Statements

17. SHARE-BASED PAYMENTS *(Continued)*

(b) Restricted Share Award Scheme (Continued)

A deed of adherence dated February 14, 2019 was entered into between the Company and Jinxin Employee Holdings Company Limited ("RSU Scheme's Nominee"). On February 15, 2019, 32,981,388 shares were issued to RSU Scheme's Nominee for and on behalf of the Company. The above shares held for RSU Scheme were regarded as treasury shares and had been deducted from shareholders' equity as shown in the condensed consolidated statement of changes in equity under "Shares held for Restricted Share Award Scheme". As at June 30, 2019, the restricted shares granted to key management personnel and a consultant of the Group are as follows:

RSU granted to	Number of options granted	Grant date	Expire date	Fair value at grant date (RMB)	Vesting period
Consultant, being a physician of HRC Medical	3,921,700	February 15, 2019	February 14, 2029	17,733,000	5 years
Key management personnel	9,754,480	February 15, 2019	February 14, 2029	44,107,000	3-4 years

The grantees of the RSU are not required to pay for the grant of any RSU under the RSU Scheme or for the exercise of the RSU. The RSU shall be exercisable over a period of ten years commencing from the date on which the RSUs are granted.

The Directors used the discounted cash flow method to estimate the underlying equity fair value of the Company and adopted equity allocation method to determine the fair value of the RSUs granted on February 15, 2019. Key assumptions and inputs include the cash flow projections based on financial forecasts approved by management covering a five-year period with growth rates from 9% to 20% which are extrapolated for a two to three-year period using declining growth rates from 16% to 4.3% and pre-tax discount rates from 13.5% to 16% applied for the different business segments. The fair value of the RSUs granted on February 15, 2019 was assessed to be RMB61,840,000.

Notes to the Condensed Consolidated Financial Statements

17. SHARE-BASED PAYMENTS *(Continued)*

(b) Restricted Share Award Scheme *(Continued)*

The table below discloses movement of the Company's RSU granted held by the Selected Participants at the end of the reporting period:

	Number of Awarded Shares		
	Outstanding on January 1, 2019	Granted during the period	**Outstanding on June 30, 2019**
RSU granted to:			
Key management personnel	—	9,754,480	**9,754,480**
Other consultant	—	3,921,700	**3,921,700**
	—	13,676,180	**13,676,180**

The Group recognised total expense of RMB11,677,000 for the six months ended June 30, 2019 (2018: Nil) in relation to RSU granted by the Company in the current interim period.

At the end of each interim period, the Group revises its estimates of the number of RSU that are expected to vest ultimately. The impact of the revision of the estimates, if any, is recognised in profit and loss, with a corresponding adjustment to the equity-settled share-based payment reserve.

18. CAPITAL COMMITMENTS

	As at June 30, 2019 RMB'000 (unaudited)	As at December 31, 2018 RMB'000 (audited)
Capital expenditure in respect of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	**6,323**	22,968

Notes to the Condensed Consolidated Financial Statements

19. CONTINGENT LIABILITIES

The Group has also been involved in legal proceedings and claims during both periods that arise in the ordinary course of business, which primarily include medical and labour dispute claims brought by the former patients or employees.

The Group has been vigorously defending these lawsuits and the Directors believe that the final outcome of those outstanding medical and labour disputes will not have a material impact on the financial position or operations of the Group or the amount of outflow, if any, cannot be determined with sufficient reliability prior to judicial appraisals. Accordingly, no provision has been made during both periods.

20. DISPOSAL OF A SUBSIDIARY

On December 25, 2018, to streamline its organisation structure, Shenzhen Zhongshan Hospital entered into an agreement on the transfer of organiser's interests and change of organiser 深圳中山生殖與遺傳研究所 ("Zhongshan Research Institute") with Shenzhen Shengkeqiang Medical Technology Co., Ltd., an independent third party, pursuant to which Shenzhen Zhongshan Hospital transferred the entire organiser's interests and obligations it held in Zhongshan Research Institute to Shenzhen Shengkeqiang Medical Technology Co., Ltd. for a consideration of approximately RMB1,000,000. The transaction was completed on January 24, 2019, and resulted in a loss on disposal of approximately RMB21,000. The said disposal did not have any material impact on the Group.

	RMB'000
Property, plant and equipment	179
Bank balances and cash	842
Net assets disposed of	1,021
Loss on disposal	(21)
Total consideration	1,000
Satisfied by:	
Cash	1,000
Net cash inflow arising on disposal:	
Total cash consideration received	1,000
Bank balances and cash disposed of	(842)
	158

Notes to the Condensed Consolidated Financial Statements

20. DISPOSAL OF A SUBSIDIARY *(Continued)*

In January 2019, Chengdu Xinan Hospital entered into an equity transfer agreement with Chengdu Jinxin Investment and sold its entire equity interests in Gaoxin Xinan Hospital to Chengdu Jinxin Investment for RMB3,894,000. The transaction was completed on January 31, 2019, and resulted in a gain on disposal of approximately RMB4,394,000 recognised in capital reserve as a deemed contribution from shareholders. The disposal did not have any material financial impact on the Group.

	RMB'000
Property, plant and equipment	4,089
Inventories	1,617
Accounts and other receivables	740
Bank balances and cash	20,392
Accounts and other payables	(11,975)
Amounts due to related parties	(12,709)
Tax payables	(2,654)
Net liabilities disposed of	(500)
Gain on disposal	4,394
Total consideration	3,894
Satisfied by:	
Cash	3,894
Net cash outflow arising on disposal:	
Total cash consideration received	3,894
Bank balances and cash disposed of	(20,392)
	(16,498)

Notes to the Condensed Consolidated Financial Statements

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

The Group's financial assets that are measured at fair value at June 30, 2019 and December 31, 2018 include financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

The fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at	Fair value hierarchy	Valuation and techniques key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Unlisted equity investment classified as financial asset at FVTOCI	June 30, 2019 – RMB9,877,000 December 31, 2018 – RMB9,990,000	Level 3	Market comparison approach in which fair value was determined with reference to recent transaction price.	Adjustment on recent transaction price	The lower the recent transaction price, the lower the fair value of the investment. A 5% decrease in the recent transaction price, holding all other variables constant would decrease the carrying amount of equity instruments by approximately RMB494,000 at June 30, 2019 (December 31, 2018: RMB500,000), and vice versa.
Financial assets at FVTPL	June 30, 2019 – RMB37,500,000 December 31, 2018 – RMB65,010,000	Level 2	Discounted cash flows – future cash flows are estimated based on estimated return, and discounted at a rate that reflects the credit risks of various counterparties.	N/A	N/A

There were no transfer between levels during the six months ended June 30, 2019 and 2018.

Notes to the Condensed Consolidated Financial Statements

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

(ii) Recognition of Level 3 fair value measurements

	Unlisted investment classified as equity instrument at FVTOCI RMB'000
On January 1, 2018 (audited)	—
Upon the HRC Management Acquisition	9,990
On December 31, 2018 and January 1, 2019 (audited)	9,990
Exchange realignment	(113)
On June 30, 2019 (unaudited)	**9,877**

(iii) Fair value of financial instruments that are recorded at amortised cost

The fair values of financial assets and financial liabilities recorded at amortised cost are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values at the end of each reporting period.

Notes to the Condensed Consolidated Financial Statements

22. RELATED PARTY DISCLOSURES

In addition to the transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group also entered into the following related party transactions:

Name of related companies	Relationship	Nature of transactions	Six months ended June 30, 2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
Jinjiang District Maternity and Child Health Hospital	Entity controlled by Chengdu Jinxin Investment	Provision of management services by the Group	**71,166**	40,134
		Provision of pathological examination services	**324**	—
		Rendering pathological examination services (i)	**(76)**	(231)
Jinxin Women and Children Hospital	Entity controlled by Chengdu Jinxin Investment	Provision of management services by the Group	—	620
		Provision of pathological examination services	**269**	—
Jinxin Women and Children Hospital	Entity controlled by Chengdu Jinxin Investment	Rendering pathological Examination services (i)	**(1,749)**	(1,927)
Jinxin Psychiatric	Entity controlled by Chengdu Jinxin Investment	Rendering sanitising and cleaning services (i)	**(912)**	(806)
四川程欣物業管理有限公司 (Sichuan Chengxin Property Management Company Limited)	Entity controlled by Chengdu Jinxin Investment	Rendering cleaning services	—	(494)
Hejun Technology	Entity controlled by Chengdu Jinxin Investment	Purchase of consumables by the Group	**(9,827)**	(161)
		Rendering storage services	—	(445)
HRC Medical	Jointly controlled by certain shareholders of HRC Investment	Management services income	**270,202**	—
		PGS Testing income	**2,372**	—
		Ambulatory surgery centre facilities income	**2,038**	—

Notes to the Condensed Consolidated Financial Statements

22. RELATED PARTY DISCLOSURES *(Continued)*

Name of related companies	Relationship	Nature of transactions	Six months ended June 30, 2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
HRC Properties LLC	Controlled by certain shareholders of HRC investment	Repayment of lease liability	**(3,558)**	—
		Finance cost on lease liability	**(3,375)**	—
135 South Rosemead LLC	Controlled by certain shareholders of HRC investment	Repayment of lease liability	**(705)**	—
		Finance cost on lease liability	**(684)**	—
Gender Selection Australia Property Limited	Controlled by a shareholder of HRC Investment	Marketing expense	**(3,406)**	—
Dr. Bradford A. Kolb	Shareholder of HRC Medical and HRC investment	Medical director fee	**(33)**	—
Dr. Jane L. Frederick	Shareholder of HRC Medical and HRC investment	Medical director fee	**(33)**	—
Dr. Michael A. Feinman	Shareholder of HRC Medical and HRC investment	Medical director fee	**(33)**	—

Note:

(i) Amounts represent expenses incurred from pathological examination services and sanitising and cleaning services and are included in "cost of revenue".

Notes to the Condensed Consolidated Financial Statements

22. RELATED PARTY DISCLOSURES *(Continued)*

Compensation of key management personnel

The remuneration of directors and key executives is determined based on performance of individuals and market trends.

Key management includes directors and senior management. The remuneration of directors and other members of key management during the period was as follows:

	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Salaries and allowances	**12,649**	668
Performance-related incentive payments	**4,638**	4,768
Share-based compensation benefits	**8,785**	–
Retirement benefit schemes contributions	**65**	65
	26,137	5,501

23. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO EXPECTED CREDIT LOSS ("ECL")

The basis of determining the inputs and assumptions and the estimation techniques used in the unaudited condensed consolidated financial statements for the six months ended June 30, 2019 for assessment of ECL are the same as those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2018.

During the current interim period, the Directors are of the opinion that the ECL on other financial assets and other items subject to ECL is insignificant.

24. SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

On July 18, 2019, the over-allotment option was fully exercised and an aggregate of 53,568,000 shares were allotted and issued by the Company at HK$8.54 per share for proceeds of approximately HK$439.1 million (approximately RMB386.4 million).

Definitions

In this report, the following expressions have the meanings set out below unless the context otherwise requires:

"Amethyst Gem"	Amethyst Gem Holdings Limited, a limited (or its affiliate, where the context requires) liability company incorporated on September 13, 2016 under the laws of British Virgin Islands
"ARS"	assisted reproductive service(s)
"Audit and Risk Management Committee"	the audit and risk management committee of the Board
"Board" or "Board of Directors"	the board of Directors of the Company
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Chairman"	the Chairman of the Board
"Chengdu Xinan Hospital"	Chengdu Xinan Gynecological Hospital Co., Ltd. (成都西囡婦科醫院有限公司), a company established in Chengdu, Sichuan Province, PRC with limited liability on November 10, 2015, the Group's subsidiary and successor of Prior Chengdu Xinan Hospital that is a for-profit specialty hospital
"China" or the "PRC"	the People's Republic of China excluding, for the purpose of this report, Hong Kong, Macau Special Administrative Region and Taiwan
"Company"	Jinxin Fertility Group Limited (錦欣生殖醫療集團有限公司*), previously known as Sichuan Jinxin Fertility Company Limited, an exempted company established in the Cayman Islands with limited liability on May 3, 2018
"Contractual Arrangements"	the series of contractual arrangements, as the case may be, entered into by, among others, Sichuan Jinxin Fertility Medical Management Co., Ltd. (四川錦欣生殖醫療管理有限公司), the Registered Shareholders, Mr. Zeng Yong, Jinrun Fude and the VIE Entities
"Director(s)"	the director(s) of the Company
"ESOP"	collectively the RSU Scheme and the Share Option Scheme
"Gaoxin Xinan Hospital"	Chengdu Gaoxin Xinan Gynecological Hospital Co., Ltd. (成都高新西囡婦科醫院有限公司), a company established in Chengdu, Sichuan Province, PRC with limited liability on June 13, 2016, successor of Prior Gaoxin Xinan Hospital and the Group's subsidiary before the Reorganization (as defined in the Prospectus) that is a for-profit gynecological and obstetrics specialty hospital
"Group", "we" or "our"	the Company and its subsidiaries

* *For identification purpose only*

Definitions

"H.K. dollar(s)" or "HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HRC Fertility"	HRC Management and HRC Medical
"HRC Investment"	HRC Investment Holding, LLC, a limited liability company established under the laws of Delaware, the United States on June 2, 2017, the Group's substantial shareholder
"HRC Management"	HRC Fertility Management, LLC, a limited liability company established under the laws of Delaware, the United States on November 3, 2015, the Group's indirect subsidiary
"HRC Medical"	Huntington Reproductive Center Medical Group, a professional corporation established under the laws of California, the United States on January 1, 1995, a connected person of the Company by virtue of being jointly owned by Dr. Michael A. Feinman, Dr. Bradford A. Kolb and Dr. Jane L. Frederick (each, a substantial shareholder of the Company), and the nine clinics and three IVF laboratories in California which it owns
"IFRS"	International Financial Reporting Standards
"IVF"	in vitro fertilization, a process where the egg and sperm are incubated together to a fertilized embryo in an in vitro system to achieve pregnancy
"IVF patient(s)"	patients who have started an IVF treatment cycle
"IVF treatment cycle(s)"	a cycle that starts when eggs contained in the ovarian follicles are retrieved, after which the treatment cycle usually progresses to combining the eggs with sperm to create embryos
"Jinjiang District Maternity and Child Health Hospital"	Chengdu Jinjiang District Maternity and Child Health Hospital (成都市錦江區婦幼保健院), a non-profit maternity and child healthcare hospital established in the PRC in 1954, the IVF center of which is jointly managed by the Group
"Jinjiang IVF Center"	the IVF center of Jinjiang District Maternity and Child Health Hospital
"Jinrun Fude"	Chengdu Jinrun Fude Medical Management Company Limited (成都錦潤福德醫療管理有限公司), a limited liability company established under the laws of the PRC on May 9, 2018, the Group's subsidiary by virtue of the Contractual Arrangements

Definitions

"Jinxin Fertility BVI"	JINXIN Fertility Investment Group Limited, a limited liability company established under the laws of the British Virgin Islands on November 13, 2017, the Company's substantial shareholder
"Jinxin Fertility Center"	the fertility center of Sichuan Jinxin Women and Children Hospital
"Jinxin Fund"	JINXIN Fertility Fund LP, an exempted limited partnership established under the laws of the Cayman Islands on September 10, 2018, the Company's substantial shareholder
"Jinxin Geriatrics"	Chengdu Jinsheng Enterprise Management Co., Ltd. (成都錦盛企業管理股份有限公司), a limited liability company established under the laws of the PRC on July 1, 2015, a member of the Sister Group
"Jinxin Global BVI"	JINXIN Global Fertility Company Limited, a limited liability company established under the laws of the British Virgin Islands on August 9, 2018, the Company's substantial shareholder
"Jinxin Ob-Gyn"	JINXIN Medical Investment Group Limited, a limited liability company established under the laws of the British Virgin Islands on September 14, 2017, a member of the Sister Group
"Jinxin Women and Children Hospital"	Sichuan Jinxin Women and Children Hospital Co., Ltd (四川錦欣婦女兒童醫院有限公司), a company established under the laws of the PRC with limited liability on December 9, 2016, a subsidiary under the Sister Group that is a for-profit women and children hospital, the fertility center of which was jointly managed by the Group
"Joint Representatives"	Morgan Stanley Asia Limited (in relation to the Hong Kong Public Offering (as defined in the Prospectus)), Morgan Stanley & Co. International plc (in relation to the International Offering (as defined in the Prospectus)) and CLSA Limited
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange on June 25, 2019
"Listing Date"	June 25, 2019, being the date on which the Shares were listed on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Main Board"	Main Board of the Stock Exchange

Definitions

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"MSA"	the amended and restated management services agreement dated January 22, 2019 pursuant to which HRC Management provided non-medical management services to HRC Medical
"New Hospital Building"	the hospital building located at Block 1, No. 66 and 88 Bi Sheng Road, Jinjiang District, Chengdu, the PRC with a total gross floor area of 42,659.64 sq.m.
"NexGenomics"	NexGenomics, LLC, a limited liability company established under the laws of California, the United States, on February 4, 2015, wholly owned by HRC Management
"PGS"	preimplantation genetic screening, technique used to detect the presence of an abnormal number of chromosomes (aneuploidy) in an embryo and to examine which embryos are chromosomally normal for transfer
"Physician Shareholders"	Dr. Michael A. Feinman, Dr. Daniel A. Potter, Dr. Jane L. Frederick, Dr. David Tourgeman, Dr. Bradford A. Kolb, Dr. John G. Wilcox, Dr. Jeffrey Nelson and Dr. Robert Boostanfar, each a certified physician in California, the United States, and ultimate beneficial shareholder of HRC Investment, and all of them together are connected persons of the Company by virtue of being its substantial shareholders
"Prior Chengdu Xinan Hospital"	Chengdu Xinan Gynecological Hospital (成都西囡婦科醫院), a privately funded non-enterprise entity (民辦非企業單位) established on March 31, 2010, predecessor of Chengdu Xinan Hospital
"Prior Gaoxin Xinan Hospital"	Chengdu Gaoxin Xinan Gynecological Hospital (成都高新西囡婦科醫院), a privately funded non-enterprise entity (民辦非企業單位) established on May 27, 2013, predecessor of Gaoxin Xinan Hospital
"Prospectus"	the prospectus issued by the Company dated June 13, 2019
"Registered Shareholders"	Two individual shareholders of Jinrun Fude, namely Ms. Yan Xiaoqing and Ms. Zhu Yujuan
"RSA Centers"	the three surgical centers located at HRC Medical core clinics in Pasadena, Encino and Newport Beach
"RSU"	a restricted share unit award granted to a participant under the RSU Scheme
"RSU Scheme"	the restricted share award scheme conditionally adopted by the Company on February 15, 2019, the principal terms of which are summarized in "RSU Scheme" in Appendix V to the Prospectus

Definitions

"Reporting Period"	the six-month period from January 1, 2019 to June 30, 2019
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise notified from time to time
"Share(s)"	ordinary share(s) in the capital of the Company with nominal value of US$0.00001 each
"Shareholder(s)"	holder(s) of Share(s)
"Share Option Scheme"	the share option scheme conditionally adopted by the Company on June 3, 2019, the principal terms of which are summarized in "Share Option Scheme" in Appendix V to the Prospectus
"Shenzhen Zhongshan Hospital"	Shenzhen Zhongshan Urological Hospital (深圳中山泌尿外科醫院) (previously known as Shenzhen Zhongshan Urological Hospital Co., Ltd (深圳市中山泌尿外科醫院有限公司)), a company established in Shenzhen, PRC with limited liability on May 18, 2004, the Group's indirect subsidiary that is a for-profit specialty hospital
"Sister Group"	the collective of Jinxin Ob-Gyn and Jinxin Geriatrics and their respective subsidiaries
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"success rate"	the form of "clinical pregnancy rate" that has been adopted for discussion in this report
"U.S.", "US" or "United States"	the United States of America
"U.S. dollar(s)" or "US$"	United States dollar(s), the lawful currency of the United States of America
"VIP patient(s)"	a very important patient of Chengdu Xinan Hospital and Shenzhen Zhongshan Hospital who receives a private and convenient treatment experience, and they are given access to a private consultation area, flexible appointment schedule, complementary nutrition guidance, Chinese medicine treatment, psychological counseling and fitness courses to support the ARS
"Xinan Hospital Group"	Chengdu Xinan Hospital and Gaoxin Xinan Hospital

In this report, the terms "associate", "connected person", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.