錦欣生殖

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 2020

* For identification purposes only

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Zhong Ying *(Chief Executive Officer)*
Mr. Zhong Yong *(Vice Chairman)*
Dr. John G. Wilcox
Mr. Dong Yang *(Co-chief Executive Officer)*

Non-executive Directors

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

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)*
Mr. Fang Min
Ms. Hu Zhe
Dr. Chong Yat Keung
Mr. Wang Xiaobo

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

STRATEGIC DECISIONS COMMITTEE

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

MEDICAL QUALITY CONTROL AND R&D COMMITTEE

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

JOINT COMPANY SECRETARIES

Ms. Liu Hongkun
Ms. Leung Suet Wing

AUTHORIZED REPRESENTATIVES

Mr. Dong Yang
Ms. Leung Suet Wing

REGISTERED OFFICE

Cricket Square, Hutchins Drive
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KY1-1111
Cayman Islands

Corporate Information

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Sichuan, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

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HONG KONG LEGAL ADVISOR

Fangda Partners
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AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
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88 Queensway
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,		
	2020	2019	Change
	RMB'000	RMB'000	
	(Unaudited)	(Unaudited)	
Operating results			
Revenue	**611,844**	791,120	-22.7%
Gross profit	**217,464**	380,851	-42.9%
Profit before tax	**152,442**	244,381	-37.6%
Net profit	**123,482**	177,958	-30.6%
Adjusted net profit(1)	**167,454**	256,582	-34.7%
Profitability			
Gross margin	**35.5%**	48.1%	
Net profit margin	**20.2%**	22.5%	
Adjusted net profit margin	**27.4%**	32.4%	

	As at June 30, 2020	As at December 31, 2019	Change
	RMB'000	RMB'000	
	(Unaudited)	(Audited)	
Financial position			
Total assets	**9,208,908**	8,941,144	3.0%
Total equity	**7,695,621**	7,642,395	0.7%
Total liabilities	**1,513,287**	1,298,750	16.5%
Cash and cash equivalents	**844,532**	579,637	45.7%

(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 and the HRC Management acquisition; (iv) imputed interest income from related parties; and (v) donation to Wuhan 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 U.S. 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' 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.

For the Group's operations in the United States, 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 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 2020, we continued to expand our network operations, enhance patient experience and loyalty, improve brand awareness through marketing and cooperation initiatives, recruit talent to our experienced network of physicians and maintain superior success rates across our network of operations.

Expansion of operations

During the Reporting Period, we continued to adhere to our strategy of expanding our platform reach and network through acquisitions and cooperation agreements. Key highlights are as follows:

In March 2020, for the purpose of business expansion in Southeast Asia, we acquired the relevant licenses to provide ARS and operate an IVF clinic in Laos. We plan to set up a new IVF-licensed clinic within the Boten Special Economic Zone in Laos with a floor area of approximately 5,000 sq.m, which is expected to be open for business in the second half of 2020 and have the projected capacity to conduct over 3,000 IVF treatment cycles per year. The new clinic is expected to offer a myriad of services, including IVF-ET (in vitro fertilization and embryo transfer), ICSI (intracytoplasmic sperm injection), PGS (preimplantation genetic screening)/PGD (preimplantation genetic diagnosis), third party IVF, other various IVF technology and treatment options, and egg and sperm cryopreservation. Located near the border of the Boten Special Economic Zone, the clinic is in close proximity to China and will be accessible from Kunming, Yunnan Province in approximately four hours via the high-speed railway due to be completed in 2021 as part of the Belt and Road Initiative. The business expansion in Laos will allow us to further expand our global reach by tapping into the Southeast Asian market and providing Chinese patients with an overseas option with a wider range of services at a lower price point, which is in line with our internationalization strategy to expand outside of China as well as catering to the surging patient flow from the Chinese market.

In June 2020, Sichuan Jinxin Fertility Medical Management Co., Ltd.* (四川錦欣生殖醫療管理有限公司) ("**Sichuan Jinxin**"), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement to acquire an aggregate of 75% equity interests in Wuhan Huangpu Integrated Gynecology and Obstetrics Hospital Co., Ltd.* (武漢黃浦中西醫結合婦產醫院有限責任公司) ("**Wuhan Jinxin**") (of which 70% equity interests will be held by Sichuan Jinxin and 5% equity interests will be held by a separate legal entity designated by Sichuan Jinxin for the purpose of employee incentives in the future). Upon completion, Wuhan Jinxin became a non-wholly owned subsidiary of the Group. Wuhan Jinxin, a for-profit Class III specialized maternity hospital located in Jiang'an District, Wuhan, Hubei Province, the PRC, is one of only two non-public and for-profit hospitals in Wuhan possessing an IVF license to provide ARS to its patients, including conventional IVF-ET and ICSI. The acquisition of Wuhan Jinxin allows us to strategically expand into a new region with a sizable population and high income per capita, and support the accelerated development of Wuhan Jinxin with our extensive network and fulfill the potentially large unmet medical need in the region.

Management Discussion and Analysis

Enhance patient experience

In order to expand capacity and continue to provide VIP patients with more accurate and high-quality fertility treatment services, Chengdu Xinan Hospital completed renovations to upgrade its VIP treatment center at the end of 2019. The upgraded VIP center continues to be led by a team of expert physicians with world-class medical equipment and diagnostic technology to provide patients with full-service support and personalized fertility treatment solutions. Among other things, VIP patients have access to a 24-hour dedicated consultation hotline, an exclusive butler to provide timely and personalized concierge services, increased consultation time with our physicians and psychological counseling to support patients throughout the entire treatment process. During the second half of 2020, we expect to launch a high-end VIP package to further cater for the diverse specialized needs of our VIP patients, including our online medical consultation services available in the United States. The penetration rate of our VIP services in Chengdu Xinan Hospital and Jinjiang IVF Center Group increased from 5.2% as of June 30, 2019 to 11.6% as of June 30, 2020, primarily attributable to increasing demand from patients for personalized and high-end IVF services.

Marketing and cooperation initiatives

We continued to develop our brand and expertise through various marketing and cooperation initiatives. As of June 30, 2020, we cooperated with 73 medical institutions involving two-way referrals or specialty alliance cooperation agreements. Furthermore, we endeavor to further expand our cooperation network with medical institutions in the PRC, particularly in Guangdong Province where Shenzhen Zhongshan Hospital continues to possess huge potential to broaden its cooperation network with local medical institutions. Chengdu Xinan Hospital recently obtained an online hospital license which will also enhance our geographical penetration of markets that Chengdu Xinan Hospital has yet to cover, including second to third tier cities in Sichuan Province and other regions outside of Sichuan Province. In order to further promote our international influence in the ARS industry, in August 2020, we established Jinxin International Medical Services Company Limited, a joint venture committed to providing high-quality, patient-centric services to its customers. It serves as an open platform to attract more business partners and expand our reach in other regions, including the United States, Southeast Asia and other Asia-Pacific countries, to become a leading international IVF medical service platform for customers in need of ARS.

From the beginning, HRC Fertility's primary mission is to provide world-class medical services to patients through compassion, expertise, innovation and personalized care. With the implementation of various key initiatives and adoption of aggressive marketing and a strategic growth strategy this year, we anticipate a positive outlook for HRC Fertility in 2020. HRC Fertility's key strategy initiative is to increase market share and expand into untapped markets through the hiring of new physicians, opening new centers and relocating existing centers to more desirable markets. It is also to make available internal mental health resources to support patients in having successful IVF treatment cycles and to further separate itself from market competition. Additionally, HRC Fertility has also been investing actively in its infrastructure and data warehouse storage. Construction of new infrastructure enables HRC Fertility to assemble a new call center primarily to cater to new patient inquiries, requests, follow up on leads and reach out to patients whom have missed their appointments. In order to ensure that patients are aware of their scheduled appointments, HRC Fertility has further implemented a patient reminder system. On the other hand, investment in data warehouse enables HRC Fertility to better manage market trends, further develop key performance indicators, ensure that all internal software programs communicate with one another, perform predictive analytics, develop strategic initiatives and further enhance privacy and data-security protections. Apart from strengthening its marketing strategy, HRC Fertility also adopted a business development strategy which allows it to continue to expand its market share and develop cooperative relationships with physicians in the community.

Management Discussion and Analysis

Furthermore, HRC Fertility continued to utilize 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. With its facilities and solid experience in serving Chinese and international patients, HRC Fertility is equipped with the ability to recover its business once the United States government lifts travel restrictions resulting from the outbreak of COVID-19. HRC Fertility made a conscious shift to build its own in-house marketing team to move away from using outside sources, such as advertising and digital agencies, to reorganize and rebrand it's marketing efforts. This catered for a centralization of all creative, media, events, social media, digital and production initiatives resulting in a much more cost efficient and strategic approach. The in-house team has been focusing on three key areas, namely lead nurturing, digital presence and creative development. The customer-relationship management (CRM) system continues to provide insight into marketing efforts and conversions pre-NPV through lead nurturing activities that are built via marketing funnels. In terms of HRC Fertility's digital presence, webinars have been rebranded into Facebook Live sessions to provide seminars with more consistent lead flow, and the specialized customer service team which target Chinese patients not served by the agencies in the area continued to benefit HRC Fertility. All in all, HRC Fertility is placing itself in a strong position to not only make 2020 a successful year through a quick recovery from the impact of COVID-19, but to dominate the IVF market in the United States in the long term.

Research and development

In 2020, Chengdu Jinxin Hospital Management Group Limited established the Jinxin Medical Innovation Research Center. We obtained exclusive rights for the application of the technology in Jinxin Medical Innovation Research Center for the purpose of integrating our network's expansive resources and experienced medical team in Shenzhen and Chengdu to conduct high-level clinical research in the ARS field to explore new and innovative methods to improve clinical pregnancy rate, including carrying out endometrial receptivity testing, developing an IVF-AI (artificial intelligence) diagnostic system and developing a stem-cell culture system. Renovation on Jinxin Medical Innovation Research Center were completed in August 2020 and operations are expected to begin the following month.

During the Reporting Period, our Group's embryo laboratory successively obtained its ISO9001 International Quality Management System Certification. HRC Fertility's laboratories are also dual certified by the Clinical Laboratory Improvement Amendments (CLIA) under the U.S. FDA (Food and Drug Administration) and the College of American Pathologists (CAP).

The assisted reproductive medical facilities in our network have gained widespread recognition for their research and publications. During the Reporting Period, the medical facilities in our network in China published eight research papers and filed nine patents in China.

Talents Recruitment

As a leading ARS provider, we are committed to a talent strategy of recruiting and retaining the best and most experienced medical professionals. This year, we implemented an equity incentive plan to award shares of our Company to key employees of Chengdu Xinan Hospital, Shenzhen Zhongshan Hospital and HRC Fertility. Through this equity incentive plan, our Group has been able to retain and recruit a new generation of talent to support its continued rapid development.

Management Discussion and Analysis

During the Reporting Period, Dr. Qiang Geng, a renowned assisted reproductive physician, joined as the associate chief physician of Shenzhen Zhongshan Hospital. Dr. Geng is the founder, and former director, of the reproductive fertility center of Shenzhen Hengsheng Hospital, and previously studied under an acclaimed Chinese professor of reproductive medicine. Dr. Geng brings her wealth of experience to our already robust medical team, which allows us to continue to expand our capabilities and capacity to serve high-quality care to more patients. We will continue to identify and recruit experienced medical professionals in both China and the United States to our medical team.

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, 2019 and 2020.

	Six months ended June 30,	
	2020	2019
Number of IVF treatment cycles	**9,643**	13,412
Overall success rate		
Xinan Hospital Group and Jinjiang IVF Center	**53.1%**	56.3%
Shenzhen operations	**52.9%**	55.2%
United States operations	**55.7%**	56.4%

During the Reporting Period, the slight decrease in overall success rate was mainly attributable to the increased age of patients and complication of certain individual cases. Success rate largely depends on the patient's age and the level of complication of each individual case and other factors. After the outbreak of COVID-19, usually, the patients with the most urgent medical needs go to the hospital immediately.

OUTLOOK AND FUTURE

The global ARS market has expanded over the years and such growth is expected to continue over the next few years, particularly due to an increased prevalence of infertility, caused by lifestyle changes, increase in the average age of the first birth, and increased public awareness on birth defects and prevention. Compared with Japan, Europe and the United States, the market penetration of ARS in China is still relatively low. With improved awareness and increasing disposable income, patients in China tends to seek more sophisticated IVF treatment, including receiving IVF treatment abroad.

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. All hospitals established in our network are recognized as top-notch in their respective regional market, including but not limited to Sichuan Province, Shenzhen and the Western United States, which demonstrates our leading position in the ARS markets in China and the United States. In the first half of 2020, we further expanded our network to the Wuhan and Southeast Asia markets through the acquisition of Wuhan Jinxin and IVF license from Jinrui Medical Center in Laos, respectively. We believe, by leveraging our existing resources within the Group as well as continuously recruiting talents and elites to join our Group, we are able to prolong our legacy of success in the current market of the new regions that we have entered. 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%.

Management Discussion and Analysis

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, by leveraging on our existing marketing leadership in Sichuan and Guangdong Provinces, we plan to penetrate into the Southwest China (such as Guizhou and Yunnan Provinces) market through full utilization of our recently obtained online hospital license at Chengdu Xinan Hospital and our consequential market gain in Guangdong Province from the continuous hiring of experienced physicians to join Shenzhen Zhongshan Hospital and collaboration with local hospitals by way of mutual referral. In the United States, we plan to double our existing capacity in Pasadena by relocating in 2020. We will also seek to consolidate our market position in the United States through the hiring more physicians. In addition to our VIP service, we are also offering and expanding our services to include pre-pregnancy and pre-natal care to provide patients with comprehensive guidance and treatment throughout the whole process. Going forward, we will continue to expand our services and provide more treatment options to patients with infertility problems.

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. By leveraging our existing market leadership, long-standing experience and strong reputation in the ARS market, we continue to adopt effective strategies to improve our brand awareness and educate intended patients of ARS. In particular, we utilized our online platform and social media tools 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, and will integrate our vendors' resources in the United States to save costs. By collaborating with our leading vendor, we established Jinxin International Medical Services Company Limited, which serves as an open platform to attract more business partners and expand our reach in other regions, including the United States, Southeast Asia and other Asia-Pacific countries, to become a leading international IVF medical service platform for mid- to high-end customers. At the same time, we are committed to continuously improving our branding, services and clinical outcomes for our patients, so as to create competitive strength in the industry.

Continue to invest in research and development to enhance overall performance

By 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 in our patients.

We will continue to collaborate with Chengdu Jinxin Hospital Management Group Limited to conduct R&D initiatives including endometrial receptivity testing and developing an IVF-AI diagnostic system and stem-cell culture system. We believe the application of these technologies is likely to expand our service offerings as well as improve our clinical outcomes. In the United States, we will continue to work with top tier pharmaceutical companies, such as Ferring Pharmaceuticals, to maintain our leading position in the application of assisted reproductive technologies, 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. We will continue to adhere to high quality standards and explore new methods to improve quality control in our IVF laboratories, which is a critical part to the overall IVF success rate. We have organized educational seminars, information sessions and other forms of collaboration on topics such as embryology laboratory management to increase communication and exchanges between the medical teams of the China and United States operations.

Expand our platform reach through acquisitions

We have been expanding our network in China, the United States and Southeast Asia to address ongoing demands from 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. In the United States, we also intend to acquire fertility clinics in California.

We would also continue to stick to our mergers and acquisitions strategy by selectively entering into other countries and markets with relatively high demand for ARS or are of particular significance to providing ARS to international patients, such as other Southeast Asia countries and Eastern European countries that are increasingly becoming medical tourism destinations for Chinese patients.

Minimize the impact of the outbreak of Novel Coronavirus

The outbreak of the novel coronavirus (COVID-19) in China is currently under control and the business operations in most of the PRC regions, including Chengdu and Shenzhen where the Group principally engages its business in, managed to resume to normal at a relatively fast pace since February 2020 and was able to meet the average business volume of the corresponding period last year by June 2020. Similar business recovery progress was also observed in our local business in the United States. Since the initial outbreak in January 2020, we have instituted, and will continue to institute, various emergency measures and alternative arrangements to minimize the impact of the outbreak on patients. In particular, digital channels are fully utilized to stay in close contact with patients to timely address their needs. In China, patients have access to an online Q&A platform for consultations with our service representatives, receive follow-ups and can schedule online appointments with medical professionals to ensure that once the outbreak is controlled, patients' needs can be immediately addressed in-person. We will also continue to foster closer cooperation with different online platforms, such as through minority shareholding investments and long-term cooperation agreements. We believe these measures can help maintain our business growth despite any potential outbreak in future. In the United States, HRC Fertility has been cooperating with Chengdu Xinan Hospital to provide IVF treatment to their patients to ensure a steady provision of services and patient flow, despite the outbreak of COVID-19. Additionally, during this outbreak, we and HRC Fertility continue to increase our marketing and patient outreach through agents and various online channels. We are also working on various marketing campaigns to incentivize our patients to return to our hospitals and receive treatments post-outbreak of COVID-19.

The Company will continue to assess the impact of the outbreak on the operation and financial performance of the Group, while closely monitoring the development of the outbreak and the risks and uncertainties faced by the Group as a result of the outbreak. The Company will take appropriate measures as necessary.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

Revenue of the Group decreased by 22.7% from approximately RMB791.1 million for the six months ended June 30, 2019 to approximately RMB611.8 million for the six months ended June 30, 2020. The overall decrease was primarily due to the outbreak of COVID-19 and the travel restrictions imposed by the United States.

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

	Six months ended June 30,			
	2020		2019	
Revenue	**RMB'000**	**%**	RMB'000	%
ARS				
Xinan Hospital Group	**319,749**	**52.3**	275,651	34.8
Shenzhen Zhongshan Hospital	**109,662**	**17.9**	146,272	18.5
Sub-total	**429,411**	**70.2**	421,923	53.3
Management service fee				
Jinjiang IVF Center	**10,895**	**1.8**	71,166	9.0
HRC Medical	**146,251**	**23.9**	270,202	34.2
Sub-total	**157,146**	**25.7**	341,368	43.2
Ancillary medical services[1]				
Shenzhen Zhongshan Hospital	**10,745**	**1.8**	14,789	1.9
HRC Medical	**14,542**	**2.3**	13,040	1.6
Sub-total	**25,287**	**4.1**	27,829	3.5
Total	**611,844**	**100.0**	791,120	100.0

Note:

(1) Ancillary medical services provided by HRC Medical include ambulatory surgery centre facility services and PGS (preimplantation genetic screening) testing services.

Management Discussion and Analysis

Chengdu operations

The revenue contributed by the medical facilities in the Group's network in Chengdu decreased by 4.7% from approximately RMB346.8 million for the six months ended June 30, 2019 to approximately RMB330.6 million for the six months ended June 30, 2020, primarily due to the decrease in the management service fees charged to Jinjiang IVF Center resulting from the outbreak of COVID-19. In addition, more patients were assigned to Jinjiang IVF Center due to the relocation of Chengdu Xinan Hospital in the first half of 2019.

The revenue from ARS provided at Xinan Hospital Group increased by 16.0% from approximately RMB275.7 million for the six months ended June 30, 2019 to approximately RMB319.7 million for the six months ended June 30, 2020, as a result of an increase in the average spending per IVF treatment cycle performed at Xinan Hospital Group resulting from the increased penetration rate of VIP packages and the increase in IVF related services.

Revenue from management services provided in Chengdu decreased by 84.7% from approximately RMB71.2 million for the six months ended June 30, 2019 to approximately RMB10.9 million for the six months ended June 30, 2020, primarily due to the outbreak of COVID-19, which slowed down the Group's business operations. In addition, more patients were assigned to Jingjiang IVF Center due to the relocation of Chengdu Xinan Hospital in the first half of 2019.

Shenzhen operations

The revenue contributed by the Group's Shenzhen operations decreased by 25.2% from approximately RMB161.1 million for the six months ended June 30, 2019 to approximately RMB120.4 million for the six months ended June 30, 2020, primarily due to the outbreak of COVID-19, which slowed down the Group's business operations.

United States operations

Revenue from management services provided by the Group under the MSA with HRC Medical in California, the United States decreased by 45.9% from approximately RMB270.2 million for the six months ended June 30, 2019 to approximately RMB146.3 million for the six months ended June 30, 2020, primarily due to the outbreak of COVID-19 and the travel restrictions imposed by the United States.

Ancillary medical services provided by HRC Medical 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, decreased by 1.4% from approximately RMB10.7 million for the six months ended June 30, 2019 to approximately RMB10.5 million for the six months ended June 30, 2020. PGS testing services revenue relates to provision of preimplantation genetic screening service at its in-house clinical laboratory called NexGenomics, increased by 69.8% from approximately RMB2.4 million for the six months ended June 30, 2019 to approximately RMB4.0 million for the six months ended June 30, 2020. The increase was primarily due to the fact that PGS testing services revenue previously booked under HRC Medical was booked under NexGenomics starting from 2020.

Cost of Revenue

Cost of revenue of the Group decreased by 3.9% from approximately RMB410.3 million for the six months ended June 30, 2019 to approximately RMB394.4 million for the six months ended June 30, 2020. The decrease of the cost of revenue was mainly attributable to the decrease in pharmaceutical products and consumables, which were largely due to decrease in revenue of the Group.

Management Discussion and Analysis

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, bonus of the Group's medical staff and ESOP expenses. Depreciation primarily consists of depreciation of property, plant and equipment.

Gross Profit and Gross Profit Margin

Gross profit of the Group decreased by 42.9% from approximately RMB380.9 million for the six months ended June 30, 2019 to approximately RMB217.5 million for the six months ended June 30, 2020. The decrease in the gross profit was mainly attributable to the decrease in revenue. The Group's gross profit margin decreased from 48.1% for the six months ended June 30, 2019 to 35.5% for the six months ended June 30, 2020. The decrease in the gross profit margin was due to the fixed costs primarily including labor costs, depreciation and amortisation, lease cost did not decrease as much as the decrease of revenue while the Group's business slowed down due to the outbreak of COVID-19.

Other Income

Other income of the Group increased by 124.8% from approximately RMB19.1 million for the six months ended June 30, 2019 to approximately RMB42.8 million for the six months ended June 30, 2020, primarily due to an increase in interest income from the bank deposits.

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

Other Gains and Losses

Other gains and losses primarily represent net exchange gain or loss. The Group recorded net exchange gain of approximately RMB12.4 million for the six month ended June 30, 2020 resulting from converting the U.S. dollar denominated balances at the Group's offshore entities using Renminbi as functional currencies to Renminbi and the conversion of HK dollar denominated balances at the Group's offshore entities using U.S. dollar as functional currencies to U.S. dollar.

Research and Development Expenses

Research and development expenses of the Group decreased by 24.9% from approximately RMB5.8 million for the six months ended June 30, 2019 to approximately RMB4.3 million for the six months ended June 30, 2020, primarily due to a decrease in the cost of materials used by the Group's research and development team.

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.

Selling and Distribution Expenses

Selling and distribution expenses primarily consist of marketing and promotional expenses associated with organizing educational activities and cooperating with third parties agencies and partners. These expenses are primarily associated with our United States business. Selling and distribution expenses of the Group decreased by 13.0% from approximately RMB17.9 million for the six months ended June 30, 2019 to approximately RMB15.6 million for the six months ended June 30, 2020, primarily due to the decrease in agency fees and decrease of international patients caused by the outbreak of COVID-19 and the travel restrictions imposed by the United States.

Administrative Expenses

Administrative expenses primarily consist of staff costs, including ESOP expenses, depreciation and amortization, repairment and maintenance, property-related expenses and others. Administrative expenses of the Group increased by 18.4% from approximately RMB81.3 million for the six months ended June 30, 2019 to approximately RMB96.3 million for the six months ended June 30, 2020, primarily due to the increase in ESOP expenses and donation to Wuhan to fight against COVID-19.

Finance Costs

Finance costs of the Group were approximately RMB5.2 million for the six months ended June 30, 2020, due to application of IFRS 16 (during the six months ended June 30, 2019: RMB4.4 million).

Income Tax Expenses

Income tax expenses of the Group primarily consist of PRC enterprise income tax and U.S. income tax. Income tax expenses of the Group decreased by 56.4% from approximately RMB66.4 million for the six months ended June 30, 2019 to approximately RMB29.0 million for the six months ended June 30, 2020, primarily due to the decrease in the Group's profit before taxation.

The effective tax rate of the Group decreased from 27.2% for the six months ended June 30, 2019 to 19.0% for the six months ended June 30, 2020, primarily due to the lower tax expenses paid by the Group's United States operations.

Non-IFRS Measures

To supplement the Group's condensed consolidated financial statements which are presented in accordance with IFRS, the Company has provided EBITDA, adjusted EBITDA and adjusted net profit 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 and others 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 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 the IFRS. You should not view the adjusted results on a stand-alone basis or as a substitute for results under IFRS.

Management Discussion and Analysis

The following tables set forth the reconciliation of the Group's non-IFRS financial measures for the six months ended June 30, 2020 and 2019 to the nearest measures prepared in accordance with IFRS:

	Six months ended June 30,	
	2020	2019
	RMB'000	RMB'000
Profit for the year	**123,482**	177,958
Add:		
Listing expenses[(1)]	–	61,620
ESOP expenses[(2)]	**30,324**	11,677
Amortization and depreciation of medical practice license and property, plant and equipment arising from Shenzhen Zhongshan Hospital and the HRC Management acquisition[(3)]	**7,648**	7,648
Imputed interest income from related parties[(4)]	–	(2,321)
Donation to Wuhan[(5)]	**6,000**	–
Adjusted Net Profit	**167,454**	256,582
EBITDA	**169,254**	276,075
Add:		
Listing expenses[(1)]	–	61,620
ESOP expenses[(2)]	**30,324**	11,677
Imputed interest income from related parties[(4)]	–	(2,321)
Donation to Wuhan[(5)]	**6,000**	–
Adjusted EBITDA	**205,578**	347,051

Notes:

(1) Listing expenses: Listing expenses are expenses incurred during the listing of the Company on the Main Board of the Stock Exchange, which are considered as non-recurring.

(2) ESOP expenses: As ESOP expenses are regarded as non-cash items, the Company has eliminated the effect of the grant of restricted shares under the RSU Scheme when calculating the earnings per Share to ensure disclosure consistency.

(3) Amortization and depreciation of medical practice license and property, plant and equipment arising from Shenzhen Zhongshan Hospital and the HRC Management acquisition: By eliminating the effect of these items from the profit attributable to the owners of the Company, it serves the purpose of demonstrating the endogenous growth of the Company.

(4) Imputed interest income from related parties: This imputed interest is arisen from advanced payments by the Company on behalf of its related parties, which is merely a result of accounting treatment and therefore is regarded as non-operating item.

(5) Donation to Wuhan: This donation to Wuhan is to fight against COVID-19 which is regarded as a non-operating item.

Net Profit and Net Profit Margin

As a result of the foregoings, net profit of the Group decreased by 30.6% from approximately RMB178.0 million for the six months ended June 30, 2019 to approximately RMB123.5 million for the six months ended June 30, 2020. Net profit margin of the Group for the six months ended June 30, 2020 was 20.2%, compared to 22.5% for the six months ended June 30, 2019. The lower net profit margin compared to the six months ended June 30, 2019 was primarily due to the fixed cost, primarily including labor cost, lease cost and depreciation did not decrease as much as the decrease of revenue while the Group's business slowed down due to the outbreak of COVID-19.

Adjusted net profit[1] of the Group decreased by 34.7% from approximately RMB256.6 million for the six months ended June 30, 2019 to approximately RMB167.5 million for the six months ended June 30, 2020. The adjusted net profit margin of the Group for the six months ended June 30, 2020 was 27.4%, compared to 32.4% for the six months ended June 30, 2019. The lower adjusted net profit margin of the Group for the six months ended June 30, 2020 was primarily due to the fixed cost, primarily including labor cost, lease cost and depreciation did not decrease as much as the decrease of revenue while the Group's business slowed down due to the outbreak of COVID-19.

EBITDA

EBITDA[2] of the Group decreased by 38.7% from approximately RMB276.1 million for the six months ended June 30, 2019 to approximately RMB169.3 million for the six months ended June 30, 2020. The EBITDA margin of the Group for the six months ended June 30, 2020 was 27.7%, compared to 34.9% for the six months ended June 30, 2019. The lower EBITDA margin of the Group for the six months ended June 30, 2020 was mainly because the decrease in fixed costs, which primarily comprises of labor cost, is not as much as the decrease in the Group's revenue due to its business slowdown during the outbreak of COVID-19.

Adjusted EBITDA[3] of the Group decreased by 40.8% from approximately RMB347.1 million for the six months ended June 30, 2019 to approximately RMB205.6 million for the six months ended June 30, 2020. The adjusted EBITDA margin of the Group for the six months ended June 30, 2020 was 33.6%, compared to 43.9% for the six months ended June 30, 2019. The lower adjusted EBITDA margin of the Group for the six months ended June 30, 2020 was mainly because the decrease in fixed costs, which primarily comprises of labor cost, is not as much as the decrease in revenue due to its business slowdown during the outbreak of COVID-19.

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[1] 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 and the HRC Management acquisition; (iv) imputed interest income from related parties; and (v) donation to Wuhan to better reflect the Company's current business and operations.

[2] 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).

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

Management Discussion and Analysis

Basic and Diluted Earnings per Share

The basic and diluted earnings per share of the Group for the six months ended June 30, 2020 amounted to RMB0.05 and RMB0.05, as compared with RMB0.09 and RMB0.08 as that for the six months ended June 30, 2019. Please refer to note 10 to the condensed consolidated financial statements in this report. Adjusted basic earnings per share of the Group for the six months ended June 30, 2020 amounted to RMB0.07, as compared with RMB0.12 for the six months ended June 30, 2019.

Inventories

Inventories of the Group increased by 1.2% from approximately RMB26.1 million as at December 31, 2019 to approximately RMB26.4 million as at June 30, 2020, which primarily remained stable.

Accounts and Other Receivables

Accounts and other receivables of the Group increased by 15.9% from approximately RMB46.1 million as at December 31, 2019 to approximately RMB53.4 million as at June 30, 2020, primarily due to prepayment for acquisition of Wuhan Jinxin.

Accounts and Other Payables

Accounts and other payables of the Group increased by 13.2% from approximately RMB319.8 million as at December 31, 2019 to approximately RMB361.9 million as at June 30, 2020, primarily because of the increase in payable for acquisition of license in Laos.

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.

Management Discussion and Analysis

Cash Flows

The following table sets forth selected cash flow data of the Group's 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,	
	2020	2019
	RMB'000	RMB'000
Net cash generated from operating activities	**77,514**	249,086
Net cash generated from (used in) investing activities	**245,065**	(18,257)
Net cash (used in) generated from financing activities	**(60,217)**	1,682,167
Cash and cash equivalents at the beginning of the period	**579,637**	1,184,190
Effect of foreign exchange rate changes	**2,533**	–
Cash and cash equivalents at the end of the period	**844,532**	3,097,186

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:

	As at June 30, 2020 RMB'000	As at December 31, 2019 RMB'000
Capital expenditure in respect of property, plant and equipment contracted for but not provided	**28,491**	4,606
Total	**28,491**	4,606

Management Discussion and Analysis

Significant Investments, Material Acquisitions and Disposals

Save as disclosed above, as at June 30, 2020, there were no significant investments held by the Company, nor were any material acquisitions or disposals of subsidiaries, associates and joint ventures.

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, 2020, the Group, as a lessee, had outstanding lease liabilities for the remaining terms of relevant lease agreements in an aggregate amount of RMB220.4 million. The lease liabilities represent payment for right of using underlying assets, of which RMB113.5 million is secured with the rental deposits and unguaranteed, and the remaining is unsecured and unguaranteed.

Borrowings

As at June 30, 2020, we did not have any borrowings (December 31, 2019: Nil).

Contingent Liabilities and Guarantees

As at June 30, 2020, the Group did not have any material contingent liabilities or guarantees.

Charge of Assets

As at June 30, 2020, there was no charge on the material assets of the Group.

Contractual Obligations

As at June 30, 2020, 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, 2020, the Group was in net cash position and thus, gearing ratio is not applicable (December 31, 2019: not applicable).

EMPLOYEES AND REMUNERATION POLICY

As at June 30, 2020, the Group and the medical facilities in its network had a total of 1,247 employees, of whom 1,012 were located in China and 235 were located in the United States. The staff costs, including Directors' emoluments were approximately RMB201.4 million for the six months ended June 30, 2020, as compared to approximately RMB195.6 million for the six months ended June 30, 2019.

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 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. As of June 30, 2020, no option has been granted pursuant to the Share Option Scheme.

INTERIM DIVIDEND

The Board does not recommend payment of an interim dividend for the six months ended June 30, 2020 (for the six months ended June 30, 2019: 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.

The Company has complied with all applicable code provisions of the CG Code throughout the six months ended June 30, 2020. 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 during the six months ended June 30, 2020.

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

During the Reporting Period, the Company repurchased a total of 4,882,000 ordinary shares of the Company on the Stock Exchange at an aggregate purchase price of HK$47,852,461.20. All the shares repurchased by the Company during the six months ended June 30, 2020 had been cancelled by the Company. Save as the aforesaid repurchases of shares, 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 (resigned on June 29, 2020), Ms. Hu Zhe (appointed on June 29, 2020) 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 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, 2020. The Audit and Risk Management Committee has also reviewed 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.

CHANGES TO DIRECTORS' AND CHIEF EXECUTIVES' INFORMATION

As at June 30, 2020, there were the changes in the Directors' information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules as follows:

- Ms. Yan Xiaoqing has retired as an executive Director and ceased to be a member of the remuneration committee of the Board (the "**Remuneration Committee**") and the authorized representative of the Company under Rule 3.05 of the Listing Rules (the "**Authorized Representative**") with effect from the conclusion of the annual general meeting held on June 29, 2020 (the "**Annual General Meeting**").
- Mr. Zhong Yong has been elected as an executive Director at the Annual General Meeting and appointed as the chairman of the strategic decisions committee of the Board (the "**Strategic Decisions Committee**") and re-designated from the Co-chief Executive Officer to the Vice Chairman of the Board with effect from June 29, 2020.
- Mr. Dong Yang has been re-designated from a non-executive Director to an executive Director with effect from June 29, 2020 and appointed as the Co-chief Executive Officer, a member of the Remuneration Committee and the Authorized Representative. He has ceased to be a member of the Audit and Risk Management Committee with effect on the same day.
- Ms. Hu Zhe, a non-executive Director, has been appointed as a member of the Audit and Risk Management Committee with effect from June 29, 2020.
- Mr. Zhong Ying, an executive Director, has been re-designated from the chairman to a member of the Strategic Decisions Committee with effect from June 29, 2020.
- Mr. Lim Haw Kuang, an independent non-executive Director, has been appointed as a member of the Strategic Decisions Committee with effect from June 29, 2020.

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.

Other Information

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 and the unutilized net proceeds was kept at the bank accounts of the Group as at June 30, 2020.

The net proceeds from the Listing (adjusted on a pro rata basis based on the actual net proceeds) have been and 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, 2020:

	Planned applications (HK$ million)	Percentage of total net proceed	Net proceeds brought forward for the Reporting Period (HK$ million)	Actual usage up to June 30, 2020 (HK$ million)	Unutilized net proceeds as at June 30, 2020 (HK$ million)	Expected timeline for utilizing the remaining 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%[1]	702.0	–	702.0	By 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%	561.6	54.8	506.8	By 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%	280.8	38.4	242.4	By June 2024
For the potential acquisitions of ARS service providers and businesses along the ARS service chain	561.6	20%	561.6	–	561.6	By June 2022
To improve brand awareness and general ARS awareness in both China and the United States	421.2	15%	421.2	–	421.2	By June 2024

Other Information

	Planned applications (HK$ million)	Percentage of total net proceed	Net proceeds brought forward for the Reporting Period (HK$ million)	Actual usage up to June 30, 2020 (HK$ million)	Unutilized net proceeds as at June 30, 2020 (HK$ million)	Expected timeline for utilizing the remaining unutilized net proceeds(2)
For the Group's working capital and general corporate purposes	280.9	10%	280.9	24.7	256.2	
Total	2,808.1	100%	2,808.1	117.9	2,690.2	

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.

EVENTS AFTER THE REPORTING PERIOD

The Group has the following events taken place subsequent to June 30, 2020:

- On June 29, 2020, the Group through its indirect wholly-owned subsidiary, Sichuan Jinxin, has entered into an equity transfer agreement with certain shareholders of Wuhan Jinxin, pursuant to which the Group agreed to acquire an aggregate of 75% equity interests in Wuhan Jinxin (of which 70% equity interests will be held by Sichuan Jinxin and 5% equity interests will be held by a separate legal entity designated by Sichuan Jinxin for employees incentive purpose in future). For more details of the transaction, please refer to the Company's announcement dated June 29, 2020. The transaction was completed in July 2020.

- On August 14 and 17, 2020, Jinxin Fertility Group (BVI) Company Limited, a wholly-owned subsidiary of the Company, entered into a series of agreements with the founding shareholders of Mengmei Life Pty. Ltd. and Jinxin Medical Investment Group Limited, to establish a joint venture, Jinxin International Medical Services Company Limited, to develop IVF-related business. For more details, please refer to the Company's announcement dated August 18, 2020.

- On August 20, 2020, HRC Management terminated the HRC Clinic Lease Agreement (as defined in the Prospectus) with HRC Properties LLC, 333 Arroyo Parkway LLC, JGWilcox Capital Building LLC and Michael Feinman Real Estate LLC (the "**Lessors**") and entered into a new lease agreement with the Lessors to lease the second floor of the three-storey office building located at 333 South Arroyo Parkway, Pasadena, California, the Unites States, which constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. For more details, please refer to the Company's announcement dated August 24, 2020.

FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group will continue to invest in its IVF projects and acquire ARS centres and facilities in selected cities or countries, if it thinks fit. These investments will be funded by internal resources and external borrowings (if applicable). The Group does not have any future plans for material investments as at the date of this report.

Other Information

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, 2020, 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	14.85%	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 2,429,501,802 Shares in issue as at June 30, 2020.

Save as disclosed above, as at June 30, 2020, so far as it was known to the Directors or chief executive of the Company, none of the Directors or the chief executives 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 report, at no time during the Reporting Period 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, 2020, 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	480,957,763	19.80%	Long position
Jinxin Global BVI	Beneficial owner	130,980,306	5.39%	Long position
Jinxin Fund(1)	Interests of controlled corporations	130,980,306	5.39%	Long position
Amethyst Gem(2) (3)	Beneficial owner	446,839,991	18.39%	Long position
Amethyst Gem Investments Ltd(2)	Interests of controlled corporations	446,839,991	18.39%	Long position
Ametrine Gem Investments Ltd(2)	Interests of controlled corporations	446,839,991	18.39%	Long position
Warburg Pincus (Bermuda) Private Equity GP Ltd.(2)	Interests of controlled corporations	446,839,991	18.39%	Long position
Warburg Pincus (Cayman) China GP LLC(2)	Interests of controlled corporations	446,839,991	18.39%	Long position
Warburg Pincus (Cayman) China GP, L.P.(2)	Interests of controlled corporations	446,839,991	18.39%	Long position
Warburg Pincus (Cayman) XII, L.P.(2)	Interests of controlled corporations	446,839,991	18.39%	Long position
Warburg Pincus China (Cayman), L.P.(2)	Interests of controlled corporations	446,839,991	18.39%	Long position
Warburg Pincus Partners II (Cayman), L.P.(2)	Interests of controlled corporations	446,839,991	18.39%	Long position
Warburg Pincus XII GP LLC(2)	Interests of controlled corporations	446,839,991	18.39%	Long position
HRC Investment	Beneficial owner	360,725,005	14.85%	Long position
HRC Investment Cayman, LLC	Interests of controlled corporations	360,725,005	14.85%	Long position
Dr. Michael A. Feinman(4)	Interests of controlled corporations	360,725,005	14.85%	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	14.85%	Long position
Dr. Jane L. Frederick(6)	Interests of controlled corporations	360,725,005	14.85%	Long position
Dr. Bradford A. Kolb(7)	Interests of controlled corporations	360,725,005	14.85%	Long position
Dr. David Tourgeman(8)	Interests of controlled corporations	360,725,005	14.85%	Long position
Dr. John G. Wilcox(9)	Interests of controlled corporations	360,725,005	14.85%	Long position
Dr. Jeffrey Nelson(10)	Interests of controlled corporations	360,725,005	14.85%	Long position
Dr. Robert Boostanfar(11)	Interests of controlled corporations	360,725,005	14.85%	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, 2020, 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.

Other Information

(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 2,429,501,802 Shares in issue as at June 30, 2020.

Save as disclosed above, as at June 30, 2020, 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.

As at June 30, 2020, 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.

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 7,814,809 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 19 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, 2020**	**Granted during the Reporting Period**	**Exercised during the Reporting Period**	**Vested during the Reporting Period**	**Forfeited during the Reporting Period**	**Outstanding as at June 30, 2020**	**Vesting period**
Employees in aggregate								
3 Selected Participants	February 15, 2019	13,676,180	–	–	3,554,745	–	10,121,435	Ranging from 3 to 5 years
81 Selected Participants	January 6, 2020	–	7,814,809	–	–	–	7,814,809	3 years
Total:		**13,676,180**	**7,814,809**	**–**	**3,554,745**	**–**	**17,936,244**	

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 set out on pages 32 to 64, which comprise the condensed consolidated statement of financial position as of June 30, 2020 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.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
August 31, 2020

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE SIX MONTHS ENDED JUNE 30, 2020

	NOTES	Six months ended June 30, 2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Revenue	3	**611,844**	791,120
Cost of revenue		**(394,380)**	(410,269)
Gross profit		**217,464**	380,851
Other income	4	**42,823**	19,053
Other gains and losses	5	**13,570**	15,497
Research and development expenses		**(4,336)**	(5,770)
Administrative expenses		**(96,310)**	(81,345)
Selling and distribution expenses		**(15,579)**	(17,900)
Listing expenses		**–**	(61,620)
Finance costs	6	**(5,190)**	(4,385)
Profit before taxation	7	**152,442**	244,381
Income tax expenses	8	**(28,960)**	(66,423)
Profit for the period		**123,482**	177,958
Other comprehensive income(expense):			
Item that will not be reclassified to profit or loss:			
Exchange difference on translation from functional currency to presentation currency		**96,290**	(20,724)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(1,601)**	12,467
Other comprehensive income (expense) for the period		**94,689**	(8,257)
Total comprehensive income for the period		**218,171**	169,701
Profit for the period attributable to:			
– Owners of the Company		**116,093**	170,163
– Non-controlling interests		**7,389**	7,795
		123,482	177,958
Total comprehensive income for the period attributable to:			
– Owners of the Company		**210,763**	162,826
– Non-controlling interests		**7,408**	6,875
		218,171	169,701
Earnings per share:			
– Basic (RMB)	10	**0.05**	0.09
– Diluted (RMB)		**0.05**	0.08

Condensed Consolidated Statement of Financial Position

AS AT JUNE 30, 2020

	NOTES	**As at June 30, 2020 RMB'000 (unaudited)**	As at December 31, 2019 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	11	**912,180**	856,691
Right-of-use assets	11	**206,445**	170,331
Goodwill	12	**819,536**	809,312
License	13	**421,718**	388,130
Contractual right to provide management services		**1,995,711**	1,962,926
Trademarks		**1,322,984**	1,305,306
Equity instrument at fair value through other comprehensive income ("FVTOCI")		**10,184**	10,017
Refundable deposits	14	**9,541**	4,996
Prepayments	14	**5,805**	7,343
Deposit for acquisition of a subsidiary	14	**50,000**	–
Amount due from a related party	15	**35,000**	–
		5,789,104	5,515,052
Current assets			
Inventories		**26,386**	26,083
Accounts and other receivables	14	**53,385**	46,060
Amounts due from related parties	15	**88,517**	49,653
Tax recoverable		**11,298**	8,180
Structured bank deposits		**2,352,186**	2,663,980
Financial assets at fair value through profit or loss ("FVTPL")		**43,500**	52,500
Bank balances and cash		**844,532**	579,637
		3,419,804	3,426,093
Current liabilities			
Accounts and other payables	16	**361,857**	319,757
Dividend payable		**151,500**	–
Amounts due to related parties	15	**34,163**	40,729
Lease liabilities		**40,065**	29,244
Tax payables		**23,120**	46,465
		610,705	436,195
Net current assets		**2,809,099**	2,989,898
Total assets less current liabilities		**8,598,203**	8,504,950

Condensed Consolidated Statement of Financial Position

AS AT JUNE 30, 2020

	NOTES	As at June 30, 2020 RMB'000 (unaudited)	As at December 31, 2019 RMB'000 (audited)
Non-current liabilities			
Lease liabilities		**180,354**	153,264
Deferred tax liabilities	17	**722,228**	709,291
		902,582	862,555
Net assets		**7,695,621**	7,642,395
Capital and reserves			
Share capital	18	**160**	160
Reserves		**7,572,542**	7,526,724
Equity attributable to owners of the Company		**7,572,702**	7,526,884
Non-controlling interests		**122,919**	115,511
Total equity		**7,695,621**	7,642,395

Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED JUNE 30, 2020

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Shares held for restricted share award scheme RMB'000 (Note 19b)	Capital reserve RMB'000 (Note a)	Translation reserve RMB'000	Statutory reserve RMB'000 (Note b)	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, 2020 (audited)	160	6,991,648	(2)	(83,175)	67,264	11,142	27,247	512,600	7,526,884	115,511	7,642,395
Profit for the period	–	–	–	–	–	–	–	116,093	116,093	7,389	123,482
Other comprehensive income for the period	–	–	–	–	94,670	–	–	–	94,670	19	94,689
Total comprehensive income for the period	–	–	–	–	94,670	–	–	116,093	210,763	7,408	218,171
Share repurchased and cancelled (Note 18)	–	(43,769)	–	–	–	–	–	–	(43,769)	–	(43,769)
Recognition of equity settled share-based payment (Note 19)	–	–	–	–	–	–	30,324	–	30,324	–	30,324
Dividend recognised as distribution (Note 9)	–	(151,500)	–	–	–	–	–	–	(151,500)	–	(151,500)
At June 30, 2020 (unaudited)	160	6,796,379	(2)	(83,175)	161,934	11,142	57,571	628,693	7,572,702	122,919	7,695,621
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 c)	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 19b)	2	–	(2)	–	–	–	–	–	–	–	–
Recognition of equity settled share-based payment (Note 19)	–	–	–	–	–	–	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) (Note 18)	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	–	–	–	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

Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED JUNE 30, 2020

Notes:

(a) 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 四川錦欣生殖醫療管理有限公司(Sichuan Jinxin Fertility Medical Management Co. Ltd., "Sichuan Jinxin Fertility") before the group reorganisation ("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.

(b) 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.

(c) On February 2, 2019, YU PENG XIANG Company Limited, a British Virgin Islands 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.

Condensed Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED JUNE 30, 2020

	Six months ended June 30,	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Operating activities		
Operating cash flows before movements in working capital	**201,853**	280,966
Decrease in amounts due from related parties	**(29,427)**	(112)
(Decrease) Increase in accounts and other payables	**(24,778)**	52,054
Other changes in working capital and tax paid	**(70,134)**	(83,822)
Net cash generated from operating activities	**77,514**	249,086
Investing activities		
Purchase of financial assets at FVTPL	**(225,500)**	(245,500)
Acquisition of a subsidiary	**–**	(150,000)
Deposit paid for acquisition of a subsidiary	**(50,000)**	–
Purchase of property, plant and equipment	**(61,090)**	(30,542)
Placement of structured bank deposits	**(578,902)**	(20,000)
Proceeds from disposal of financial assets at FVTPL	**235,895**	273,010
Proceeds from disposal of property, plant and equipment	**–**	7,018
Withdrawal of structured bank deposits	**964,230**	20,000
Interest received from banks	**4,867**	11,009
Net cash outflow on disposal of subsidiaries	**–**	(16,340)
Repayment from related parties	**6,326**	138,889
Advance to related parties	**(50,761)**	(5,801)
Net cash from (used in) investing activities	**245,065**	(18,257)
Financing activities		
Proceeds from issue of shares	**–**	2,674,223
Advance from related parties	**28,191**	22,527
Repayment to related parties	**(26,719)**	–
Repayment from related parties	**–**	7,363
Repayment to shareholders	**–**	(888,380)
Share issue costs paid	**–**	(108,122)
Repurchase of shares	**(43,769)**	–
Repayment of leases liabilities	**(12,730)**	(11,923)
Dividend paid	**–**	(9,136)
Interest paid for lease liabilities	**(5,190)**	(4,385)
Net cash (used in) from financing activities	**(60,217)**	1,682,167
Net increase in cash and cash equivalents	**262,362**	1,912,996
Cash and cash equivalents at beginning of the period	**579,637**	1,184,190
Effect of foreign exchange rate changes	**2,533**	–
Cash and cash equivalents at end of the period, represented by bank balances and cash	**844,532**	3,097,186

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 its shares 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. 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 this 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 statement 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.

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

The outbreak of Covid-19 and the subsequent quarantine measures as well as the travel restrictions imposed by many countries have had negative impacts to the global economy, business environment and directly and indirectly affect the operations of the Group. As such, the financial positions and performance of the Group were affected in different aspects, including reduction in revenue and rent concessions from certain lessors as disclosed in the relevant notes. The Group stopped providing most of its medical services in February in PRC and from March to April in U.S.A. On the other hand, the Group has instituted alternative arrangements through digital channels to stay in close contact with patients to timely address their needs and has been working on various marketing campaigns to incentivise their patients to return and receive treatments post outbreak of Covid-19 in an effort to minimise the impact of Covid-19.

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 additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("IFRS"s), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2020 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2019.

Application of amendments to IFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs, issued by the IASB, for the first time, which are mandatorily effective for the annual period beginning on or after January 1, 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendment to IFRS 16 "Covid-19-Related Rent Concessions".

Except as described below, the application of the Amendments to References to the Conceptual Framework in IFRS Standards and the 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.

Notes to the Condensed Consolidated Financial Statements

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1 Impacts of application on Amendments to IAS 1 and IAS 8 "Definition of Material"

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending December 31, 2020.

2.2 Impacts and accounting policies on early application of Amendment to IFRS 16 "Covid-19-Related Rent Concessions"

2.2.1 Accounting policies

Covid-19-related rent concessions

Rent concessions relating to lease contracts that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying IFRS 16 "Leases" if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

2.2.2 Transition and summary of effects

The Group has early applied the amendment in the current interim period. The application has no impact to the opening retained profits at January 1, 2020. The Group recognised changes in lease payments that resulted from rent concessions of RMB2,080,000 in the profit or loss for the current interim period.

Notes to the Condensed Consolidated Financial Statements

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, 2020 and 2019, the Group's revenue is contributed from its operations in Chengdu, Shenzhen and the U.S.A.

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, 2020. 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, 2020:

	PRC **RMB'000**	**U.S.A.** **RMB'000**	**Consolidated** **RMB'000**
Revenue			
Segment revenue from external customers	**451,051**	**160,793**	**611,844**
Segment profit	**126,386**	**9,482**	**135,868**
Unallocated administrative expenses			**(24,993)**
Exchange gain, net			**12,409**
Certain interest income from banks			**3,360**
Interest income from structured bank deposits			**25,798**
Profit before taxation			**152,442**

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
Certain interest income from banks			8,890
Listing expenses			(61,620)
Profit before taxation			244,381

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 assets and liabilities by reportable and operating segments:

	As at June 30, 2020 RMB'000 (unaudited)	As at December 31, 2019 RMB'000 (audited)
Segment assets		
PRC	**2,279,754**	2,130,085
U.S.A.	**4,082,878**	3,948,625
Total segment assets	**6,362,632**	6,078,710
Corporate structured bank deposits	**2,342,186**	2,643,980
Corporate bank balances and cash	**418,318**	176,061
Equity instrument at FVTOCI	**10,184**	10,017
Unallocated (other assets)	**75,588**	32,377
Total	**9,208,908**	8,941,145

	As at June 30, 2020 RMB'000 (unaudited)	As at December 31, 2019 RMB'000 (audited)
Segment liabilities		
PRC	**562,582**	574,757
U.S.A.	**744,723**	695,973
Total segment liabilities	**1,307,305**	1,270,730
Dividend payables	**151,500**	–
Unallocated (corporate liabilities)	**54,482**	28,020
Total	**1,513,287**	1,298,750

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 structured bank deposits, corporate bank balances and cash and other unallocated corporate assets; and
- All liabilities are allocated to operating segments, other than dividend payable and other unallocated corporate liabilities.

Notes to the Condensed Consolidated Financial Statements

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Revenue from major services

	Six months ended June 30,	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Types of services		
Assisted reproductive services – PRC		
A point in time recognition	**269,236**	267,314
Over time recognition	**160,175**	154,609
	429,411	421,923
Management services – Over time recognition		
– U.S.A. (Note)	**146,251**	270,202
– PRC	**10,895**	71,166
	157,146	341,368
Ambulatory surgery centre facilities services – U.S.A.		
– A point in time recognition	**10,513**	10,667
Ancillary medical services		
A point in time recognition		
– U.S.A.	**4,029**	2,372
– PRC	**6,101**	8,104
	10,130	10,476
Ancillary medical services		
Over time recognition – PRC	**4,644**	6,686
	14,774	17,162
Total	**611,844**	791,120

Note: The gross management services fee for services provided under the MSA for the six months ended June 30, 2020, including cost reimbursed of RMB20,207,000 (June 30, 2019: RMB35,221,000) as purchasing agent for pharmaceuticals procurement pursuant to HRC Medical's medication supply program is amounted to RMB166,458,000 (June 30, 2019: RMB305,423,000).

Notes to the Condensed Consolidated Financial Statements

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographical information

On June 30, 2020, the non-current assets located in the PRC, the U.S.A., Hong Kong and Lao People's Democratic Republic ("Laos") amounted to RMB1,681,224,000 and RMB3,913,149,000, RMB13,525,000 and RMB76,481,000, respectively (December 31, 2019:RMB1,717,126,000, RMB3,767,813,000, RMB15,100,000 and nil, respectively). Non-current assets as at June 30, 2020 and December 31, 2019 excluded equity instrument at FVTOCI, refundable deposits, deposit for acquisition of a subsidiary and amount due from a related party.

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,	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
HRC Medical	**151,064**	274,612

4. OTHER INCOME

	Six months ended June 30,	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest income from structured bank deposits	**26,059**	138
Interest income from banks	**4,867**	10,871
Government grants (Note)	**6,135**	1,882
Imputed interest income from related parties	**–**	2,321
Covid-19 related rent concessions	**2,080**	–
Others	**3,682**	3,841
	42,823	19,053

Note: The government grants mainly represented the grants on cost incurred for research and development projects of Shenzhen Zhongshan Hospital with no unfulfilled conditions.

Notes to the Condensed Consolidated Financial Statements

5. OTHER GAINS AND LOSSES

	Six months ended June 30,	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Gains on fair value change of financial assets at FVTPL	**1,395**	–
Exchange gain, net	**12,409**	17,454
Loss on disposal of a subsidiary	**–**	(21)
Gains on disposal of property, plant and equipment	**3**	227
Others	**(237)**	(2,163)
Total	**13,570**	15,497

6. FINANCE COSTS

	Six months ended June 30,	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest on lease liabilities	**5,190**	4,385

7. PROFIT BEFORE TAXATION

	Six months ended June 30,	
	2020	2019
	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)	**160,905**	173,292
Share-based compensation benefits	**30,324**	11,677
Amortisation of license (included in administrative expenses)	**6,577**	6,577
Depreciation of property, plant and equipment	**35,971**	31,741
Depreciation of right-of-use assets	**16,055**	14,942

Notes to the Condensed Consolidated Financial Statements

8. INCOME TAX EXPENSES

	Six months ended June 30,	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax:		
PRC Enterprise Income Tax ("EIT")	**25,091**	30,750
U.S.A. Federal Income Tax	**–**	14,858
U.S.A. State Income Tax	**–**	6,863
	25,091	52,471
Deferred tax:		
Current period (note 17)	**3,869**	13,952
	28,960	66,423

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, 2020 (2019: Nil).

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 Company 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.

Certain subsidiaries of the Company 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, 2020 and 2019 for their activities in the U.S.A.

9. DIVIDENDS

During the six months ended June 30, 2020, a final dividend of HK$6.8 cents per share in respect of the year ended December 31, 2019 was declared to owners of the Company. The aggregate amount of the final dividend declared in the interim period amounted to RMB151,500,000.

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 a total of RMB0.15 per ordinary share based on the number of shares in issue at dates of declaration of the dividends.

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, 2020 RMB'000 (unaudited)	Six months ended June 30, 2019 RMB'000 (unaudited)
Earnings		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	**116,093**	170,163

	Six months ended June 30, 2020 '000 (unaudited)	Six months ended June 30, 2019 '000 (unaudited)
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	**2,402,274**	1,998,592
Effect of dilutive potential ordinary shares:		
Restricted Shares Units issued by the Company	**11,177**	4,480
Overallotment option issued by the Company	**–**	40
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,413,451**	2,003,112

For the six months ended June 30, 2020, 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 29,426,643 (2019: 32,981,388) ordinary shares held under the Restricted Share Award Scheme ("RSU Scheme") by the RSU Scheme's Nominee as described in Note 19 (b).

For the six months ended June 30, 2020, the restricted shares (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 (June 30, 2019: the restricted shares and the overallotment option granted by the Company). No adjustment is made to earnings.

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 RMB41,000 (June 30, 2019: RMB6,791,000) for proceeds of RMB44,000 (June 30, 2019:RMB7,018,000), resulting in a gain on disposal of RMB3,000 (June 30, 2019: RMB227,000).

In addition, during the current interim period, the Group paid approximately RMB61,090,000 (June 30, 2019: RMB180,542,000) for acquisition of property, plant and equipment to expand and upgrade certain fixed assets and hospital premises primarily in Chengdu, Shenzhen, Laos and the U.S.A.

During the current interim period, the Group entered into a new lease agreement for the use of buildings for 19 years in Laos. On lease commencement, the Group recognised RMB13,998,000 of right-of-use asset and RMB13,998,000 lease liability.

The rent concessions in PRC and U.S.A. occurred as a direct consequence of Covid-19 pandemic and met of all of the conditions in IFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. During the current interim period, the effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of RMB2,080,000 were recognised as negative variable lease payments.

12. IMPAIRMENT ASSESSMENT ON GOODWILL

As a result of the changes in the current economic environment related to the Covid-19 pandemic, the Group is experiencing negative conditions including decreased revenues and order cancellations that indicated the relevant goodwill may be impaired. During the current interim period, the Company performed impairment testing on Shenzhen Zhongshan Group and HRC Management Group and no impairment loss was recognised.

13. MOVEMENTS IN LICENSE

During the current interim period, the Group entered into an agreement for the acquisition of a IVF license from a third party (Jinrui Medical Center (瑞亞醫學中心)) in Laos with a consideration of RMB40,166,000. The Group intends to provide a myriad of services, including IVF and embryo transfer, intracytoplasmic sperm injection, PGS, preimplantation genetic diagnosis, third party IVF, other various IVF technology and treatment options, and egg and sperm cryopreservation in Laos.

Notes to the Condensed Consolidated Financial Statements

14. ACCOUNTS AND OTHER RECEIVABLES

	At June 30, 2020 RMB'000 (unaudited)	At December 31, 2019 RMB'000 (audited)
Accounts receivables	**13,334**	12,247
Other receivables and prepayment:		
Prepayments to suppliers	**25,972**	28,282
Refundable deposits	**9,541**	4,996
Deposit for acquisition of a subsidiary (Note)	**50,000**	–
Others	**19,884**	12,874
	105,397	46,152
Total accounts and other receivables	**118,731**	58,399
Analysed as:		
Current	**53,385**	46,060
Non-current	**65,346**	12,339
Total	**118,731**	58,399

Notes: The amount represents deposit of acquisition of 75% equity interest of Wuhan Huangpu Integrated Gynaecology and Obstetrics Hospital Co., Ltd, in July 2020 as described in Note 26.

The individual customers of Chengdu Xinan Hospital and Shenzhen Zhongshan Hospital 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 customers 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.

Notes to the Condensed Consolidated Financial Statements

14. ACCOUNTS AND OTHER RECEIVABLES *(Continued)*

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.

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, 2020 RMB'000 (unaudited)	As at December 31, 2019 RMB'000 (audited)
Within 90 days	**6,287**	5,582
91 to 180 days	**611**	2,880
Over 180 days	**6,436**	3,785
	13,334	12,247

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

Notes to the Condensed Consolidated Financial Statements

15. AMOUNTS DUE FROM/TO RELATED PARTIES

Amounts due from related parties

	As at June 30, 2020 RMB'000 (unaudited)	As at December 31, 2019 RMB'000 (audited)
Trade in nature		
HRC Medical (note i)	**45,312**	22,896
Jinjiang District Maternity and Child Health Hospital (notes ii & iii)	**15,225**	2,911
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 & iii)	**537**	469
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 & iii)	**10**	9
Chengdu Jinxin Investment (notes ii & iii)	**–**	5,372
	61,084	31,657
Non-trade in nature		
Loan receivable:		
成都錦薈科技有限公司(note iv)	**35,000**	–
Other receivables:		
Jinjiang District Maternity and Child Health Hospital (note ii)	**15,755**	10,326
成都錦欣生殖醫學與遺傳研究所(note ii)	**11,498**	7,493
HRC-Hainan Holding Company, LLC (note v)	**179**	176
135 South Rosemead LLC (note vi)	**1**	1
Total	**62,433**	17,996
	123,517	49,653
Analysed as:		
– Current	**88,517**	49,653
– Non-current	**35,000**	–
	123,517	49,653

Notes:

(i) The amount represents the accounts receivable from HRC Medical in relation to management services provided in accordance with the MSA. The amount is unsecured, interest-free. The trade balance at June 30, 2020 and December 31, 2019 based on invoice date is aged within 180 days and not past due nor impaired.

(ii) These related parties and Chengdu Jinxin Investment have the same beneficial shareholders. The amounts are unsecured, interest-free and repayable on demand.

(iii) The balances are all aged within 180 days based on the invoice date at the end of the reporting period.

Notes to the Condensed Consolidated Financial Statements

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

Amounts due from related parties (Continued)

Notes: *(Continued)*

(iv) The entity is owned by Chengdu Jinxin Investment. The amounts are unsecured, carrying the interest rates variable by reference to the interest rates promulgated by the People's bank of China and repayable in 2025.

(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 repayable on demand.

Amounts due to related parties

	As at June 30, 2020 RMB'000 (unaudited)	As at December 31, 2019 RMB'000 (unaudited)
Trade in nature		
四川錦欣婦女兒童醫院有限公司 Jinxin Women and Children Hospital (note i)	**8,589**	10,254
成都和雋科技有限公司 (Chengdu Hejun Technology Company Limited, "Hejun Technology") (note i)	**7,936**	13,775
成都錦欣精神病醫院有限公司 (Chengdu Jinxin Psychiatric Hospital Company Limited, "Jinxin Psychiatric") (note i)	**1,414**	1,935
四川程欣物業管理有限公司(Sichuan Chengxin Property Management Company Limited "Sichuan Chengxin") (note i)	**–**	12
	17,939	25,976
Non-trade in nature		
Chengdu Jinxin Investment (note ii)	**15,995**	9,093
John Wilcox, MD, Inc. (note iii)	**120**	266
John Norian, MD. (note iii)	**66**	23
CAPEXMD (note iii)	**43**	29
Jinxin Global Fertility Company Limited (note i)	**–**	2,070
Daniel A. Potter, MD, Inc. (note iii)	**–**	117
David Tourgeman, MD, Inc. (note iii)	**–**	9
Jeffrey Nelson, MD, Inc (note iii)	**–**	8
Jinxin Medical Investment Group Limited (note iv)	**–**	3,138
	16,224	14,753
	34,163	40,729

Notes to the Condensed Consolidated Financial Statements

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

Amounts due to related parties (Continued)

Notes:

(i) The above related parties are controlled by Chengdu Jinxin Investment. The amounts are unsecured, interest-free and repayable on demand.

(ii) The amounts are unsecured, interest-free and repayable on demand.

(iii) 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.

(iv) 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 fully repaid during the period.

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, 2020 RMB'000 (unaudited)	As at December 31, 2019 RMB'000 (audited)
Within 90 days	**2,389**	9,871
91 to 180 days	**6,306**	3,714
Over 180 days	**9,244**	12,391
	17,939	25,976

Notes to the Condensed Consolidated Financial Statements

16. ACCOUNTS AND OTHERS PAYABLES

	As at June 30, 2020 RMB'000 (unaudited)	As at December 31, 2019 RMB'000 (audited)
Accounts payables	**114,219**	114,916
Other payables:		
Construction payables	**3,984**	3,695
Refundable customers' deposits	**62,273**	54,347
Accrued employee expenses (including social insurances and housing fund contributions)	**99,313**	102,555
Payable for acquisition of license in Lao People's Democratic Republic	**40,166**	–
Value-added tax and other tax payables	**19,987**	22,302
Deferred income (note i)	**4,653**	5,753
Others	**17,262**	16,189
	247,638	204,841
Total accounts and other payables	**361,857**	319,757

Note:

(i) 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, 2020 RMB'000 (unaudited)	As at December 31, 2019 RMB'000 (audited)
Within 90 days	**100,333**	93,497
91 to 180 days	**11,778**	20,595
181 to 365 days	**1,993**	106
Over 365 days	**115**	718
	114,219	114,916

Notes to the Condensed Consolidated Financial Statements

17. DEFERRED TAX ASSETS AND LIABILITIES

	Accelerated tax depreciation	Fair value adjustments arising from acquisition of subsidiaries	Tax losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2019 (audited)	–	676,941	–	676,941
Charged during the year (Note 8)	3,916	24,427	–	28,343
Exchange realignment	–	4,007	–	4,007
At December 31, 2019 and January 1, 2020 (audited)	**3,916**	**705,375**	**–**	**709,291**
Charged (credited) during the period (Note 8)	**484**	**11,217**	**(7,832)**	**3,869**
Exchange realignment	**–**	**9,121**	**(53)**	**9,068**
At June 30, 2020 (unaudited)	**4,400**	**725,713**	**(7,885)**	**722,228**

At the end of the current interim period, the Group has unused tax losses of US $3,887,000 (December 31, 2019: Nil) available for offset against future profits. At the end of the current interim period, a deferred tax asset of RMB7,885,000 (December 31, 2019: Nil).

Notes to the Condensed Consolidated Financial Statements

18. SHARE CAPITAL

The share capital as at December 31, 2019, January 1, 2020 and June 30, 2020 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$	Share capital RMB
Ordinary shares of US$0.00001 each			
Authorised:			
At January 1, 2019, December 31, 2019 and June 30, 2020	5,000,000,000	50,000	345,000
Issued:			
At January 1, 2019 (audited)	1,979,828,401	19,798	129,000
Issue of shares during the period	454,555,401	4,546	31,000
At December 31, 2019 (audited)	2,434,383,802	24,344	160,000
At January 1, 2020 (audited)	2,434,383,802	24,344	160,000
Shares repurchased and cancelled (Note)	(4,882,000)	(49)	–
At June 30, 2020 (unaudited)	2,429,501,802	24,295	160,000

Note:

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 (equivalent to approximately RMB2,000). 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 issuance 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 (equivalent to approximately RMB25,000), 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.

Notes to the Condensed Consolidated Financial Statements

18. SHARE CAPITAL *(Continued)*

Note: *(Continued)*

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. Proceeds of US$536 (equivalent to approximately RMB3,000), representing the par value of the shares issued, were credited to the share capital of the Company. The remaining proceeds of RMB386,480,000 net of share issue expense were credited to the share premium account.

During the period ended June 30, 2020, the Company purchased its own shares of an aggregate of 4,882,000 number of shares on The Stock Exchange Limited at the range of highest and lowest prices between HK$10.00 and HK$9.42 per share in May 2020 with a total consideration of HK$47,999,000 (equivalent to RMB43,769,000).

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the reporting period.

19. 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 Limit is exceeded.

(b) Restricted Share Award Scheme

On February 15, 2019 (the "Adoption Date"), the Company approved 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 our 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.

Notes to the Condensed Consolidated Financial Statements

19. SHARE-BASED PAYMENTS *(Continued)*

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

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.

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, 2020, the restricted shares granted to key management personnel and a consultant of the Group are as follows:

RSU granted to	**Number of RSU 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
Key management personnel	2,141,839	January 6, 2020	February 14, 2029	20,810,000	3 years
Doctors and specialists	5,672,970	January 6, 2020	February 14, 2029	55,120,000	3 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 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 which are extrapolated for a two-year period using declining growth rates and pre-tax discount rates applied for the different business segments. The fair value of the RSUs granted on February 15, 2019 was assessed to be RMB61,840,000.

The Directors used the quoted prices in active market for the RSUs granted on January 6, 2020. The fair value of the RSUs granted on January 6, 2020 was assessed to be RMB75,930,000.

Notes to the Condensed Consolidated Financial Statements

19. 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 Shares			
	Outstanding at January 1, 2020	**Granted during the period**	**Vested during the period**	**Outstanding at June 30, 2020**
RSU granted to:				
Key management personnel	**9,754,480**	**–**	**(2,770,405)**	**6,984,075**
Other consultant	**3,921,700**	**–**	**(784,340)**	**3,137,360**
Key management personnel	**–**	**2,141,839**	**–**	**2,141,839**
Doctors and specialists	**–**	**5,672,970**	**–**	**5,672,970**
	13,676,180	**7,814,809**	**(3,554,745)**	**17,936,244**

	Number of Shares			
	Outstanding at January 1, 2019	Granted during the period	Vested during the period	Outstanding at 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 the total expense of RMB30,324,000 for the six months ended June 30, 2020 (2019: RMB11,677,000) 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.

Notes to the Condensed Consolidated Financial Statements

20. 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.

21. CAPITAL COMMITMENTS

	As at June 30, 2020 RMB'000 (unaudited)	As at December 31, 2019 RMB'000 (audited)
Capital expenditure in respect of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	**28,491**	4,606

22. 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, 2020 and December 31, 2019 include financial assets at FVTPL and financial assets at FVTOCI.

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).

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

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

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, 2020 – RMB10,184,000 December 31, 2019 – RMB10,017,000	Level 2	Recent transaction Price	N/A	N/A
Financial assets at FVTPL	June 30, 2020 – RMB43,500,000 December 31, 2019 – RMB52,500,000	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

(ii) 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

23. 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 Related companies	Relationship	Nature of transactions	Six months ended June 30, 2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Jinjiang District Maternity and Child Health Hospital	Entity controlled by Chengdu Jinxin Investment	Provision of management services by the Group	**10,895**	71,166
		Provision of pathological examination services by the Group	**236**	324
		Rendering pathological examination services by the related Company (Note)	**29**	76
Jinxin Women and Children Hospital	Entity controlled by Chengdu Jinxin Investment	Provision of pathological examination services by the Group	**239**	269
Jinxin Women and Children Hospital	Entity controlled by Chengdu Jinxin Investment	Rendering pathological Examination services by the related Company (Note)	**963**	1,749
Jinxin Psychiatric	Entity controlled by Chengdu Jinxin Investment	Rendering sanitising and cleaning services by the related Company (Note)	**939**	912
Sichuan Chengxin	Entity controlled by Chengdu Jinxin Investment	Rendering cleaning services by the related Company	**9**	–
Hejun Technology	Entity controlled by Chengdu Jinxin Investment	Purchase of consumables by the Group	**1,018**	9,827
		Rendering storage services by the related Company	**511**	–
HRC Medical	Jointly controlled by certain shareholders of HRC Investment	Management services income	**146,251**	270,202
		PGS Testing income	**4,029**	2,372
		Ambulatory surgery centre facilities income	**784**	2,038
HRC Properties LLC	Controlled by certain shareholders of HRC Investment	Balance of lease liability	**76,143**	79,230
		Finance cost on lease liability	**2,532**	3,375
135 South Rosemead LLC	Controlled by certain shareholders of HRC Investment	Balance of lease liability	**8,130**	9,074
		Finance cost on lease liability	**619**	684

23. RELATED PARTY DISCLOSURES *(Continued)*

Name Related companies	Relationship	Nature of transactions	Six months ended June 30, 2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Gender Selection Australia Property Limited	Controlled by a shareholder of HRC Investment	Marketing expense	**387**	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: Amounts represent expenses incurred from pathological examination services and sanitising and cleaning services and are included in "cost of revenue".

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, 2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Salaries and allowances	**5,680**	12,649
Performance-related incentive payments	**2,286**	4,638
Share-based compensation benefits	**8,123**	8,785
Retirement benefit schemes contributions	**100**	65
	16,189	26,137

Notes to the Condensed Consolidated Financial Statements

24. 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 interim consolidated financial statements for the six months ended June 30, 2020 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, 2019.

25. RECLASSIFICATION

Certain comparative figures have been reclassified in the financial statements, which have no effect on previous reported profit or equity, to conform with the current year presentation.

26. EVENTS AFTER THE REPORTING PERIOD

The Group has the following events taken place subsequent to June 30, 2020:

- On June 29, 2020, the Group through its indirect wholly-owned subsidiary, Sichuan Jinxin Fertility, has entered into an equity transfer agreement with certain shareholders of Wuhan Huangpu Integrated Gynecology and Obstetrics Hospital Co., Ltd. ("Wuhan Huangpu Hospital"), pursuant to which the Group agreed to acquire an aggregate of 75% equity interests in Wuhan Huangpu Hospital (of which 70% equity interests will be held by Sichuan Jinxin Fertility and 5% equity interests will be held by a separate legal entity designated by Sichuan Jinxin Fertility for employees incentive purpose in future) for a total consideration of RMB322,500,000. On June 22, 2020, Sichuan Jinxin has made a payment of RMB50,000,000 as acquisition deposit. The transaction was completed in July 2020. Details of the acquisition are set out in the Group's announcement dated June 29, 2020. Up to the date of issuance of the condensed consolidation financial statements, the directors of the Company are still in the process of assessing the impact of the transaction.
- On August 14 and 17, 2020, Jinxin Fertility Group (BVI) Company Limited, a wholly-owned subsidiary of the Company, entered into a series of agreements with the founding shareholders of Mengmei Life Pty. Ltd. and Jinxin Medical Investment Group Limited, to establish a joint venture, Jinxin International Medical Services Company Limited, to develop IVF-related business. For more details, please refer to the Company's announcement dated August 18, 2020.
- On August 20, 2020, HRC Management terminated the HRC Clinic Lease Agreement (as defined in the Prospectus) with HRC Properties LLC, 333 Arroyo Parkway LLC, JGWilcox Capital Building LLC and Michael Feinman Real Estate LLC (the "Lessors") and entered into a new lease agreement with the Lessors to lease the second floor of the three-storey office building located at 333 South Arroyo Parkway, Pasadena, California, the United States, which constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. For more details, please refer to the Company's announcement dated August 24, 2020.

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, the 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", "we" or "our"	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
"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, the 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"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong

Definitions

"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
"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 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 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
"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

Definitions

"Jinxin Fertility Center"	the fertility center of Sichuan Jinxin Women and Children Hospital
"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 that is a for-profit women and children hospital, the fertility center of which was jointly managed by the Group
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange on June 25, 2019
"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
"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
"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
"NPV"	new patient visit
"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

Definitions

"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
"Reporting Period"	the six-month period from January 1, 2020 to June 30, 2020
"Renminbi" or "RMB"	Renminbi Yuan, 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
"Shareholder(s)"	holder(s) of Share(s)
"Share(s)"	ordinary share(s) in the capital of the Company with nominal value of US$0.00001 each
"Share Option Scheme"	the share option scheme conditionally adopted by the Company on June 3, 2019, the principal terms of which are summarized in "Share Option Scheme" in Appendix V to the Prospectus
"Shenzhen Zhongshan Hospital"	Shenzhen Zhongshan Urological Hospital (深圳中山泌尿外科醫院) (previously known as Shenzhen Zhongshan Urological Hospital Co., Ltd (深圳市中山泌尿外科醫院有限公司)), a company established in Shenzhen, PRC with limited liability on May 18, 2004, the Group's indirect subsidiary that is a for-profit specialty hospital
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"U.S." or "United States"	the United States of America
"U.S. dollar(s)" or "US$"	United States dollar(s), the lawful currency of the United States of America
"Xinan Hospital Group"	Chengdu Xinan Hospital and Gaoxin Xinan Hospital

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

* *For identification purpose only*