锦欣生殖

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

2022
Interim Report

* For identification purposes only

Contents

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

The Group has established a competitive advantage on branding, technology, medical staff and management in a market with significant entry barriers. All hospitals established in the Group's network are recognized as top-notch in their respective regional market, including but not limited to Sichuan Province, the Greater Bay Area, Yunnan Province and the Western United States, which contributes to the Group's leading position in the ARS markets in China and the United States. In 2021, the Group acquired the Jinxin Women and Children Hospital, RHC (brand name: Gratia Medical Center) and ARC to expand its footprint in Sichuan Province and the Greater Bay Area and diversified its service offerings to provide a full lifecycle of fertility services covering pregnancy preparation, IVF, prenatal, childbirth and postpartum. In the first half of 2022, by taking advantage of the Group's core business of ARS services, the Group further expanded its service offerings through integrating its ARS, obstetrics, gynaecology and paediatrics business to create synergies and increased its control in Shenzhen Zhongshan Hospital. We believe, by leveraging our existing resources and continuously recruiting talents and elites in joining our Group, we are able to replicate our success to the new regions we have entered into.

The Group expects the penetration rate and market size for assisted reproductive services in China to significantly increase as the PRC government implements supportive policies supportive measures to encourage fertility, including the "Decision on Optimizing Fertility Policies to Promote Long-term and Balanced Population Development" (《關於優化生育政策促進人口長期均衡發展的決定》) issued in July 2021. As such, in order to capture the opportunities presented, the Company has conducted several acquisitions in 2021 and the first half of 2022, and the Group has strategically developed itself into providing medical services that support the entire lifecycle of fertility and pregnancy as it prepares itself to capture the full growth of ARS in China. The Company aims to continuously expand its hospital network and bring high quality ARS to more people, which also contributes to its leading position in the ARS markets in China and the United States.

BOARD OF DIRECTORS

Executive Directors

Mr. Zhong Yong *(Chairman)*
Dr. John G. Wilcox
Mr. Dong Yang *(Chief Executive Officer)*
Dr. Geng Lihong
Ms. Lyu Rong *(Co-chief Executive Officer)*

Non-executive Directors

Mr. Fang Min
Ms. Hu Zhe
Ms. Yan Xiaoqing

Independent Non-executive Directors

Dr. Chong Yat Keung
Mr. Li Jianwei
Mr. Wang Xiaobo
Mr. Ye Changqing

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr. Ye Changqing *(Chairman)*
Dr. Chong Yat Keung
Mr. Fang Min
Ms. Hu Zhe
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. Zhong Yong *(Chairman)*
Dr. Chong Yat Keung
Dr. John G. Wilcox
Mr. Wang Xiaobo
Mr. Ye Changqing

STRATEGIC DECISIONS COMMITTEE

Mr. Zhong Yong *(Chairman)*
Mr. Dong Yang
Mr. Fang Min
Dr. John G. Wilcox
Mr. Li Jianwei

MEDICAL QUALITY CONTROL AND R&D COMMITTEE

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

JOINT COMPANY SECRETARIES

Ms. Zhai Yangyang
Ms. Ng Sau Mei

AUTHORIZED REPRESENTATIVES

Mr. Dong Yang
Ms. Ng Sau Mei

REGISTERED OFFICE

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COMPANY'S WEBSITE

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Financial Highlights

	Six months ended June 30, 2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	Change
Operating results			
Revenue	**1,138,228**	859,303	32.5%
Gross profit	**464,304**	363,242	27.8%
Profit before tax	**233,660**	206,787	13.0%
Net profit	**187,597**	162,631	15.4%
Adjusted net profit(1)	**258,158**	228,116	13.2%
Profitability			
Gross margin	**40.8%**	42.3%	
Net profit margin	**16.5%**	18.9%	
Adjusted net profit margin	**22.7%**	26.5%	

	As of June 30, 2022 RMB'000 (Unaudited)	As of December 31, 2021 RMB'000 (Audited)	Change
Financial position			
Total assets	**15,084,563**	12,825,390	17.6%
Total equity	**8,722,977**	8,752,701	–0.3%
Total liabilities	**6,361,586**	4,072,689	56.2%
Bank balances and cash	**1,101,734**	862,325	27.8%

(1) Non-IFRS adjusted net profit is calculated as net profit for the Reporting Period, excluding (i) ESOP expenses; (ii) amortization and depreciation of medical practice license, non-compete agreement and property, plant and equipment arising from acquisitions; and (iii) one-off loss made by Wuhan Jinxin Hospital due to the temporary suspension of its ARS business, to better reflect the Company's current business and operations.

BUSINESS UPDATES

In the first half of 2022, the COVID-19 pandemic continued to disrupt the recovery of the global economy and our assisted reproductive business was moderately affected when pandemic prevention and control measures were put in place to contain the COVID-19 outbreak. The Company actively responded and established effective measures in facing the challenges brought by the pandemic which achieved a relatively satisfactory outcome. The Group's revenue and net profit attributable to the owners of the Group increased by 32.5% and 22.2% in the first half of 2022, respectively, as compared to the same period in 2021.

In terms of our assisted reproductive business, we are committed to continuously improving the success rate of our fertility treatments, enhancing patient experience, strengthening our market reputation and influence in the ARS industry. In terms of talents, we have continued to strengthen the capabilities of our team of medical professionals through recruitment and internal training. In terms of scientific research, we have invested further in our research and development teams and research initiatives, enhanced the transferability of our scientific research into clinical applications, and promoted the improvement of clinical standard. In terms of specialities, we continued strengthening our advantages through the construction of featured specialty hospitals and treatment of specific diseases. In terms of operations and management, we established refined and innovative measures to improve the operation and management efficiency of our hospitals. In terms of business expansion, we expanded the capacity of our existing hospitals on the one hand, and acquired new hospitals in regions with potential for the development of assisted reproductive business on the other hand, both capturing the growth potential of the industry. These measures reinforced our leading edge and market leading position in assisted reproductive business in China and the United States.

Since successfully completing the acquisition of Jinxin Women and Children Hospital and other businesses specializing in obstetrics, gynecology and pediatrics medical services in November 2021, we continue to leverage on our advantage in ARS and diversified our service offerings to provide a full lifecycle of fertility services covering pregnancy preparation, IVF, prenatal, childbirth and postpartum. Jinxin Women and Children Hospital is the only private Class III Grade A obstetrics, gynaecology and paediatrics hospitals in Sichuan Province and also one of the largest private obstetrics, gynaecology and paediatrics hospitals in China. In the first half of 2022, we had integrated our ARS, obstetrics, gynaecology and paediatrics business to create synergies and produced positive results. In Chengdu, the number of patients who received ARS and became successfully pregnant through Chengdu Xinan Hospital and in turn sought for obstetrics services and maintained a clinical profile in the obstetrics department of Jinxin Women and Children Hospital in the first half of 2022 increased by 125% compared to the same period last year, and the number of patients who visited the infertility division of Jinxin Women and Children Hospital and in turn visited Chengdu Xinan Hospital for initial diagnosis of IVF in the first half of 2022 increased by 108% compared to the same period last year. Through leveraging on our advantages in ARS, and obstetrics, gynecology and pediatrics medical services, we were able to reinforce our specialities and capability to treat specific diseases, such as establishing obstetric clinics designated for IVF, and we expect that this will allow us to better attract and serve patients.

Chengdu operations

Chengdu Xinan Hospital

We always position our patients as our top priority and are committed to improving the success rate of IVF and enhancing the patient experience. Since our establishment, we have consistently provided our patients with quality medical services and in November 2021, Chengdu Xinan Hospital obtained JCI accreditation from the Joint Commission International ("**JCI**") with an outstanding score of 9.93 out of 10. JCI standards are globally recognized as one of the reputable benchmarks for quality and safe healthcare services. This proves that our long-standing practice has been compliant with international standards and that our medical services are of high quality.

In order to provide patients with superior and personalized ARS treatment solutions, we classify our outpatient services at Chengdu Xinan Hospital into five specialized categories: (i) patients with repeated IVF failures and thin endometrium; (ii) elder patients (aged 35 or above); (iii) younger patients (aged below 35); (iv) patients with PCOS (Polycystic Ovary Syndrome); and (v) IVF and artificial insemination (especially for ethnic minorities). Furthermore, we arrange "one-on-one consultants" for patients with IVF failure in order to better respond to their special needs both physically and psychologically and thus improve their success rate. In the first half of 2022, the success rate of IVF for our Chengdu Xinan Hospital and Jinjiang IVF Center reached 55.6%.

We continuously monitor and develop our VIP services. Chengdu Xinan Hospital has successfully launched three VIP service packages to satisfy the diversified and personalized needs of its patients. In the first half of 2022, we actively explored and optimized the structure of our VIP service packages to cater for the needs of our patients who purchases our higher end premium services, so as to increase the demand for such services. In the first half of 2022, the penetration rate of VIP services in Chengdu Xinan Hospital reached 10%.

We endeavour to enhance patient satisfaction. We established the Quality Service Department (優質服務部) at Chengdu Xinan Hospital in January 2021, and have been adhering to taking patient satisfaction as one of the key performance indicators (KPI) to facilitate the provision of better service and enhance our patients' experience. In the first half of 2022, the satisfaction ratings of patients undergoing embryo transfers at Chengdu Xinan Hospital increased to 96% as compared to 93% for the same period in 2021. Doctors with high patient satisfaction ratings also enhanced the reputation of Chengdu Xinan Hospital in the ARS market.

We continue to expand our two-way referrals network and improve the utilization of high-quality medical technology and diversify our patient acquisition networks by leveraging on the leading position of Chengdu Xinan Hospital in the ARS market in Sichuan Province. In the first half of 2022, Chengdu Xinan Hospital cooperated with 83 medical institutions by way of two-way referrals or entering into specialty alliance cooperation agreements.

Jinxin Women and Children Hospital

We acquired Jinxin Women and Children Hospital in November 2021 and strategically developed ourselves into providing medical services that support the entire lifecycle of fertility and pregnancy with ARS as our core business. As the only private Class III Grade A obstetrics, gynecology and pediatrics hospital in Sichuan Province, Jinxin Women and Children Hospital possesses advantages in medical quality, service experience and reputation, which has enabled it to accelerate the establishment of an academic hospital integrated with production, academic and research in the region.

In the first half of 2022, revenue of Jinxin Women and Children Hospital increased by 14% compared to the same period in 2021 despite the decrease of newborn births and the impact of the COVID-19 pandemic. In addition to the obstetrics business, other businesses such as pediatrics, gynecology and traditional Chinese medicine, as well as the newly launched ophthalmology and stomatology have also experienced rapid development, resulting in the formation of a business trend featuring obstetrics as a specialty and synergizing it with the other departments. In the first half of 2022, the obstetrics and neonatology departments of Jinxin Women and Children Hospital have became the key medical specialty development targets in Chengdu. Jinxin Women and Children Hospital has also passed the level three midwifery review (助產評審) and the obstetrics molecular (產診分子) laboratory expert review. Furthermore, Jinxin Women and Children Hospital continued to provide 10 medical education programs, of which, one was at the national level, seven were at the provincial level, and two were at the municipal level.

Chengdu Xinan Hospital and Jinxin Women and Children Hospital have built a very strong reputation among our patients and market influence in ARS, obstetrics, gynecology and pediatrics business, respectively, due to its excellent medical quality and superior service experience. We also actively strengthened the integration of ARS, obstetrics, gynecology and pediatrics business to promote the synergistic effects and we have achieved satisfactory results in the first half of 2022.

In the first half of 2022, the number of patients who received ARS and became successfully pregnant in Chengdu Xinan Hospital and in turn sought for obstetrics services and maintained a clinical profile in the obstetrics department of Jinxin Women and Children Hospital increased by 125% compared to the same period last year, and the number of patients who visited the infertility division at Jinxin Women and Children Hospital and in turn visited Chengdu Xinan Hospital for an initial diagnosis of IVF in the first half of 2022 increased by 108% compared to the same period last year. Through leveraging our advantages in ARS and obstetrics, gynecology and pediatrics medical services, we were able to reinforce on our specialities and capability to treat specific diseases, such as establishing obstetric clinics designated for IVF, and we expect that this will allow us to better attract and serve patients.

Shenzhen and Greater Bay Area operations

Our Shenzhen operations faced relatively more challenges compared to our Chengdu operations from the pandemic and the prevention and control measures put in place to mitigate the spread of novel coronavirus during the Reporting Period. Shenzhen Zhongshan Hospital took various measures to minimize the impact of the COVID-19 pandemic on the business, and actively prepared for the construction and business planning of its new hospital building.

In April 2022, we have increased our control in Shenzhen Zhongshan Hospital from 79.44% to 94.44% effective shareholding interest, and further entered into an equity transfer agreement to acquire another 5.46% equity interest in Shenzhen Zhongshan Hospital, thereby increasing its control to 99.90% equity interest from August 2022. This will enable us to (i) enhance our control and influence over the management and operations of Shenzhen Zhongshan Hospital; (ii) increase our share of economic benefits generated by Shenzhen Zhongshan Hospital; and (iii) have greater flexibility in the formulation of business strategies in Shenzhen Zhongshan Hospital.

To capture the anticipated growth and increasing demand for ARS in Shenzhen and within the Greater Bay Area in the coming future due to the projected increase in population and demand in the region, and given Shenzhen Zhongshan Hospital is almost operating at full capacity, we acquired a new property in February 2022, which is due to complete construction in the third quarter of 2022 and officially put into operation in early 2024. The new property will allow Shenzhen Zhongshan Hospital to (i) further diversify its service offerings to provide various reproductive services covering ARS services, gynecology, andrology and immunology medical services; (ii) expand the VIP service to satisfy the multi-dimensional needs of our patients and enhance their experience; and (iii) provide sufficient space and a better medical environment to attract patients from the Greater Bay Area, including Hong Kong, in the future.

In addition, Shenzhen Zhongshan Hospital values the driving force generated by scientific research towards clinical applications, encourages scientific innovation and transferring research to clinical applications. In the first half of 2022, the number of articles published by Shenzhen Innovation Center on the core journals under the Science Citation Index reached a record high, totaling 11 articles. Amongst all, we are expecting our research in relation to the analysis of endometrial receptivity to enter into clinical stage in the second half of 2022.

With the implementation of the national strategy of the Guangdong-Hong Kong-Macao Greater Bay Area, we will continue to deepen our strategic focus in the region and enhance our brand awareness and market share in the region. Accordingly in the second half of 2021, we acquired RHC (brand name: Gratia Medical Center) and ARC to expand our footprint in Hong Kong and strengthen our presence of fertility services in the Greater Bay Area. We believe that following the opening of the borders between Hong Kong and the Mainland after the COVID-19 pandemic, Shenzhen Zhongshan Hospital and Hong Kong Gratia Medical Centre will benefit from the synergies created in customer acquisition, technical exchanges and complementary medical services.

United States operations

While the COVID-19 pandemic significantly impacted the number of international patients visiting HRC Fertility for treatments, the local business has demonstrated sufficient resilience during the pandemic and continued to grow during the Reporting Period. In the first half of 2022, despite the challenges from the pandemic and inflation, revenue from the United States operations increased by 9.3% compared to the same period in 2021. Furthermore, we have successfully established new clinics and recruited new doctors with a view to increasing business capacity and reserving talents for business development and international business recovery in the future.

HRC Management continued to collaborate with the University of Southern California ("**USC**"), a leading private research university in the United States, and its fertility medicine practice of the reproductive and infertility endocrinology division at the Keck School of Medicine ("**USC Fertility**"). We have further deepened our collaboration with USC Fertility where (i) 3 doctors from USC Fertility practiced and provided clinical services at the Pasadena Clinic under HRC; (ii) the number of physicians participating in USC's fellowship program increased from 4 to 6 with the support of HRC to nurture more physicians; and (iii) HRC and USC Fertility co-founded a research committee and collaborated on IVF-related clinical research to improve the quality of fertility treatment.

During the Reporting Period, the San Diego campus of HRC Fertility completed its renovation and commenced business in August 2022. Since then, HRC Medical owns 4 core clinics and 6 satellite clinics in Los Angeles and San Diego in the Western United States, further magnifying its market influence in the region. Dr. Michael David Wittenberger, MD, FACOG ("**Dr. Wittenberger**") joined HRC Medical and attends to the new clinic. Dr. Wittenberger is a member of each of the American College of Obstetricians and Gynecologists and the American Society for Reproductive Medicine. He has nearly 20 years of professional experience in the field of assisted reproduction, specializing in infertility treatment, restorative surgery and fertility preservation. Dr. Wittenberger is reputable among patients and has received many awards for his outstanding professional abilities.

Furthermore, Dr. Natalia C. Llarena joined HRC Medical at the end of August 2022, and practised at the Pasadena Clinic under HRC Medical. From August 2011 to May 2015, she obtained her doctoral degree in medicine from Feinberg School of Medicine at Northwestern University, Chicago, Illinois State. She was a resident of Cleveland Clinic Foundation in Cleveland, Ohio State, and was awarded Teaching Excellence Award by Cleveland Clinic Lerner College of Medicine.

With the recruitment of Dr. Wittenberger and Dr. Natalia C. Llarena, HRC Medical currently has a total of 18 physicians. We believe our excellent management ability and performance will attract more talented physicians to join us, thereby providing the most important asset for HRC Medical to expand its business in the Western United States and further to the entire United States.

OUTLOOK AND FUTURE

Despite the continuing impact of the COVID-19 pandemic on the ARS industry, the global ARS market is expected to recover once the pandemic is under control and continue on its growth trend as demonstrated over the past years. The growth of the ARS market in China is particularly promising due to an increased prevalence of infertility caused by lifestyle changes, an increase in the average age of the parents when having their first childbirth and rising health awareness and environmental pollution. Compared with Europe and the United States with a market penetration of ARS at approximately 30%, the market penetration of ARS in China is still relatively low. In facing the challenges of decreasing fertility rates, the PRC government has implemented and is expected to continue to implement various policies and measures to encourage fertility, and the PRC government tends to encourage patients in need of ARS in treatment. We expect the penetration rate and market size for assisted reproductive technology will be significantly increased in China.

In facing the challenges of decreasing fertility rate and change in population structure due to aging problem, the PRC government encourages births by adopting various supportive measures. In July 2021, the Central Committee of the Communist Party of China and the State Council issued the "Decision on Optimizing Fertility Policies to Promote Long-term and Balanced Population Development" (《關於優化生育政策促進人口長期均衡發展的決定》), where couples are allowed to have up to three children, and supportive measures are being introduced covering various aspects to encourage births. The "Human Assisted Reproductive Technology Application Plan (2015–2020)" (《人類輔助生殖技術應用規劃 (2015–2020)》) issued by the National Health Commission aims to promote the healthy development of the reproductive medicine industry in an orderly manner to meet the market demands. According to a recent reply by the National Health Commission, it has launched the revision of administrative measures, basis standard and technical specifications related to assisted reproductive technology in order to establish and improve legal egg donation and storage channel. In August 2022, 17 governmental authorities including the National Health Commission issued the "Guidelines on Further Improving and Implementing Supportive Measures for Active Fertility" (《關於進一步完善和落實積極生育支持措施的指導意見》) to guide local governments to consider the affordability of medical insurance (including maternity insurance) funds, relevant technical standards and other factors as a whole, and in accordance with the procedures, gradually list the labor analgesia and assisted reproductive technology programs in the coverage of such medical insurance funds.

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, Guangdong Province, Yunnan Province and the Western United States. The Company further expands our business network and brings high-quality ARS to more people, which also contributes to our leading position in the ARS markets in China and the United States.

In addition, taking our Chengdu operations as a paradigm, we have started to build a one-stop integrated business, with ARS as our core services, to support the entire fertility and pregnancy lifecycle, covering pregnancy preparation, IVF, prenatal checkups, childbirth, postpartum and pediatrics to better serve patients and create value through industry chain integration. In the future, we will promote this strategy to our hospitals in other regions and leverage on our advantage in the ARS market to accelerate new business development and create new sources of revenue growth.

In view of the aforesaid, we plan to pursue the following core strategies to drive continued growth in our core ARS business and fertility related services.

Increased productivity, capacity and market share

In the Greater Bay Area, with the implementation of the national strategy of the Guangdong-Hong Kong-Macao Greater Bay Area, we will continue to deepen our strategic focus in the area to capture in full the growth for ARS in the Greater Bay Area. Further in consideration that Shenzhen Zhongshan Hospital is operating almost at full capacity, we acquired a new property in February 2022 in anticipation of the future operation of Shenzhen Zhongshan Hospital. The new property, which is nearly five times the size of the existing property, is due to complete construction in the third quarter of 2022 and is expected to be officially commence operation in early 2024. The new property will allow Shenzhen Zhongshan Hospital to (i) further diversify its service offerings to provide various reproductive services covering ARS, gynecology, andrology and immunology medical services; (ii) expand the VIP service to satisfy the multi-dimensional needs of its patients and enhance their patient's experience; and (iii) provide sufficient space and a better medical environment to attract patients from the Greater Bay Area, including Hong Kong, in the future.

In Yunnan Province, we increased our control in Jiuzhou Hospital and Hewanjia Hospital to approximately 96.50% effective shareholding interest in July 2022. At present, Jiuzhou Hospital and Hewanjia Hospital ranked second in Yunnan Province and first amongst private hospitals in terms of market share, and they can offer services to patients from Guizhou Province. Furthermore, the property where Jiuzhou Hospital situated is a self-owned property. We also plan to renovate Jiuzhou Hospital in the second half of the year with a view to optimizing the service environment and expanding its capacity in preparation for increasing market share in the future.

Expand our service offerings to provide comprehensive and integrated full fertility lifecycle services

We intend to continue expanding our service offerings to meet the patients' demand for high quality full lifecycle fertility services covering pre-pregnancy, IVF, prenatal, childbirth and postpartum, and reinforce the synergy between our ARS and obstetrics, gynecology and pediatrics medical services. In Chengdu, our acquisition of 100% equity interest in Jinxin Women and Children Hospital in November 2021 marked our first move in strategically deepening the aforementioned strategy and we will promote the same to our other hospitals in the future.

Being the only private Class III Grade A obstetrics, gynecology and pediatrics hospital in Sichuan Province, Jinxin Women and Children Hospital possesses advantages in medical quality, service experience and reputation, which has enabled it to accelerate the establishment of an academic hospital integrated with production, academic and research in the region. Chengdu Xinan Hospital and Jinxin Women and Children Hospital have built a very strong reputation among our patients and market influence in ARS and obstetrics, gynecology and pediatrics business, respectively, due to its excellent medical quality and superior service experience. In the first half of 2022, the synergy resulting from the integration of assisted reproduction, obstetrics, gynecology and pediatrics businesses has been becoming prominent which included the expansion in the number and scale of service offerings to customers, costs synergies and improved efficiency, and specialty construction. We will continue to deepen the integration of assisted reproduction, obstetrics, gynecology and pediatrics businesses to create enhanced synergistic effects by various means such as online hospital, internal restructuring and specialty construction.

Expand our business network through self-establishment or acquisitions

As a leading ARS and full lifecycle fertility services provider in China and the United States, we will continue to seek opportunities for expand our business network and adopt different expansion strategies to fit with the market environment in different countries or regions.

In China, we intend to enter markets with high growth potential through acquisitions, such as first-tier cities and cities with radiant effect. Aside from market potential, when conducting mergers and acquisitions in China, we will also take into account various important factors such as economic environment, target valuation and post-investment integration or consolidation to determine our merger and acquisition strategy, enabling a swift integration of resources post-mergers and acquisitions and assisting the new hospitals to rapidly improve in respect of medical quality, operation management, market share and others. We acquired the controlling interests in Jiuzhou Hospital and Hewanjia Hospital in July 2022, with our control in these hospitals increased to 96.50% effective shareholding interest. In the future, we will leverage on our hospital network in Chengdu and Kunming and continue to expand the market share in Sichuan Province and Yunnan Province, and covering Guizhou Province, so as to enhance our influence in the entire southwest region of China.

In the United States, we seek to expand our business network in the United States, particularly the Western United States, by way of establishing or acquiring new clinics and recruiting physicians. In August 2022, the San Diego clinic established by HRC Fertility officially commenced business. Since then, HRC Medical owns 4 core clinics and 6 satellite clinics in Los Angeles and San Diego in the Western United States, further enhancing its market influence in the region. In the same time, Dr. Wittenberger joined HRC Medical and attended the new clinic. Dr. Wittenberger is a member of each of the American College of Obstetricians and Gynecologists and the American Society for Reproductive Medicine. He has nearly 20 years of professional experience in the field of assisted reproduction, specializing in infertility treatment, restorative surgery and fertility preservation.

Besides the Greater China and the United States, we are also actively exploring opportunities to conduct mergers and acquisitions in Southeast Asia. We are of the view that the region has significant growth potential in ARS. In March 2020, we acquired an assisted reproduction license and established Jinrui Medical Center in the Boten Special Economic Zone of Laos in Southeast Asia. However, Jinrui Medical Center has not commenced business owing to the border closure between China and Laos due to the COVID-19 pandemic. With the launch of the China-Laos railway between Kunming to Laos in late 2021, we anticipate that Jinrui Medical Center will quickly recover after the pandemic and become the outpost of the Group in Southeast Asia.

Value scientific innovation and speciality construction to enhance clinical quality and create new sources of business growth

We reinforced and increased our investment in scientific research innovation and integrated with specialty construction, resulting in accelerated transfers of research to clinical applications, which enhanced our clinical quality to solve patients' chronic illness on the one hand and enhanced our competitiveness as well as created new sources of business growth on the other hand.

In the Greater Bay Area, we have included Jinxin Medical Innovation Research Center into the Group's network in January 2022 for more effective management on our scientific research. Jinxin Medical Innovation Research Center is committed to clinical-based scientific research innovation, and ultimately tackle clinical conundrum. In the first half of 2022, the number of articles published by Shenzhen Innovation Center on the core journals under the Science Citation Index reached a record high, totalling 11 articles. Amongst all, we are expecting our research in relation to the analysis of endometrial receptivity to enter into clinical stage in the second half of 2022.

In the first half of 2022, the departments of obstetrics and neonatology of Jinxin Women and Children Hospital became a key medical specialty development targets in Chengdu. Previously, the reproductive medicine department and andrology department of Chengdu Xinan Hospital have been rated as key medical specialties in Chengdu. We are actively utilizing the leading advantages of Chengdu Xinan Hospital and Sichuan Jinxin Women and Children Hospital in ARS, obstetrics, gynecology and pediatrics medical services respectively, which will allows us to reinforce on our specialty construction, creation of featured specialties and treatment of specific diseases focusing on infertility, IVF obstetrics, pre-natal and maternal-fetal medicine.

In the United States, we co-founded a research committee and collaborated on IVF-related clinical research with the USC in January 2022, with a view to further enhance the IVF clinical standard. In the future, we will further strengthen the research cooperation among various medical institutions within our network, and in compliance with the applicable laws, establish a multi-center seminar group and research group in order to accelerate scientific research innovation and transfers of research to clinical applications.

Talent recruitment and nurturing plan

We are committed to recruiting and retaining the best and most experienced medical professionals in the fields of assisted reproduction and obstetrics, gynecology and pediatrics and continuously improving our internal training system to provide a sufficient reserve of medical and management talents for our global business expansion.

We will continue to implement the "physician as partner" mechanism to grant outstanding physicians with equity ownership as partners of the Company, sharing the fruits from the development of the Company. We have adopted the 2022 Restricted Share Award Scheme in February 2022 and its purposes are to (i) provide our employees with the opportunity to acquire proprietary interests in the Company; (ii) encourage our employees to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole; and (iii) provide the Company with a flexible means of retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to our employees.

We will continue to introduce and recruit excellent physicians to join the Company, and cooperate with well-known universities to nurture young physicians. HRC Management continued to collaborate with the USC, and the number of physicians participating in USC's fellowship program increased from 4 to 6 with the support of HRC Management to nurture more physicians.

We also established the "Jinxin Academy" and invited renowned experts to give public lectures, aiming to (i) attract young physicians who are interested in assisted reproductive technology and improve their professional skills; and (ii) reserve talents for the expansion of the Company and the industry. As of April 2022, 1,422 people signed up for the new term of training at the Jinxin Academy, involving 743 hospitals or medical institutions, and 86% of them were not from our Group.

Environmental, Social and Governance (ESG)

We have dedicated to enhancing our ESG initiatives in many ways. We believe, through our efforts in ESG, we will continue to create values for the society on the one hand, and gain recognition from the society and patients, on the other hand, to aid the Company in realizing a healthy and sustainable development in the future. In particular with the resurgence of pandemic in China, we have acted promptly to support pandemic prevention and control in 2022. As of August 23, 2022, the Group and its related entities sent 9,526 nucleic acid sampling personnel and completed 2,915,839 nucleic acid sampling.

FINANCIAL REVIEW

Revenue

Revenue of the Group increased by 32.5% from approximately RMB859.3 million for the six months ended June 30, 2021 to approximately RMB1,138.2 million for the six months ended June 30, 2022. The overall increase was primarily attributable to an increase in revenue due to the consolidation of Jinxin Women and Children Hospital's revenue into our Group since November 26, 2021, which was partially offset by (i) a decrease in revenue generated by our Shenzhen operations resulting from pandemic prevention and control measures including a four-week lockdown; and (ii) a decrease in revenue generated by our Wuhan operation resulting from temporary suspension of its ARS business during the Reporting Period.

During the Reporting Period, the Group generated revenue from the following services: (i) ARS; (ii) management services; and (iii) ancillary medical services; (iv) obstetrics, gynecology and pediatrics medical services; and (v) sales of medicines, consumables and equipment. The Group's revenue is contributed from its operations in the Greater China and the United States. The following table sets forth a breakdown of the Group's revenue for each service category by region:

	Six months ended June 30,			
	2022		2021	
	RMB'000 (Unaudited)	%	*RMB'000* (Unaudited)	%
Chengdu Operations				
ARS	354,682	31.2%	373,623	43.5%
Management service fee	66,039	5.8%	35,993	4.2%
Obstetrics, gynecology, pediatrics medical services and sales of medicines, consumables and equipment	280,763	24.7%	–	–
Sub-total	701,484	61.6%	409,616	47.7%
Shenzhen operations				
ARS	148,117	13.0%	184,715	21.5%
Ancillary medical services	17,477	1.5%	21,979	2.6%
Sub-total	165,594	14.5%	206,694	24.1%
Wuhan operations	6,592	0.6%	25,033	2.9%
Hong Kong operations	26,236	2.3%	–	–
United States operations				
Management service fee	200,335	17.6%	200,507	23.3%
Ancillary medical services[1]	37,987	3.3%	17,453	2.0%
Sub-total	238,322	20.9%	217,960	25.4%
Total	1,138,228	100.0%	859,303	100.0%

Note:

(1) Ancillary medical services provided by HRC Management include ambulatory surgery centre facility services and PGT (preimplantation genetic testing) services.

Chengdu operations

The revenue contributed by the operations in Chengdu increased by 71.3% from approximately RMB409.6 million for the six months ended June 30, 2021 to approximately RMB701.5 million for the six months ended June 30, 2022, primarily due to (i) the revenue contributed by Jinxin Women and Children Hospital being consolidated to our Group since November 26, 2021; and (ii) an increase in management service fees charged to Jinjiang IVF Center.

The revenue from ARS provided at Chengdu Xinan Hospital decreased by 5.1% from approximately RMB373.6 million for the six months ended June 30, 2021 to approximately RMB354.7 million for the six months ended June 30, 2022, primarily due to a decrease in the average spending per IVF treatment cycle performed at Chengdu Xinan Hospital resulted from the decrease in VIP cycles performed in Chengdu Xinan Hospital. We explored to optimize our VIP packages to cater the diversified needs of our patients by way of restructuring our VIP packages, which led to a decrease in VIP penetration rate in the first half year in 2022.

Revenue from management services provided in Chengdu increased by 83.5% from approximately RMB36.0 million for the six months ended June 30, 2021 to approximately RMB66.0 million for the six months ended June 30, 2022, primarily due to the increase in management service fee charged to JinJiang IVF Center. We appointed a well regarded physician from Chengdu Xinan Hospital to act as the president of JinJiang IVF Center which attributed to the significant increase of IVF treatment cycles performed at JinJiang IVF Center.

Despite our Chengdu operations were affected by the pandemic prevention and control measures imposed in April 2022, the total revenue generated from Chengdu Xinan Hospital including both ARS revenue and management service fees increased by 2.7% from approximately RMB409.6 million for the six months ended June 30, 2021 to approximately RMB420.7 million for the six months ended June 30, 2022.

Shenzhen operations

The revenue contributed by the Group's Shenzhen operations decreased by 19.9% from approximately RMB206.7 million for the six months ended June 30, 2021 to approximately RMB165.6 million for the six months ended June 30, 2022, primarily due to the pandemic prevention and control measures including a four-week lockdown adopted in Shenzhen in an effort to mitigate the spread of the novel coronavirus.

Wuhan operations

The revenue contributed by the Group's Wuhan operations decreased by 73.7% from approximately RMB25.0 million for the six months ended June 30, 2021 to approximately RMB6.6 million for the six months ended June 30, 2022, primarily due to the temporary suspension of ARS business since November 26, 2021.

Hong Kong operations

Revenue contributed by Jinxin Women Group amounted to RMB26.2 million for the six months ended June 30, 2022.

United States operations

The revenue contributed by the Group's United States operations increased by 9.3% from approximately RMB218.0 million for the six months ended June 30, 2021 to approximately RMB238.3 million for the six months ended June 30, 2022, primarily due to the increase in IVF treatment cycles performed at HRC Medical resulted from the recovery of local ARS business from the COVID-19 pandemic.

Ancillary medical services provided by HRC Management include ambulatory surgery center facility services and PGT services. Revenue contributed by such ancillary medical services increased by 117.7% from approximately RMB17.5 million for the six months ended June 30, 2021 to approximately RMB38.0 million for the six months ended June 30, 2022, primarily due to reclassifying of the revenue generated from IVF treatments conducted at RSA centers as part of ambulatory surgery center facility services since April 2022.

Cost of Revenue

Cost of revenue of the Group increased by 35.9% from approximately RMB496.1 million for the six months ended June 30, 2021 to approximately RMB673.9 million for the six months ended June 30, 2022. The increase of the cost of revenue was mainly attributed to the consolidation of the Jinxin Women and Children Hospital operations since November 26, 2021.

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

Gross Profit and Gross Profit Margin

Gross profit of the Group increased by 27.8% from approximately RMB363.2 million for the six months ended June 30, 2021 to approximately RMB464.3 million for the six months ended June 30, 2022. The increase was primarily attributable to the consolidation of the Jinxin Women and Children Hospital operations since November 26, 2021. The Group's gross profit margin decreased from 42.3% for the six months ended June 30, 2021 to 40.8% for the six months ended June 30, 2022. The decrease in the gross profit margin was due to the one-off loss made by Wuhan Jinxin Hospital due to the temporary suspension of ARS business and consolidation of Jinxin Women and Children Hospital which has a slightly lower margin than the Group's existing businesses.

Other Income

Other income of the Group increased by 25.8% from approximately RMB21.8 million for the six months ended June 30, 2021 to approximately RMB27.4 million for the six months ended June 30, 2022, primarily due to the increase in government grant received by Jinxin Women and Children Hospital for its newly granted Class III Grade A qualification.

Other income consists primarily of interest income from time deposits and bank balances and government grants.

Other Gains and Losses

Other gains and losses primarily represent gain on fair value change of financial assets at fair value through profit or loss ("**FVTPL**") and net exchange gain or loss. The Group recorded a net exchange gain of approximately RMB19.7 million for the six month ended June 30, 2022, primarily resulting from fluctuations in the exchange rate of US dollar against RMB and HKD.

Research and Development Expenses

Research and development expenses of the Group decreased by 4.9% from approximately RMB5.0 million for the six months ended June 30, 2021 to approximately RMB4.7 million for the six months ended June 30, 2022.

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 and staff cost of the Group's marketing team. Selling and distribution expenses of the Group increased by 105.5% from approximately RMB26.1 million for the six months ended June 30, 2021 to approximately RMB53.7 million for the six months ended June 30, 2022, primarily due to an increase in marketing expenses and agency fees incurred by HRC Management in connection with the preparations made to cater for recovery of both local and international businesses from the COVID-19 pandemic in 2023.

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 29.7% from approximately RMB144.7 million for the six months ended June 30, 2021 to approximately RMB187.6 million for the six months ended June 30, 2022, primarily due to (i) consolidation of the Jinxin Women and Children Hospital operations since November 26, 2021; and (ii) an increase in staff costs resulted from inflation in the United States; and (iii) an increase in expenses incurred in connection with the relocation of two satellite clinics and establishment of San Diego clinic under HRC Management operations.

Finance Costs

Finance costs of the Group increased from approximately RMB8.8 million for the six months ended June 30, 2021 to approximately RMB33.0 million for the six months ended June 30, 2022, primarily due to the interest incurred for the syndicated bank facility amounting to US$300 million which was drawn down in full in March 2022.

Income Tax Expenses

Income tax expenses of the Group primarily consist of PRC enterprise income tax and US income tax. Income tax expenses of the Group increased by 4.3% from approximately RMB44.2 million for the six months ended June 30, 2021 to approximately RMB46.1 million for the six months ended June 30, 2022, primarily due to the increase in the Group's profit before taxation.

The effective tax rate of the Group decreased from 21.4% for the six months ended June 30, 2021 to 19.7% for the six months ended June 30, 2022, primarily due to the decrease in the taxable income of the Group's United States operations as a percentage of total taxable income of the Group.

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.

The following tables set forth the reconciliation of the Group's non-IFRS financial measures for the six months ended June 30, 2022 and 2021 to the nearest measures prepared in accordance with IFRS:

	Six months ended June 30, 2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Profit for the year	**187,597**	162,631
Add:		
ESOP expenses(1)	**18,056**	52,318
Amortization and depreciation of medical practice license, non-compete agreement and property, plant and equipment arising from acquisitions(2)	**19,901**	13,167
One-off loss made by Wuhan Jinxin Hospital due to the temporary suspension of its ARS business(3)	**32,604**	–
Non-IFRS adjusted net profit	**258,158**	228,116
Non-IFRS EBITDA	**333,471**	246,943
Add:		
ESOP expenses(1)	**18,056**	52,318
One-off loss made by Wuhan Jinxin Hospital due to the temporary suspension of its ARS business(3)	**32,604**	–
Non-IFRS adjusted EBITDA	**384,131**	299,261

Notes:

(1) 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.

(2) Amortization and depreciation of medical practice license, non-compete agreement and property, plant and equipment arising from acquisitions: 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.

(3) One-off loss made by Wuhan Jinxin Hospital due to the temporary suspension of its ARS business: this loss was mainly attributable to the temporary suspension of ARS business at Wuhan Jinxin Hospital and Wuhan Jinxin Hospital is expected to resume its operations in the second half of 2022.

Net Profit and Net Profit Margin

As a result of the foregoing, net profit of the Group increased by 15.4% from approximately RMB162.6 million for the six months ended June 30, 2021 to approximately RMB187.6 million for the six months ended June 30, 2022. Net profit margin of the Group for the six months ended June 30, 2022 was 16.5%, compared to 18.9% for the six months ended June 30, 2021. The lower net profit margin compared to the six months ended June 30, 2021 was primarily due to, as presented in the foregoing, (i) the one-off loss made by Wuhan Jinxin Hospital due to the temporary suspension of its ARS business; (ii) an increase in finance cost; and (iii) an increase in operating expenses in HRC Management.

Profit attribute to owners of the parent increased by 22.2% from approximately RMB155.6 million for the six months ended June 30, 2021 to approximately RMB190.1 million for the six months ended June 30, 2022.

Non-IFRS adjusted net profit[1] of the Group increased by 13.2% from approximately RMB228.1 million for the six months ended June 30, 2021 to approximately RMB258.2 million for the six months ended June 30, 2022. The non-IFRS adjusted net profit margin of the Group for the six months ended June 30, 2022 was 22.7%, compared to 26.5% for the six months ended June 30, 2021. The lower non-IFRS adjusted net profit margin of the Group for the six months ended June 30, 2022 was primarily due to, as presented in the foregoing, (i) an increase in finance cost; and (ii) an increase in operating expenses in HRC Management.

Non-IFRS adjusted net Profit attribute to owners of the parent increased by 17.9% from approximately RMB221.1 million for the six months ended June 30, 2021 to approximately RMB260.7 million for the six months ended June 30, 2022.

Non-IFRS EBITDA

Non-IFRS EBITDA[2] of the Group increased by 35.0% from approximately RMB246.9 million for the six months ended June 30, 2021 to approximately RMB333.5 million for the six months ended June 30, 2022. The non-IFRS EBITDA margin of the Group for the six months ended June 30, 2022 was 29.3%, compared to 28.7% for the six months ended June 30, 2021. The higher EBITDA margin of the Group for the six months ended June 30, 2022 was mainly because the ESOP expenses decreased from RMB52.3 million for the six months ended June 30, 2021 to RMB18.1 million for the six months ended June 30, 2022 which was partially offset by (i) one-off loss made by Wuhan Jinxin Hospital due to the temporary suspension of its ARS business and (ii) an increase in administration expenses in HRC operations as a result of the foregoing.

Notes:

1 Non-IFRS adjusted net profit is calculated as net profit for the Reporting Period, excluding (i) ESOP expenses; and (ii) amortization and depreciation of medical practice license, non-compete agreement and property, plant and equipment arising from acquisitions; (iii) one-off loss made by Wuhan Jinxin Hospital due to the temporary suspension of its ARS business, to better reflect the Company's current business and operations.

2 Non-IFRS EBITDA represents profit before taxation excluding (i) finance costs; (ii) depreciation of property, plant and equipment; and (iii) amortization of medical practice license and non-compete agreement, while less interest income.

Non-IFRS adjusted EBITDA[3] of the Group increased by 28.4% from approximately RMB299.3 million for the six months ended June 30, 2021 to approximately RMB384.1 million for the six months ended June 30, 2022. The non-IFRS adjusted EBITDA margin of the Group for the six months ended June 30, 2022 was 33.7%, compared to 34.8% for the six months ended June 30, 2021. The lower non-IFRS adjusted EBITDA margin of the Group for the six months ended June 30, 2022 was primarily due to an increase in administration expenses in HRC operations as a result of the foregoing.

Basic and Diluted Earnings per Share

The basic and diluted earnings per share of the Group for the six months ended June 30, 2022 amounted to RMB0.08 and RMB0.07 respectively, as compared with RMB0.06 and RMB0.06 as that for the six months ended June 30, 2021 respectively. 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, 2022 amounted to RMB0.10, as compared with RMB0.09 as that for the six months ended June 30, 2021.

Inventories

Inventories of the Group decreased by 22.8% from approximately RMB46.8 million as of December 31, 2021 to approximately RMB36.1 million as of June 30, 2022, primarily due to the improved efficiency of inventory management.

Accounts and Other Receivables

Accounts and other receivables of the Group increased by 16.8% from approximately RMB142.7 million as of December 31, 2021 to approximately RMB166.6 million as of June 30, 2022, which was consistent with our revenue growth.

Accounts and Other Payables

Accounts and other payables of the Group increased by 103.8% from approximately RMB445.5 million as of December 31, 2021 to approximately RMB907.8 million as of June 30, 2022, primarily due to the increase in dividend payable of RMB152.5 million and increase in payable of RMB227.8 million associated with the acquisition of the new property, being the new hospital building of Shenzhen Zhongshan Hospital.

Note:

3 Non-IFRS adjusted EBITDA is calculated as non-IFRS EBITDA for the Reporting Period, excluding (i) ESOP expenses; (ii) one-off loss made by Wuhan Jinxin Hospital due to the temporary suspension of its ARS business, to better reflect the Company's current business and operations.

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. In February 2021, the Group received total net proceeds of approximately HK$1,253.47 million from the Placing (as defined hereinafter). The Group also obtained additional funding from syndicated loan facilities of up to US$300 million in 2021 and a drawdown in full of such bank facility in March 2022. The net proceeds and the loan facilities would be used to fund the capital requirements of the Group. There was no changes in the capital structure of the Group during the Reporting Period. The share capital of the Company only comprises ordinary shares. As of the date of this report, the authorized share capital of the Company was US$50,000 divided into 5,000,000,000 Shares. The capital structure of the Group was 42.2% debt and 57.8% equity as of June 30, 2022, compared with 31.8% debt and 68.2% equity as of December 31, 2021. Therefore, the Directors are of the view that the Group has sufficient resources to meet its future business operations and expansion plans.

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,	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Net cash from operating activities	**273,037**	174,432
Net cash (used in) from investing activities	**(1,665,046)**	8,919
Net cash from financing activities	**873,160**	996,641
Cash and cash equivalents at beginning of the period	**1,689,284**	1,964,516
Effect of foreign exchange rate changes	**8,413**	(6,443)
Cash and cash equivalents at end of the period	**1,178,848**	3,138,065

Capital Commitments

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 of June 30, 2022 RMB'000 (unaudited)	As of December 31, 2021 RMB'000 (audited)
Capital expenditure in respect of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	87,545	5,306

Significant Investments, Material Acquisitions and Disposals

Save as disclosed above, as of June 30, 2022, there were no significant investments held by the Company, nor were any material acquisitions or disposals of subsidiaries, associates and joint ventures.

Future Plan for Material Investment and Capital Asset

Save as disclosed in this report and the Prospectus, the Group did not have any future plan for material investments and capital assets.

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 of June 30, 2022, the Group, as a lessee, had outstanding lease liabilities for the remaining terms of relevant lease agreements in an aggregate amount of RMB432.0 million. The lease liabilities represent payment for right of using underlying assets.

Borrowings

As of June 30, 2022, the Group had bank borrowings of RMB2,135.2 million (December 31, 2021: RMB163.7 million).

Pledge of Assets

As of June 30, 2022, bank deposits of RMB180.0 million were pledged to secure a bank loan of even amount. Save as disclosed, the Group did not pledge any other assets.

Contingent Liabilities and Guarantees

As of June 30, 2022, the Group did not have any material contingent liabilities or guarantees.

Contractual Obligations

As of June 30, 2022, 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 of June 30, 2022, the Group's gearing ratio is 24.5% (December 31, 2021: 1.87%).

EMPLOYEES AND REMUNERATION POLICY

As of June 30, 2022, the Group and the medical facilities in its network had a total of 2,637 employees, of whom 2,421 were located in Greater China, 216 were located in the United States. The staff costs, including Directors' emoluments were approximately RMB336.6 million for the six months ended June 30, 2022, as compared to approximately RMB263.0 million for the six months ended June 30, 2021.

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 and 2022 Restricted Share Award Scheme, which was adopted on February 15, 2019 and February 17, 2022, respectively. 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. Summary of the principal terms of the 2022 Restricted Share Award Scheme are set out in the announcement of the Company dated February 17, 2022. The Group has not granted any award shares since the adoption of the 2022 Restricted Share Award Scheme and up to June 30, 2022.

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, 2022, 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, 2022 (for the six months ended June 30, 2021: nil).

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 for the six months ended June 30, 2022. 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, 2022.

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

The Company repurchased a total of 5,731,000 Shares on the Stock Exchange at an aggregate purchase price of HK$50,140,147 from December 21, 2021 to December 23, 2021. The repurchased Shares were cancelled on March 9, 2022. For more details of the repurchased Shares, please refer to the section headed "Purchase, Sale or Redemption of Listed Securities" of the Company's annual report for the year ended December 31, 2021 published on April 28, 2022.

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

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. Fang Min and Ms. Hu Zhe. 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 has jointly reviewed with the management and the independent auditors of the Company, the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the unaudited consolidated financial statements of the Group for the six months ended June 30, 2022) of the Group. The Audit and Risk Management Committee and the independent auditors 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 of the date of this report, there were no changes in the Directors' and chief executives' information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

RISK MANAGEMENT

Currency Risk

The business of the Group operates in the mainland China and Hong Kong, and the U.S.A with its transactions settled in Renminbi, Hong Kong dollars 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 a 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 time deposit to be limited because the tenor of such instruments are short, ranging from 35 to 90 days.

Liquidity Risk

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

USE OF PROCEEDS FROM LISTING

The total proceeds from the issue of new Shares by the Company in its Listing (after deducting the underwriting fees and related Listing expenses) amounted to approximately HK$2,808.1 million and the unutilized net proceeds were kept at the bank accounts of the Group as of June 30, 2022.

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, 2022:

	Planned applications *(HK$ million)*	Percentage of total net proceed	Actual usage up to June 30, 2022 *(HK$ million)*	Net proceeds brought forward for the Reporting Period *(HK$ million)*	Unutilized net proceeds as of June 30, 2022 *(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)]	25.0%[(1)]	470.8	671.2	231.2	By December 2023
For the potential acquisition of additional assisted reproductive medical facilities in provinces in China we are currently not operating in[(3)]	561.6	20.0%	561.6	–	–	N/A
For investment in research and development to enhance overall performance and maintain the Group's position at the forefront of assisted reproductive technology	280.8	10.0%	71.7	230.1	209.1	By December 2024
For the potential acquisitions of ARS service providers and businesses along the ARS service chain[(4)]	561.6	20.0%	561.6	–	–	N/A
To improve brand awareness and general ARS awareness in both China and the United States	421.2	15.0%	90.5	384.4	330.7	By December 2025
For the Group's working capital and general corporate purposes[(5)]	280.9	10.0%	280.9	103.2	–	N/A
Total	**2,808.1**	**100%**	**2,037.1**	**1,388.9**	**771.0**	

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.

(3) Including the acquisition of equity interests of a hospital in Wuhan with assisted reproductive medical facilities and subsequent capital expenditure in connection with improving the hospital.

(4) Including (i) formation of joint venture with the shareholders of Mengmei Life Pty. Ltd. and Jinxin Hospital Management Group Limited in relation to, among others, the promotion, customers acquisition and channels management related to IVF and (ii) acquisition of obstetrics, gynecology and pediatric business through Jinxin Medical Management (BVI) Group Limited.

(5) Namely (i) consultation fees, including but not limited to fees for legal compliance, audit, investor relations/public relations, human resources, and operations; (ii) rental and office expense; and (iii) remuneration packages of the existing management team.

USE OF PROCEEDS FROM PLACING

On February 2, 2021, the Company entered into a placing agreement with Morgan Stanley & Co. International plc (the "**Placing Agent**"), pursuant to which the Placing Agent agreed to place 80,000,000 Shares (or, failing which, to purchase itself as principal) on a fully underwritten basis to not less than six independent investors (the "**Placing**"). The Placing price was HK$15.85 per Share.

The closing of the Placing took place on February 9, 2021. The net proceeds from the Placing were approximately HK$1,253.47 million, which have been and will be utilized in accordance with the purposes set out in the announcements of the Company dated February 2, 2021 and February 9, 2021, respectively. The table below sets out the planned applications of the net proceeds and actual usage up to June 30, 2022:

	Planned applications *(HK$ million)*	Percentage of total net proceed	Actual usage up to June 30, 2022 *(HK$ million)*	Net proceeds brought forward for the Reporting Period *(HK$ million)*	Unutilized net proceeds as of June 30, 2022 *(HK$ million)*	Expected timeline for utilizing the remaining unutilized net proceeds[1]
To fund potential merger and acquisition opportunities of ARS-licensed providers located in regions in the PRC with relatively high demand for ARS, such as in East China, the Beijing-Tianjin-Hebei region, and other highly potential regions	1,002.78	80.0%	1,002.78	0	–	N/A
To fund potential merger and acquisition opportunities of ARS-licensed providers located outside the PRC, such as in Southeast Asia and other Asia-pacific countries	188.02	15.0%	–	188.02	188.02	By June 2023
For general corporate and working capital purposes	62.67	5.0%	62.67	62.67	–	N/A
Total	**1,253.47**	**100%**	**1,065.45**	**250.69**	**188.02**	

Note:

(1) The expected timeline for utilizing the remaining proceeds was 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, 2022:

- On July 13, 2022, the acquisition of 90.00% equity interest in Kangzhi Hospital Company, 89.7959% equity interest in Guangzhou Yunzhicai and 89.7959% in Guangzhou Hejia has been completed. Details in relation to the acquisition were set out in the announcements of the Company dated April 21, 2022 and July 13, 2022, respectively.

- On August 25, 2022, the acquisition of 5.46% equity interest in Shenzhen Zhongshan Hospital has been completed and we have increased our control to 99.90% equity interest of Shenzhen Zhongshang Hospital. Details in relation to the acquisition were set out in the announcements of the Company dated April 13, 2022 and August 26, 2022, respectively.

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

As of June 30, 2022, the interests and short positions of the Directors and chief executives 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 under such provisions of the SFO), or which were recorded in the register required to be kept by the Company 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) Interest 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
Mr. Zhong Yong	Beneficial owner	2,500,000	0.10%	Long position
Mr. Dong Yang	Beneficial owner	1,864,000	0.07%	Long position
Ms. Lyu Rong	Beneficial owner	3,504,000	0.14%	Long position
Ms. Yan Xiaoqing	Beneficial owner	500,000	0.02%	Long position

Note:

(1) The calculation is based on the total number of 2,501,852,802 Shares in issue as of June 30, 2022.

(ii) Interest in the Company's associated corporations

Name of Director	Capacity/Nature of interest	Name of associated corporation	Approximate percentage of shareholding interest
Ms. Lyu Rong	Beneficial owner	Jinyi Hongkang	51%(1)
Ms. Yan Xiaoqing	Beneficial owner	Jinrun Fude	51%(2)

Notes:

(1) Ms. Lyu Rong, one of the Jinyi Hongkang Registered Shareholders, holds 51% of the equity interest in Jinyi Hongkang. Jinyi Hongkang is a subsidiary of the Company by virtue of the 2021 Contractual Arrangements.

(2) Ms. Yan Xiaoqing, one of the Jinrun Fude Registered Shareholders, holds 51% of the equity interest in Jinrun Fude. Jinrun Fude is a subsidiary of the Company by virtue of the 2019 Contractual Arrangements.

Save as disclosed above, as of June 30, 2022, none of the Directors or 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 under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company 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

As of June 30, 2022, 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 or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

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[(1)]	Beneficial owner	319,471,061	12.77%	Long position
HRC Investment	Beneficial owner	296,923,575	11.87%	Long position
Hillhouse Capital Advisors, Ltd.[(2)]	Investment manager	186,863,349	7.47%	Long position
Gaoling Fund, L.P.[(2)]	Beneficial owner	161,915,349	6.47%	Long position

Notes:

(1) Jinxin Fertility BVI is ultimately controlled by the individual Shareholders, and none of the individual Shareholders are interested in 10% or more of the Company's issued share capital upon Listing and remain as one of our substantial Shareholders upon Listing and as of June 30, 2022.

(2) Hillhouse Capital Advisors, Ltd. is the investment manager of Gaoling Fund, L.P. and is therefore deemed to be interested in the Shares held by Gaoling Fund, L.P.

(3) The calculation is based on the total number of 2,501,852,802 Shares in issue as of June 30, 2022.

Save as disclosed above, as of June 30, 2022, 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 of June 30, 2022, no option under the Share Option Scheme has been granted, exercised, cancelled and lapsed.

RSU SCHEME

(i) 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 of the adoption date.

Pursuant to the RSU Scheme, the Board shall select the eligible participants 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 3,484,210 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 25(b) 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 of January 1, 2022	Granted during the Reporting Period	Exercised during the Reporting Period	Forfeited during the Reporting Period	Outstanding as of June 30, 2022	Vesting period
Selected Participants	February 15, 2019	5,604,514	–	(4,035,834)	–	1,568,680	Ranging from 1 – 5 years
Key management personnel	January 6, 2020	1,337,090	–	(461,192)	(184,999)	690,899	1 – 3 years
Eligible employees and doctors of HRC Medical	January 6, 2020	3,784,457	–	(1,846,713)	–	1,937,744	1 – 3 years
Key management personnel	January 10, 2021	1,986,512	–	(620,593)	–	1,365,919	6 months – 3 years
Key management personnel	June 1, 2021	500,000	–	(125,000)	–	375,000	8 months – 3 years
Key management personnel	January 1, 2022	–	100,000	(33,333)	–	66,667	1 month – 2 years
Eligible employees and doctors of HRC Medical	January 31, 2022	–	1,393,500	(139,350)	–	1,254,150	1 month – 4 years
Partner doctor of HRC Medical	January 31, 2022	–	1,990,710	–	–	1,990,710	1 – 5 years
Total		13,212,573	3,484,210	(7,262,015)	(184,999)	9,249,769	

(ii) 2022 Restricted Share Award Scheme

The Group has adopted the 2022 Restricted Share Award Scheme on February 17, 2022 and its purposes are to (i) provide the selected participants with the opportunity to acquire proprietary interests in the Company; (ii) encourage the selected participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its 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. Summary of the principal terms of the 2022 Restricted Share Award Scheme are set out in the Company's announcement dated February 17, 2022. The Group has not granted any restricted shares under the 2022 Restricted Share Award Scheme since its adoption and up to June 30, 2022.

Report on Review of Condensed Consolidated Financial Statements

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 36 to 83, which comprise the condensed consolidated statement of financial position as of 30 June 2022 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" 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
31 August 2022

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022	2021
		RMB'000	*RMB'000*
		(unaudited)	(unaudited)
Revenue	3	**1,138,228**	859,303
Cost of revenue		**(673,924)**	(496,061)
Gross profit		**464,304**	363,242
Other income	4	**27,432**	21,799
Other gains and losses, net	5	**23,740**	10,778
Research and development expenses		**(4,738)**	(4,980)
Administrative expenses		**(187,596)**	(144,664)
Selling and distribution expenses		**(53,682)**	(26,127)
Share of results of associates		**(1,235)**	(3,545)
Share of result of a joint venture		**(1,571)**	(871)
Finance costs	6	**(32,994)**	(8,845)
Profit before taxation	7	**233,660**	206,787
Income tax expenses	8	**(46,063)**	(44,156)
Profit for the period		**187,597**	162,631
Other comprehensive income (expense):			
Items that will not be reclassified to profit or loss:			
Exchange difference on translation from functional currency to presentation currency		**549,530**	(112,768)
Fair value loss on equity instrument at fair value through other comprehensive income ("**FVTOCI**")		**(968)**	(3,942)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(346,726)**	36,482
Other comprehensive income (expense) for the period		**201,836**	(80,228)
Total comprehensive income for the period		**389,433**	82,403

	Notes	Six months ended 30 June	
		2022	2021
		RMB'000	*RMB'000*
		(unaudited)	(unaudited)
Profit (loss) for the period attributable to:			
– Owners of the Company		**190,149**	155,648
– Non-controlling interests		**(2,552)**	6,983
		187,597	162,631
Total comprehensive income (expense) for the period attributable to:			
– Owners of the Company		**390,581**	75,420
– Non-controlling interests		**(1,148)**	6,983
		389,433	82,403
Earnings per share:	*10*		
– Basic (RMB)		**0.08**	0.06
– Diluted (RMB)		**0.07**	0.06

Condensed Consolidated Statement of Financial Position

As at 30 June 2022

	Notes	As at 30 June 2022 RMB'000 (unaudited)	As at 31 December 2021 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	11	2,519,809	1,092,059
Right-of-use assets	11	575,727	400,928
Goodwill		2,870,461	2,719,747
Licenses		1,245,878	1,238,186
Non-compete agreement		20,089	19,828
Contractual right to provide management services		1,891,944	1,797,310
Trademarks		2,251,403	2,151,480
Investments in preferred shares measured at fair value through profit or loss ("**FVTPL**")	12a	179,164	169,930
Interests in associates accounted for using equity method	12b	–	–
Interest in a joint venture	13	–	210
Equity instrument at FVTOCI		4,558	5,279
Loan receivable	14	18,222	17,074
Financial assets at FVTPL	15	53,239	177,747
Pledged bank deposits		–	180,000
Refundable deposits		65,613	65,610
Prepayments	14	1,065,790	47,417
Deferred tax assets	22	17,888	7,020
Life insurance policy	17	21,301	–
Amounts due from associates	12b	146,828	129,959
Amounts due from other related parties	16	10,989	62,474
		12,958,903	10,282,258
Current assets			
Inventories		36,133	46,807
Accounts and other receivables	14	166,602	142,685
Amounts due from other related parties	16	303,120	420,453
Amounts due from an associate	12b	20,060	–
Tax recoverable		37,825	5,166
Time deposits	18	77,114	846,959
Other financial assets at FVTPL	19	203,072	218,737
Pledged bank deposits		180,000	–
Bank balances and cash		1,101,734	862,325
		2,125,660	2,543,132

As at 30 June 2022

	Notes	As at 30 June 2022 RMB'000 (unaudited)	As at 31 December 2021 RMB'000 (audited)
Current liabilities			
Accounts and other payables	20	907,772	445,518
Amounts due to related parties	16	112,307	415,139
Lease liabilities		62,040	62,180
Tax payables		55,295	107,438
Bank borrowings	21	45,000	37,746
Convertible bonds	23	1,563,935	–
Other financial liabilities		–	3,501
		2,746,349	1,071,522
Net current (liabilities) assets		(620,689)	1,471,610
Total assets less current liabilities		12,338,214	11,753,868
Non-current liabilities			
Lease liabilities		369,920	370,894
Deferred tax liabilities	22	1,054,643	1,011,341
Bank borrowings	21	2,090,239	126,000
Loan payables	20	100,435	–
Convertible bonds	23	–	1,492,932
		3,615,237	3,001,167
Net assets		8,722,977	8,752,701
Capital and reserves			
Share capital	24	165	165
Reserves		8,601,962	8,545,135
Equity attributable to owners of the Company		8,602,127	8,545,300
Non-controlling interests		120,850	207,401
Total equity		8,722,977	8,752,701

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Attributable to owners of the Company											
	Share capital RMB'000	Share premium RMB'000	Shares held for restricted share award scheme RMB'000 (Note 25(b))	Capital reserve RMB'000 (Note i)	Translation reserve RMB'000	Statutory reserve RMB'000 (Note ii)	Equity-settled share-based payment reserve RMB'000	Equity instrument at FVTOCI revaluation reserve RMB'000	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2022 (audited)	165	7,890,915	(2)	(83,175)	(454,365)	13,995	80,388	(3,891)	1,101,270	8,545,300	207,401	8,752,701
Profit for the period	–	–	–	–	–	–	–	–	190,149	190,149	(2,552)	187,597
Other comprehensive income (expense) for the period	–	–	–	–	201,400	–	–	(968)	–	200,432	1,404	201,836
Total comprehensive income (expense) for the period	–	–	–	–	201,400	–	–	(968)	190,149	390,581	(1,148)	389,433
Shares cancelled *(Note 24(i))*	*	*	–	–	–	–	–	–	–	–	–	–
Dividends recognised as distribution *(Note 9)*	–	(150,000)	–	–	–	–	–	–	–	(150,000)	–	(150,000)
Recognition of equity-settled share-based payment *(Note 25)*	–	–	–	–	–	–	18,056	–	–	18,056	–	18,056
Exercise of restricted shares	–	54,236	–	–	–	–	(54,236)	–	–	–	–	–
Capital injection from non-controlling interests of a subsidiary	–	–	–	–	–	–	–	–	–	–	1,470	1,470
Acquisition of non-controlling Interests *(Note i)*	–	–	–	(201,810)	–	–	–	–	–	(201,810)	(86,873)	(288,683)
Transfer to statutory reserve	–	–	–	–	–	6,787	–	–	(6,787)	–	–	–
At 30 June 2022 (unaudited)	165	7,795,151	(2)	(284,985)	(252,965)	20,782	44,208	(4,859)	1,284,632	8,602,127	120,850	8,722,977

* The amount is less than RMB1,000.

For the six months ended 30 June 2022

	Attributable to owners of the Company											
	Share capital *RMB'000*	Share premium *RMB'000*	Shares held for restricted share award scheme *RMB'000* *(Note 25(b))*	Capital reserve *RMB'000* *(Note i)*	Translation reserve *RMB'000*	Statutory reserve *RMB'000* *(Note ii)*	Equity-settled share-based payment reserve *RMB'000*	Equity instrument at FVTOCI revaluation reserve *RMB'000*	Retained profits *RMB'000*	Sub-total *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
At 1 January 2021 (audited)	160	6,799,981	(2)	(83,175)	(301,955)	11,142	92,647	–	764,222	7,283,020	179,466	7,462,486
Profit for the period	–	–	–	–	–	–	–	–	155,648	155,648	6,983	162,631
Other comprehensive expense for the period	–	–	–	–	(76,286)	–	–	(3,942)	–	(80,228)	–	(80,228)
Total comprehensive (expense) income for the period	–	–	–	–	(76,286)	–	–	(3,942)	155,648	75,420	6,983	82,403
Shares cancelled *(Note 24(i))*	*	*	–	–	–	–	–	–	–	–	–	–
Issue of shares *(Note 24(ii))*	5	1,055,605	–	–	–	–	–	–	–	1,055,610	–	1,055,610
Transaction costs attributable to issue of Shares	–	(12,319)	–	–	–	–	–	–	–	(12,319)	–	(12,319)
Recognition of equity-settled share-based payment *(Note 25)*	–	–	–	–	–	–	52,318	–	–	52,318	–	52,318
Exercise of restricted shares	–	87,177	–	–	–	–	(87,177)	–	–	–	–	–
Dividends to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(16,603)	(16,603)
At 30 June 2021 (unaudited)	165	7,930,444	(2)	(83,175)	(378,241)	11,142	57,788	(3,942)	919,870	8,454,049	169,846	8,623,895

* The amount is less than RMB1,000.

For the six months ended 30 June 2022

Notes:

(i) The capital reserve is mainly comprised of:

a. 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**"), a subsidiary of controlling shareholders prior to the Company's listing (the "**Listing**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 25 June 2019 and remained as the Group's substantial shareholder upon the Listing. Chengdu Jinxin Investment is 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**");

b. the deemed gain to the then owners of the Company as a result of the deemed disposal of partial interests in subsidiaries upon contributions from the non-controlling shareholders; and

c. the deemed contribution or distribution to the shareholders of the Company as a result of the Group Reorganisation prior to the Listing.

d. RMB201,810,000 debit reserve arising from the further acquisition of 15% equity interests in Shenzhen Zhongshan Urological Hospital ("**Shenzhen Zhongshan Hospital**") of RMB86,873,000 at cash consideration of RMB288,683,000 on 12 April 2022, by virtue of contractual arrangement by 成都錦潤福德醫療管理有限公司 (Chengdu Jinrun Fude Medical Management Company Limited), a subsidiary of the Group. Upon completion, the Company indirectly holds 70% equity interests in Shenzhen Zhongshan Hospital and controls 24.44% equity interests in Shenzhen Zhongshan Hospital by virtue of contractual arrangements.

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

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Operating activities		
Operating cash flows before movements in working capital	**350,520**	312,282
Increase in accounts and other receivables	**(29,821)**	(11,296)
Decrease (increase) in amounts due from other related parties	**26,221**	(59,621)
Increase (decrease) in accounts and other payables	**4,054**	(5,880)
Other changes in working capital and tax paid	**(77,937)**	(61,053)
Net cash from operating activities	**273,037**	174,432
Investing activities		
Interest received from banks	**5,584**	4,420
Interest received from time deposits	**7,210**	5,163
Interest received from pledged bank deposits	**1,813**	1,958
Proceeds from distribution of financial assets at FVTPL	**108,838**	–
Proceeds from disposal of other financial assets at FVTPL	**142,289**	476,107
Purchase of other financial assets at FVTPL	**(120,814)**	(644,230)
Purchase of a life insurance policy	**(21,681)**	–
Prepayment for purchase of other financial assets at FVTPL	**–**	(1,098)
Proceeds from disposal of property, plant and equipment	**154**	7
Purchase of property, plant and equipment	**(929,564)**	(23,599)
Prepayments for property, plant and equipment	**–**	(2,567)
Acquisition of investment in a joint venture	**–**	(3,500)
Net cash inflow on acquisition of subsidiaries	**33,583**	–
Withdrawal of time deposits	**20,000**	1,796,552
Placement of time deposits	**–**	(1,366,893)
Repayments from related parties	**24,799**	10,700
Advances to related parties	**(16,031)**	(169,521)
Advances to associates	**(34,737)**	–
Deposits paid for an acquisition of equity interests *(Note 14(i))*	**(886,489)**	(74,580)
Net cash (used in) from investing activities	**(1,665,046)**	8,919

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Financing activities		
Interest paid	**(14,423)**	(2,742)
Repayment of bank borrowing	**(209,957)**	(8,127)
New bank borrowing raised	**1,991,239**	–
Repayment of loan payables	**(194,092)**	–
Repayment of leases liabilities	**(37,817)**	(27,147)
Repayment to related parties	**(321,224)**	(2,608)
Proceeds from issue of shares	**–**	1,055,610
Transaction costs attributable to issue of shares	**–**	(12,319)
Interest paid for lease liabilities	**(9,916)**	(6,103)
Advances from related parties	**2,906**	77
Net cash outflow for acquisition of non-controlling interests	**(202,078)**	–
Capital injection from non-controlling interests of a subsidiary	**980**	–
Deposit paid for potential acquisition of non-controlling interests *(Note 14(i))*	**(132,458)**	–
Net cash from financing activities	**873,160**	996,641
Net (decrease) increase in cash and cash equivalents	**(518,849)**	1,179,992
Cash and cash equivalents at beginning of the period	**1,689,284**	1,964,516
Effect of foreign exchange rate changes	**8,413**	(6,443)
Cash and cash equivalents at end of the period, represented by	**1,178,848**	3,138,065
Bank balances and cash	**1,101,734**	2,137,084
Time deposits with original maturity of less than three months	**77,114**	1,000,981
	1,178,848	3,138,065

1. GENERAL AND BASIS OF PREPARATION

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 3 May 2018 and its shares have been listed on the Stock Exchange since 25 June 2019. 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; (iv) ancillary medical services; (v) obstetrics, gynecology and pediatrics medical services; and (vi) sales of medicines, consumables and equipment.

The condensed consolidated financial statements are presented in Renminbi ("**RMB**"), which is different from the Company's functional currency of United States dollars ("**US$**"). The condensed consolidated financial statements are presented in RMB as it best suits the needs of the shareholders and investors.

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 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.

Going concern assessment

In preparing the Group's condensed consolidated financial statements, the directors of the Company have carefully considered the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by RMB620,689,000 and the Group's current liabilities primarily comprise of convertible bonds which are due within one year of RMB1,563,935,000 as at 30 June 2022.

1. GENERAL AND BASIS OF PREPARATION (Continued)

Going concern assessment (Continued)

The directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial sources to continue as a going concern for a period of not less than twelve months from 30 June 2022. The following plans and measures are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

i. On 10 August 2022, the Group negotiated and obtained confirmations from its related parties, KangSeed Technology Limited ("**KangSeed**") and 成都市錦江區婦幼保健院 (Jinjiang District Maternity and Child Health Hospital), that no repayments will be demanded regarding the Group's outstanding dues amounting to RMB47,382,000 and RMB19,603,000 in the coming twelve months from 10 August 2022.

ii. The Group is also actively negotiating with several existing banks and financial institutions on the potential new financing arrangements to replace part of or entire existing convertible bonds. Based on the good long-term business relationship between the Group and its major cooperative banks and financial institutions, the Group is confident that it will complete new financing arrangements when it becomes necessary.

Together with the Group has undrawn facility from the bank facility agreements amounting to RMB585,570,000 as at 30 June 2022, the directors of the Company reviewed the Group's cash flow projections which cover a period of not less than twelve months from 30 June 2022, and have a reasonable expectation that the Group will have sufficient liquidity to meet its financial obligations that will be due in the coming twelve months from 30 June 2022. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments are measured at fair values at the end of each reporting period, as appropriate.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("**IFRS Standards**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2021.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of amendments to IFRS Standards

In the current interim period, the Group has applied the following amendments to IFRS Standards issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018–2020

Except as described below, the application of the amendments to IFRS Standards in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Impacts and changes in accounting policies on application of Amendments to IFRS 3 Reference to the Conceptual Framework

For business combinations in which the acquisition date is on or after 1 January 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting* issued by International Accounting Standards Board in March 2018 (the "**Conceptual Framework**") except for transactions and events within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, in which the Group applies IAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

The Group applies the amendments to business combinations for which the acquisition date is on or after 1 January 2022. The application of the amendments in the current period had no impact on 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, ancillary medical services, obstetrics, gynecology and pediatrics medical service, and sales of medicines, consumables and equipment, net of discounts.

During the six months ended 30 June 2022, the Group's revenue is contributed from its operations in Chengdu, Shenzhen, Wuhan, the United States of America (the "**U.S.A.**") and Hong Kong special administrative region ("**Hong Kong**") (Six months ended 30 June 2021: Chengdu, Shenzhen, Wuhan and the U.S.A.). The Group has new operations in Hong Kong and Chengdu during the second half of 2021 as a result from acquisition of Jinxin Women Wellness Limited and its subsidiaries and acquisition of JINXIN Medical Management (BVI) Group Limited and its subsidiaries (collectively referred to as the "**Jinxin Medical Group**").

3. REVENUE AND SEGMENT INFORMATION (Continued)

As at 30 June 2022, the Group's operation in Lao People's Democratic Republic ("**Laos**") is at start-up stage and not yet generated any income.

The Group's operating and reportable segments under IFRS 8 Operating Segments, are operations located in the Mainland China and Hong Kong ("**Greater China**"), and the U.S.A. during the six months ended 30 June 2022 and 2021. 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 30 June 2022:

	Greater China *RMB'000*	U.S.A. *RMB'000*	Consolidated *RMB'000*
Revenue			
Segment revenue from external customers	899,906	238,322	1,138,228
Segment profit	258,119	5,482	263,601
Unallocated administrative expenses			(31,968)
Share-based compensation benefits			(18,056)
Gain on fair value changes of investments in preferred shares measured at FVTPL			277
Certain loss on fair value change of financial assets at FVTPL			(13,505)
Certain gain on fair value change of other financial assets at FVTPL			1,646
Gain on fair value change of other financial liabilities at FVTPL			3,501
Exchange gain, net			19,742
Certain interest income from banks			730
Interest income from pledged bank deposits			1,813
Certain interest income from time deposits			7,114
Share of result of associates			(1,235)
Profit before taxation			233,660

3. REVENUE AND SEGMENT INFORMATION (Continued)

For the six months ended 30 June 2021:

	Greater China *RMB'000*	U.S.A. *RMB'000*	Consolidated *RMB'000*
Revenue			
Segment revenue from external customers	641,343	217,960	859,303
Segment profit	223,310	41,789	265,099
Unallocated administrative expenses			(26,278)
Share-based compensation benefits			(52,318)
Loss on fair value change of investments in preferred shares measured at FVTPL			(3,279)
Loss on fair value change of other financial liabilities at FVTPL			(2,845)
Exchange gain, net			16,160
Certain interest income from banks			2,927
Interest income from pledged bank deposits			1,958
Certain interest income from time deposits			8,908
Share of result of associates			(3,545)
Profit before taxation			206,787

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 30 June 2022 *RMB'000* **(unaudited)**	As at 31 December 2021 *RMB'000* (audited)
Segment assets		
Greater China	**10,195,682**	7,382,524
U.S.A.	**4,123,852**	3,918,470
Total segment assets	**14,319,534**	11,300,994
Equity instrument at FVTOCI	**4,558**	5,279
Corporate time deposits	**67,114**	826,959
Corporate bank balances and cash	**155,812**	71,415
Pledged bank deposits	**180,000**	180,000
Investments in preferred shares measured at FVTPL	**179,164**	169,930
Financial assets at FVTPL	**53,239**	177,747
Unallocated corporate assets and others	**125,142**	93,066
Total	**15,084,563**	12,825,390
Segment liabilities		
Greater China	**1,680,895**	1,381,690
U.S.A.	**897,484**	809,314
Total segment liabilities	**2,578,379**	2,191,004
Convertible bonds	**1,563,935**	1,492,932
Dividend payable	**152,539**	–
Corporate bank borrowings	**1,991,239**	–
Consideration payable for acquisition of Jinxin Medical Group	**–**	302,518
Unallocated corporate liabilities and others	**75,494**	86,235
Total	**6,361,586**	4,072,689

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 time deposits, corporate bank balances and cash, pledged bank deposits, investments in preferred shares measured at FVTPL, financial assets at FVTPL and other unallocated corporate assets and others; and

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

- All liabilities are allocated to operating segments, other than convertible bonds, dividend payable, corporate bank borrowings, consideration payable for acquisition of Jinxin Medical Group and unallocated corporate liabilities and others.

Revenue from major services

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Types of services		
Assisted reproductive services — Greater China		
A point in time recognition	**314,403**	352,106
Over time recognition	**204,232**	227,158
	518,635	579,264
Management services — Over time recognition		
— U.S.A.	**200,335**	200,507
— Greater China	**87,509**	35,993
	287,844	236,500
Ambulatory surgery centre facilities services — U.S.A.		
A point in time recognition	**34,555**	14,253
Ancillary medical services — A point in time recognition		
— U.S.A.	**3,432**	3,200
— Greater China	**27,811**	16,357
	31,243	19,557
Ancillary medical services — Greater China		
Over time recognition	**7,226**	9,729
	38,469	29,286
Obstetrics, gynecology and pediatrics medical services		
— Greater China		
A point in time recognition	**124,885**	–
Over time recognition	**76,670**	–
	201,555	–
Sales of medicines, consumables and equipment — Greater China	**57,170**	–
Total	**1,138,228**	859,303

3. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

On 30 June 2022, the non-current assets located in the Greater China, the U.S.A., and Laos amounted to RMB8,564,753,000, RMB4,024,039,000, and RMB52,774,000, respectively (31 December 2021: RMB5,797,857,000, RMB3,785,893,000, and RMB53,345,000, respectively). Non-current assets as at 30 June 2022 and 31 December 2021 excluded equity instrument at FVTOCI, loan receivable, financial assets at FVTPL, pledged bank deposits, refundable deposits, deferred tax assets, amounts due from associates and amounts due from other related parties.

Information about major customers

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

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Huntington Reproductive Center Medical Group ("**HRC Medical**")	**190,496**	205,194

4. OTHER INCOME

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest income from pledged bank deposits	**1,813**	1,958
Interest income from time deposits	**7,290**	9,013
Interest income from bank balances	**5,584**	4,420
Government grants *(Note i)*	**4,996**	1,874
Others	**7,749**	4,534
	27,432	21,799

Note:

(i) The government grants mainly represent amounts received by 四川錦欣婦女兒童醫院有限公司 (Sichuan Jinxin Women and Children Hospital Co., Ltd., "**Jinxin Women and Children Hospital**"), a subsidiary of the Group, for its newly granted Class Three Grade A qualification as private hospitals and the grants on cost incurred for research and development projects of Shenzhen Zhongshan Hospital with no unfulfilled conditions. (2021: the grants on cost incurred for research and development projects of Shenzhen Zhongshan Hospital with no unfulfilled conditions)

5. OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Loss on fair value change of financial assets at FVTPL	**(5,526)**	–
Gain on fair value change of other financial assets at FVTPL	**4,824**	1,607
Exchange gain, net	**19,742**	16,160
Gain on early termination of leases	**283**	–
Gain (loss) on fair value changes of investments in preferred shares measured at FVTPL	**277**	(3,279)
Gain (loss) on fair value change of other financial liabilities at FVTPL	**3,501**	(2,845)
Net loss on a life insurance policy	**(380)**	–
Gain (loss) on disposal of property, plant and equipment	**101**	(19)
Others	**918**	(846)
Total	**23,740**	10,778

6. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest on bank borrowings	**20,805**	2,742
Interest on convertible bonds	**2,273**	–
Interest on lease liabilities	**9,916**	6,103
	32,994	8,845

7. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2022	2021
	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 and sold, included in cost of revenue)	**306,741**	202,143
Share-based compensation benefits	**18,056**	52,318
Amortisation of licenses (included in administrative expenses)	**17,364**	11,330
Amortisation of non-compete agreement (included in administrative expenses)	**671**	–
Depreciation of property, plant and equipment	**63,469**	35,372
Depreciation of right-of-use assets	**36,978**	20,229

8. INCOME TAX EXPENSES

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax:		
PRC Enterprise Income Tax ("**EIT**")	**47,612**	39,951
Hong Kong Profits Tax	**1,744**	–
California State Income Tax	**230**	21
	49,586	39,972
Deferred tax:		
Current period *(Note 22)*	**(3,523)**	4,184
	46,063	44,156

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.

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for the six months ended 30 June 2022 (2021: N/A).

8. INCOME TAX EXPENSES (Continued)

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 (2021: 21%) and an average of 8.84% for California State Income Tax rate for the six months ended 30 June 2022 (2021: 8.84%) for their operations in the U.S.A. There was no assessable profit that was subject to U.S.A. Federal Income Tax during the six months ended 30 June 2022 and 2021.

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

9. DIVIDENDS

A final cash dividend in respect of the year ended 31 December 2021 of HK7.38 cents (equivalent to RMB6 cents) per ordinary share, in an aggregate amount of RMB150,000,000 (2021: Nil), has been proposed by the directors of the Company and approved by the shareholders in the annual general meeting held on 28 June 2022.

During the six months ended 30 June 2021, no dividend were paid, declared or proposed to owners of the Company.

The directors of the Company do not recommend the payment of any interim dividend for the six months ended 30 June 2022 (Six months ended 30 June 2021: Nil).

10. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	**190,149**	155,648
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds	**2,273**	–
Exchange gain on convertible bonds	**(12,139)**	–
Earnings for the purpose of diluted earnings per share (profit for the period attributable to owners of the Company)	**180,283**	155,648

10. EARNINGS PER SHARE (Continued)

	Six months ended 30 June	
	2022 **(unaudited)**	2021 (unaudited)
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	**2,487,932,947**	2,467,266,749
Effect of dilutive potential ordinary shares:		
Restricted Shares Units issued by the Company	**6,805,070**	13,535,065
Convertible bonds issued by the Company	**120,980,400**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,615,718,417**	2,480,801,814

For the six months ended 30 June 2022, the weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share has been adjusted for the effect of assumption of the conversion of all potential dilutive ordinary shares arising from restricted shares and the conversion of the Company's outstanding convertible bonds (2021: the weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share has been adjusted for the effect of assumption of the conversion of all potential dilutive ordinary shares arising from restricted shares).

For the six months ended 30 June 2022, the weighted average number of ordinary shares for the purpose of calculation of basic earnings per share has been adjusted for the effect of ordinary shares held by the nominee under the RSU Scheme by the RSU Scheme's Nominee as described in Note 25(b) (2021: the weighted average number of ordinary shares for the purpose of calculation of basic earnings per share has been adjusted for the effect of ordinary shares held by the nominee under the RSU Scheme by the RSU Scheme's Nominee as described in Note 25(b) and the effect of ordinary shares issued and purchased by the Company as described in Note 24).

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

During the current interim period, the Group disposed of certain plant and machinery with an aggregate carrying amount of RMB53,000 (30 June 2021: RMB26,000) for proceeds of RMB154,000 (30 June 2021: RMB7,000), resulting in a gain on disposal of RMB101,000 (30 June 2021: loss on disposal of RMB19,000).

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

On 4 February 2022, 海南三亞錦舒企業管理有限公司 (Hainan Sanya Jinshu Enterprise Management Co., Ltd), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with certain independent third-party individuals to purchase their equity interests in 深圳市恒裕聯翔投資發展有限公司 (Shenzhen Hengyu Lianxiang Investment Development Co., Ltd, "**Shenzhen Hengyu**") at cash consideration of approximately RMB37,234,000. Shenzhen Hengyu owns an industrial research and development building located in Shenzhen which is now under construction and amounting to RMB1,559,590,000 (including property, plant and equipment amounting to RMB1,386,871,000 and right-of-use assets amounting to RMB172,719,000) at the date of acquisition. The total investment amounts of the industrial research and development building is estimated to be approximately RMB1,727,063,000 upon completion. The acquisition has been accounted for as assets acquisition and completed on 25 May 2022. The industrial research and development building will be used for the provision of medical services by Shenzhen Zhongshan Hospital. For more details of the transaction, please refer to the Company's announcements dated 4 February 2022 and 15 February 2022.

During the current interim period, the Group paid approximately RMB929,564,000 (30 June 2021: RMB23,599,000) for acquisition of property, plant and equipment to expand and upgrade certain fixed assets and hospital premises primarily in the PRC, Laos and the U.S.A. The cash payments of property, plant and equipment include above consideration of property, plant and equipment.

During the current interim period, the Group entered into four new lease agreements of buildings for the use of various buildings for 60 months, 83 months, 87 months, 126 months respectively (Six months ended 30 June 2021: two new lease agreements of buildings for 120 months and 144 months) and acquired one lease of land use right (Six months ended 30 June 2021: Nil). The lease term of the land use right is from 1 December 2018 to 30 November 2068. On lease commencement, the Group recognised approximately RMB209,422,000 (Six months ended 30 June 2021: RMB30,644,000) of right-of-use assets and approximately RMB36,703,000 (Six months ended 30 June 2021: RMB30,644,000) lease liabilities.

12a. INVESTMENTS IN PREFERRED SHARES MEASURED AT FVTPL

	RMB'000
At 1 January 2021 (audited)	171,057
Losses on fair value change	(3,279)
Exchange realignment	(2,856)
At 30 June 2021 (unaudited)	164,922
Gains on fair value change	7,258
Exchange realignment	(2,250)
At 31 December 2021 (audited)	169,930
Gains on fair value change	277
Exchange realignment	8,957
At 30 June 2022 (unaudited)	**179,164**

12b. INTERESTS IN ASSOCIATES ACCOUNTED FOR USING EQUITY METHOD/AMOUNTS DUE FROM ASSOCIATES

	As at 30 June 2022 *RMB'000* (unaudited)	As at 31 December 2021 *RMB'000* (audited)
Cost of interests in associates accounted for using equity method	2,691	2,691
Less: Share of post-acquisition loss	(2,691)	(2,691)
	–	–
Amounts due from associates as non-current assets *(Note)*	154,886	136,782
Less: Share of post-acquisition loss that are excess of the cost of investment	(8,058)	(6,823)
	146,828	129,959
Add: Amounts due from an associate as current assets	20,060	–
Total amounts due from associates	166,888	129,959

Note: The amounts represent amounts due from Jinxin International Medical Services Company Limited and Chengdu Jinxin Aijian International Hospital Management Co., Ltd, which are the associates of the Company. The amount is unsecured, repayable on demand and interest free. In the opinion of the management, the Group will not demand for repayment within the next twelve months from the end of the reporting period and the amounts are therefore shown as non-current.

13. INTEREST IN A JOINT VENTURE

Details of the Group's interest in a joint venture are as follows:

	As at 30 June 2022 *RMB'000* (unaudited)	As at 31 December 2021 *RMB'000* (audited)
Cost of interests in a joint venture	3,500	3,500
Less: Share of post-acquisition loss	(3,500)	(3,290)
	–	210
Amounts due from a joint venture *(Note)*	3,546	5,102
Less: Share of post-acquisition loss that are excess of the cost of investment	(1,361)	–
Amounts due from a joint venture *(Note)*	2,185	5,102

13. INTEREST IN A JOINT VENTURE (Continued)

Note: The Group's wholly-owned subsidiary, Sichuan Jinxin Fertility, established Chengdu Jinxin Shanghui Enterprise Management Co., Ltd ("**Jinxin Shanghui**") with Chengdu Jinxin Investment with equity interests of 50% and 50% respectively, in 2021.

The amounts due from a joint venture are classified as amounts due from other related parties in the condensed consolidated statement of financial position of the Group. The amount is unsecured, repayable on demand and interest free. In the opinion of the management, the Group will not demand for repayment within the next twelve months from the end of the reporting period and the amounts are therefore shown as non-current.

14. ACCOUNTS AND OTHER RECEIVABLES

	As at 30 June 2022 RMB'000 (unaudited)	As at 31 December 2021 RMB'000 (audited)
Accounts receivables	75,153	64,330
Other receivables and prepayments:		
Prepayments on acquisitions of equity interests *(Note i)*	1,039,081	19,127
Prepayments to suppliers	78,517	79,408
Interest receivables	3,536	2,644
Loan receivables	24,636	23,153
Others	29,691	18,514
	1,250,614	207,176
Less: Loan receivable classified as non-current assets *(Note ii)*	18,222	17,074
Prepayments classified as non-current assets	1,065,790	47,417
Total accounts and other receivables as current assets	166,602	142,685

Notes:

(i) On 21 April 2022, the Group entered into a sale and purchase agreement with 天津濱海遠欣股權投資中心(有限合夥) (Tianjin Binhai Yuanxin Equity Investment Center (Limited Partnership), "**Binhai Yuanxin**") in relation to the acquisitions of 90% equity interests in 廣東康芝醫院管理有限公司 (Guangdong Kangzhi Hospital Management Co., Ltd "**Kangzhi Hospital**"), 89.7959% equity interests in 廣州雲芝彩科技有限公司 (Guangzhou Yunzhicai Technology Co., Ltd "**Guangzhou Yunzhicai**") and 89.7959% equity interests in 廣州和家管理諮詢有限公司 (Guangzhou Hejia Management Consulting Co., Ltd "**Guangzhou Hejia**"). The amount of RMB886,489,000 is paid by the Group to the vendors as at 30 June 2022 and the transaction was completed on 13 July 2022. Binhai Yuanxin has disposed the remaining 10.2041% equity interests in Guangzhou Yunzhicai and Guangzhou Hejia to certain independent third parties pursuant to a separate equity transfer agreement entered into between them subsequent to 30 June 2022. For details of the transaction, please refer to the Company's announcements dated 21 April 2022, 2 June 2022 and 13 July 2022.

In addition, the Group entered into an equity transfer agreement to acquire 5.46% equity interests in Shenzhen Zhongshan Hospital from its non-controlling shareholder. As at 30 June 2022, RMB132,458,000 is paid to the Group's non-controlling shareholder. The transaction was completed on 25 August 2022. For details of the transaction, please refer to the Company's announcements dated 13 April 2022 and 26 August 2022.

(ii) The amount is unsecured, interest-free and repayable on 13 August 2023. The amount is therefore classified as non-current assets in the condensed consolidated statement of financial position.

14. ACCOUNTS AND OTHER RECEIVABLES (Continued)

The individual customers of Chengdu Xinan Gynecological Hospital Co., Ltd ("**Chengdu Xinan Hospital**"), Shenzhen Zhongshan Hospital, Wuhan Jinxin Integrated Gynecology and Obstetrics Hospital Co,. Ltd ("**Wuhan Jinxin Hospital**"), Hong Kong Assisted Reproduction Centre Ltd ("**HK ARC**"), Hong Kong Reproductive Health Centre Ltd ("**HK RHC**") and Jinxin Women and Children 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 in the U.S.A. would usually settle by cash or payments through insurance schemes. Payments by insurance schemes will normally be settled by commercial insurance companies from 60 to 365 days from the transaction date.

The corporate customers of Chengdu Xinan Hospital usually settle by cash and the payment terms are normally from 60 to 180 days from the transaction date.

The accounts receivables are assessed individually for impairment allowance based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors general economic conditions and an assessment of both the current as well as the forward looking information at the reporting date.

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 30 June 2022 for assessment of expected credit loss ("**ECL**") are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021.

The credit risk of credit card receivable is limited because majority of the counterparties are mainly state-owned or public listed commercial banks which are high-credit quality financial institutions located in the PRC.

The directors of the Company 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, insurance companies with good credit rating and continuous repayment or the corporate customers which have long-term stable relationships with the Company. The directors of the Company considered that the ECL for accounts receivables is insignificant as at 30 June 2022 and 31 December 2021.

In determining the recoverability of trade receivables, the directors of the Company consider 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.

14. ACCOUNTS AND OTHER RECEIVABLES (Continued)

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

	As at 30 June 2022 RMB'000 (unaudited)	As at 31 December 2021 RMB'000 (audited)
Within 90 days	22,419	47,873
91 to 180 days	27,445	12,360
Over 180 days	25,289	4,097
	75,153	64,330

15. FINANCIAL ASSETS AT FVTPL

	As at 30 June 2022 RMB'000 (unaudited)	As at 31 December 2021 RMB'000 (audited)
Financial assets at FVTPL *(Note)*	53,239	177,747

Note:

During the year ended 31 December 2021, Sichuan Jinxin Fertility acquired 10% equity interests in Kangzhi Hospital, which holds 51% equity interests in each of 雲南錦欣九洲醫院有限公司 (Yunnan Jinxin Jiuzhou Hospital Co., Ltd. "**Jiuzhou Hospital**") and 昆明錦欣和萬家婦產醫院有限公司 (Kunming Jinxin Hewanjia Obstetrics and Gynecology Hospital Co., Ltd. "**Hewanjia Hospital**"), at a consideration of RMB37,740,000. In addition, the Company through its wholly-owned subsidiary, Jinxin Fertility Group (BVI) Company Limited, subscribed 15% limited partnership interests in Binhai Yuanxin at a total consideration of approximately US$17,250,000 (equivalent to approximately RMB111,504,000). Binhai Yuanxin indirectly holds 89.9663% equity interests in Kangzhi Hospital and 99.9625% equity interests in each of Guangzhou Yunzhicai and Guangzhou Hejia. Guangzhou Yunzhicai holds 49% equity interests in Jiuzhou Hospital, and Guangzhou Hejia holds 49% equity interests in Hewanjia Hospital. Accordingly, the Company is entitled to approximately 19.33% economic interests in Jiuzhou Hospital and Hewanjia Hospital.

On 9 June 2022, the Company through its wholly-owned subsidiary, Jinxin Fertility Group (BVI) Company Limited, received distribution amounted to US$16,290,000 (equivalent to approximately RMB108,838,000) from its 15% limited partnership interest in Binhai Yuanxin.

16. AMOUNTS DUE FROM OTHER RELATED PARTIES/AMOUNTS DUE TO RELATED PARTIES

Amounts due from other related parties

	As at 30 June 2022 *RMB'000* (unaudited)	As at 31 December 2021 *RMB'000* (audited)
Trade in nature		
HRC Medical *(Note i)*	99,578	106,644
成都市錦江區婦幼保健院 (Jinjiang District Maternity and Child Health Hospital) *(Note ii & viii)**	80,807	93,738
成都錦欣潤怡醫療管理有限公司 (Chengdu Jinxin Runyi Medical Management Co., Ltd) *(Note ii & iii)**	33,285	41,677
成都和雋科技有限公司 (Chengdu Hejun Technology Company Limited) *(Note ii & viii)**	5,118	–
內江錦欣婦產醫院有限公司 (Neijiang Jinxin Maternity Hospital) *(Note ii & viii)**	3,823	4,767
成都市錦江區東大社區衛生服務中心 (Chengdu Jinjiang District Dongda Community Health Service Center) *(Note ii & viii)**	2,072	1,983
成都錦欣婦產科醫院有限公司 (Chengdu Jinxin Obstetrics and Gynaecology Hospital) *(Note ii & viii)**	1,778	647
瀘州錦欣婦產醫院有限公司 (Luzhou Jinxin Women and Children Hospital) *(Note ii & viii)**	995	210
成都市錦江區龍舟路社區衛生服務中心 (Chengdu Jinjiang District Longzhou Road Community Health Service Center) *(Note ii & viii)**	946	940
成都市錦江區蓮新社區衛生服務中心 (Chengdu Jinjiang District Lianxin Community Health Service Center) *(Note ii & viii)**	834	788
成都市錦江區成龍路錦城逸景社區衛生服務中心 (Chengdu Jinjiang District Chenglong Road Jincheng Yijing Community Health Service Center) *(Note ii & viii)**	641	568
成都高新錦欣艾嘉綜合門診部有限公司 (Chengdu Gaoxin Jinxin Aijia General Outpatient Department) *(Note ii & viii)**	538	78
成都錦欣橘米健康管理有限公司 (Chengdu Jinxin Jumi Health Management Co., Ltd) *(Note ii & viii)**	174	123

16. AMOUNTS DUE FROM OTHER RELATED PARTIES/AMOUNTS DUE TO RELATED PARTIES (Continued)

Amounts due from other related parties (Continued)

	As at 30 June 2022 *RMB'000* (unaudited)	As at 31 December 2021 *RMB'000* (audited)
Trade in nature (continued)		
成都錦欣沙河堡醫院有限責任公司 (Chengdu Jinxin Shahebao Hospital) *(Note ii & viii)**	154	135
成都喜馬拉雅藏醫醫院有限公司 (Chengdu Himalayan Tibetan medical hospital Co., Ltd) *(Note ii & viii)**	129	26
成都錦欣精神病醫院有限公司 (Chengdu Jinxin Psychiatric Hospital Company Limited "**Jinxin Psychiatric**") *(Note ii & viii)**	112	14
成都龍泉驛區錦欣慢性病醫院有限公司 (Chengdu Longquanyi Jinxin Chronic Disease Hospital) *(Note ii & viii)**	68	38
成都高新櫻桃優孕診所有限公司 Chengdu Gaoxin Cherry Youyun Clinic Co., Ltd. *(Note iv & viii)**	43	–
成都錦欣生殖醫學與遺傳研究所 (Chengdu Jinxin Institute of Reproductive Medicine and Genetics) *(Note ii & viii)**	33	1
成都錦欣老年病醫院有限公司 (Chengdu Jinxin Geriatric Hospital) *(Note ii & viii)**	20	8
成都高新後美醫療美容醫院有限公司 (Chengdu High Tech Houmei Medical Cosmetic Hospital) *(Note ii & viii)**	4	10
成都青羊橘米診所有限公司 (Chengdu Qingyang Jumi Clinic) *(Note ii & viii)**	2	2
成都錦欣中醫醫院有限公司 (Chengdu Jinxin Traditional Chinese Medicine Hospital) *(Note ii & viii)**	2	–
	231,156	252,397

16. AMOUNTS DUE FROM OTHER RELATED PARTIES/AMOUNTS DUE TO RELATED PARTIES (Continued)

Amounts due from other related parties (Continued)

	As at 30 June 2022 RMB'000 (unaudited)	As at 31 December 2021 RMB'000 (audited)
Non-trade in nature		
Loan receivables:		
成都錦霖企業管理有限公司 (Chengdu Jinlin Enterprise Management Co., Ltd) *(Note ii & v)**	28,417	29,587
Chengdu Jinxin Investment	–	91,398
成都錦薈科技有限公司 (Chengdu Jinhui Technology Co., Ltd) *(Note vi)**	–	52,136
Other receivables:		
成都錦欣生殖醫學與遺傳研究所 (Chengdu Jinxin Institute of Reproductive Medicine and Genetics) *(Note ii & ix)**	27,962	24,624
成都市錦江區婦幼保健院 (Jinjiang District Maternity and Child Health Hospital) *(Note ii & ix)**	12,412	–
KangSeed *(Note vii)*	10,989	10,338
成都錦欣信息科技有限公司 (Chengdu Jinxin Information Technology Co., Ltd) *(Note iv & ix)**	2,185	2,102
成都錦欣博悦生物科技有限公司 (Chengdu Jinxin Boyue Biotechnology Co., Ltd.) *(Note ii & ix)**	368	5,900
Jinxin Medical Investment Group Limited *(Note ii & ix)*	352	308
Jinxin Hospital Management (Cayman) Company Limited *(Note ii & ix)*	239	228
成都高新西囡婦科醫院有限公司 (Chengdu High Tech Xinan Gynecological Hospital) *(Note ii & ix)* *	29	29
成都錦欣潤怡醫療管理有限公司 (Chengdu Jinxin Runyi Medical Management Co., Ltd) *(Note ii & ix)**	–	9,596
北京錦醫科技有限公司 (Beijing Jinyi Technology Co., Ltd) *(Note iv & ix)**	–	3,000
Jinxin Medical Innovation Research Center *(Note vi)*	–	1,058
成都錦欣卓越口腔醫院管理有限公司 (Chengdu Jinxin Excellent Stomatological Hospital Management Co., Ltd) *(Note ii & ix)**	–	150
瀘州錦欣婦產醫院有限公司 (Luzhou Jinxin Women and Children Hospital) *(Note ii & ix)**	–	76
Total	82,953	230,530
	314,109	482,927

16. AMOUNTS DUE FROM OTHER RELATED PARTIES/AMOUNTS DUE TO RELATED PARTIES (Continued)

Amounts due from other related parties (Continued)

The following is a liquidity analysis of amounts due from other related parties based on managements' estimation on the repayment schedule.

	As at 30 June 2022 *RMB'000* (unaudited)	As at 31 December 2021 *RMB'000* (audited)
Analysed as:		
Current	303,120	420,453
Non-current**	10,989	62,474
Total	314,109	482,927

Notes:

* The English names of these entities registered in the PRC represent the best efforts made by the directors to directly translate their Chinese names as they did not register any official English names.

** The amounts due from KangSeed is classified as non-current. The amount is non-trade in nature.

(i) The related party is jointly controlled by certain shareholders of HRC Investment Holding, LLC ("**HRC Investment**"). The amount represents receivables from HRC Medical in relation to management services provided in accordance with the management services agreement. The amount is unsecured and interest-free. The trade balance at 30 June 2022 based on invoice date is aged within 90 days (31 December 2021: 30 days) and not past due nor impaired.

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

(iii) The amount represents receivable from Chengdu Jinxin Runyi Medical Management Co., Ltd in relation to management services provided in accordance with the IVF specialty collaboration agreements. The Group allows a credit period of within 365 days to Chengdu Jinxin Runyi Medical Management Co., Ltd.

(iv) The entity is a subsidiary of the Company's joint venture.

(v) The amount of RMB28,417,000 (2021:RMB29,587,000) due from Chengdu Jinlin Enterprise Management Co., Ltd. is unsecured, interest-free, and repayable on demand after six months from the date of loan agreement.

(vi) As a subsidiary of Chengdu Jinxin Investment, the entity was acquired by the Group in January 2022 and ceased to be the related party to the Group.

(vii) The related party is an associate of the Company. The amount is unsecured, interest-free and repayable on demand.

(viii) The balances were all aged within 365 days (2021: 180 days) at the end of the reporting period.

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

16. AMOUNTS DUE FROM OTHER RELATED PARTIES/AMOUNTS DUE TO RELATED PARTIES (Continued)

Amounts due from other related parties (Continued)

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

	As at 30 June 2022 *RMB'000* (unaudited)	As at 31 December 2021 *RMB'000* (audited)
Within 90 days	175,582	200,193
91 to 180 days	9,161	51,214
Over 180 days	46,413	990
	231,156	252,397

Amounts due to related parties

	As at 30 June 2022 *RMB'000* (unaudited)	As at 31 December 2021 *RMB'000* (audited)
Trade in nature		
成都錦燊企業管理有限公司 (Chengdu Jinshen Enterprise Management Co., Ltd) *(Note i)**	11,310	640
四川省邁可多醫療用品有限公司 (Sichuan Mocodo Medical Products Co., Ltd) *(Note i)**	6,424	780
四川程欣物業管理有限公司 (Sichuan Chengxin Property Management Company Limited) *(Note i)**	3,023	2,671
成都和雋科技有限公司 (Chengdu Hejun Technology Company Limited) *(Note i)**	1,120	4,411
成都同沁餐飲管理有限公司 (Chengdu Tongqin Catering Management Co., Ltd) *(Note i)**	247	247
成都市錦江區婦幼保健院 (Jinjiang District Maternity and Child Health Hospital) *(Note i)**	120	334
成都高新錦欣艾嘉綜合門診部有限公司 (Chengdu Gaoxin Jinxin Aijia General Outpatient Department) *(Note i)**	99	25
成都錦欣精神病醫院有限公司 (Jinxin Psychiatric) *(Note i)**	–	117
	22,343	9,225

16. AMOUNTS DUE FROM OTHER RELATED PARTIES/AMOUNTS DUE TO RELATED PARTIES (Continued)

Amounts due to related parties (Continued)

	As at 30 June 2022 RMB'000 (unaudited)	As at 31 December 2021 RMB'000 (audited)
Non-trade in nature		
KangSeed *(Note ii)*	47,382	45,012
成都市錦江區婦幼保健院 (Jinjiang District Maternity and Child Health Hospital) *(Note i & vi)* *	19,603	24,059
Dr. Chan Chi Wai *(Note iii)*	9,307	17,910
Chengdu Jinxin Investment *(Note iv)*	7,890	8,616
四川省邁可多醫療用品有限公司 (Sichuan Mocodo Medical Products Co., Ltd) *(Note i & vi)**	3,510	3,000
成都和雋科技有限公司 (Chengdu Hejun Technology Company Limited) *(Note i & vi)**	2,272	–
Jinxin Hospital Management (Cayman) Company Limited *(Note v)*	–	302,518
成都市第一精神衛生防治院 (Chengdu First Institute of Mental Health Prevention and Control) *(Note i & vi)**	–	1,800
Prof. Tham Chee Yung *(Note iii)*	–	1,236
成都錦欣橘米健康管理有限公司 (Chengdu Jinxin Jumi Health Management Co., Ltd) *(Note i & vi)**	–	703
Ms. Chan Ying Chi *(Note iii)*	–	570
Dr. Yu Congyi *(Note iii)*	–	475
成都同沁餐飲管理有限公司 (Chengdu Tongqin Catering Management Co., Ltd) *(Note i & vi)**	–	15
	89,964	405,914
	112,307	415,139

16. AMOUNTS DUE FROM OTHER RELATED PARTIES/AMOUNTS DUE TO RELATED PARTIES (Continued)

Amounts due to related parties (Continued)

Notes:

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

(ii) The related party is an associate of the Company. The amount represents the consideration payable upon acquisition of the associate.

(iii) The related parties are shareholders of a subsidiary. The amounts are unsecured, interest-free and repayable on demand.

(iv) The amounts as at 30 June 2022 and 31 December 2021 are unsecured, interest-free and repayable on demand.

(v) The related party and Chengdu Jinxin Investment have the same beneficial shareholders with the Company.

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

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 30 June 2022 ***RMB'000*** **(unaudited)**	As at 31 December 2021 *RMB'000* (audited)
Within 90 days	**20,549**	8,585
91 to 180 days	**371**	640
Over 180 days	**1,423**	–
	22,343	9,225

17. LIFE INSURANCE POLICY

During the six months ended 30 June 2022, the Company entered into a life insurance policy with an insurance company, HSBC Life (International) Limited, to insure Dr. Chan Chi Wai, the doctor and director of HK ARC and HK RHC. Under the policy, the Company is the beneficiary and policy holder and the total insured sum is US$10,000,000 (equivalent to approximately RMB67,114,000). The Company is required to pay an upfront deposit of US$3,367,000 (equivalent to approximately RMB22,598,000). The Company can terminate the policy at any time and receive cash back based on the account value ("**Account Value**") of the policy at the date of withdrawal, which is determined by the upfront payment plus accumulated interest earned and minus the accumulated insurance charge and policy expense charge. In addition, if the withdrawal is made between the first to eighteenth policy years, there is a specified amount of surrender charge deducted from the Account Value. The insurance company will pay the Company a guaranteed interest of 4.25% for the first year and a variable return per annum afterwards (with minimum guaranteed interest rate of 2% per annum) during the effective period of the policy. The Company does not have intention to terminate the insurance in the foreseeable future.

The life insurance policy is measured at the value quoted by the insurance company at end of each reporting period. The net loss on the life insurance policy are recognised in profit or loss.

18. TIME DEPOSITS

During the six months ended 30 June 2022 and the year ended 31 December 2021 the Group entered into several time deposits with banks in the PRC and Hong Kong. These time deposits carry fixed interest rate of 1.8% to 2.1% per annum (31 December 2021: 0.03% to 2.8% per annum) with maturity date on or before 23 August 2022 or 90 days as specified in the agreement (31 December 2021: 14 July 2022 or 90 days as specified in the agreement)

19. OTHER FINANCIAL ASSETS AT FVTPL

The balances represent wealth management products amounted RMB200,441,000, and a foreign currency forward contract amounted to RMB2,631,000.

The wealth management is issued by financial institutions subscribed by the Group with no guaranteed principal and return, while the total expected return is up to 3.85% per annum for the six months ended 30 June 2022 (31 December 2021: up to 3.85% per annum) depending on the performance of the underlying financial investments. The wealth management products are with a maturity period 90 to 98 days, or can be redeemable on demand (31 December 2021: a maturity period of 35 days to 98 days, or can be redeemable on demand). The wealth management products are classified as financial assets at FVTPL on initial recognition.

20. ACCOUNTS AND OTHER PAYABLES

	As at 30 June 2022 RMB'000 (unaudited)	As at 31 December 2021 RMB'000 (audited)
Accounts payables	187,536	147,357
Other payables:		
Consideration payable for acquisition of Shenzhen Hengyu	37,234	–
Consideration payable for investment in financial assets at FVTPL *(Note i)*	3,774	18,482
Construction payables	72,567	5,923
Loan payables *(Note ii)*	291,011	–
Dividend payable *(Note 9)*	152,539	–
Refundable customers' deposits	101,433	93,992
Accrued employee expenses *(Note iii)*	93,750	138,606
Value-added tax and other tax payables	23,964	17,986
Interest payables	7,596	1,214
Deferred income *(Note iv)*	3,847	4,140
Others	32,956	17,818
	820,671	298,161
Total accounts and other payables	1,008,207	445,518
Less: Loan payables as non-current liabilities *(Note ii)*	100,435	–
Total accounts and other payables as current liabilities	907,772	445,518

Notes:

(i) The amount represents consideration payable in relation to investments in financial assets at FVTPL.

(ii) The amounts represent loan payables to the former shareholders of Shenzhen Hengyu as disclosed in Note 11 to the condensed consolidated financial statements. The amount of RMB100,435,000 is expected to be paid after one year according to the equity transfer agreement.

(iii) The amount represents accrued expenses related to employees' salaries, welfare benefits, social insurances, housing fund contributions, etc.

(iv) 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.

20. ACCOUNTS AND OTHER PAYABLES (Continued)

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

	As at 30 June 2022 RMB'000 (unaudited)	As at 31 December 2021 RMB'000 (audited)
Within 90 days	159,250	139,017
91 to 180 days	17,432	6,539
181 to 365 days	10,209	168
Over 365 days	645	1,633
	187,536	147,357

21. BANK BORROWINGS

	As at 30 June 2022 RMB'000 (unaudited)	As at 31 December 2021 RMB'000 (audited)
Bank borrowings-secured	2,135,239	163,746
The carrying amounts of the above borrowing are repayable:		
Within one year	45,000	37,746
Within a period of more than one year but not exceeding two years	351,150	54,000
Within a period of more than two years but not exceeding three years	1,739,089	72,000
	2,135,239	163,746

On 28 December 2021, the Company obtained syndicated bank facility amounted to US$300,000,000 (equivalent to approximately RMB2,013,420,000). Credit Suisse AG Singapore branch and China CITIC Bank International Limited acted as mandated lead arrangers and bookrunners of the syndicated bank facility. During the current interim period, the Company drew down the bank facility to its full amount. The loans carry interest at variable market rates of London Inter-bank Offered Rate plus a fixed interest of 2.2% and are repayable by instalments of 15%, 20% and 65% of the principal upon 24, 30 and 36 months of the utilisation date.

22. DEFERRED TAX ASSETS AND LIABILITIES

	Accelerated tax depreciation RMB'000	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2021 (audited)	(5,735)	(785,609)	–	(791,344)
Charged (credit) during the period *(Note 8)*	1,580	(8,753)	2,989	(4,184)
Exchange realignment	–	4,790	–	4,790
At 30 June 2021 (unaudited)	(4,155)	(789,572)	2,989	(790,738)
(Credit) charged during the period	(2,241)	(8,527)	4,031	(6,737)
Acquisition of subsidiaries	–	(213,841)	–	(213,841)
Exchange realignment	–	6,995	–	6,995
At 31 December 2021 and 1 January 2022 (audited)	**(6,396)**	**(1,004,945)**	**7,020**	**(1,004,321)**
Charged (credit) during the period *(Note 8)*	**447**	**(7,792)**	**10,868**	**3,523**
Exchange realignment	**–**	**(35,957)**	**–**	**(35,957)**
At 30 June 2022 (unaudited)	**(5,949)**	**(1,048,694)**	**17,888**	**(1,036,755)**

The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 30 June 2022 ***RMB'000*** **(unaudited)**	As at 31 December 2021 *RMB'000* (audited)
Deferred tax liabilities	**(1,054,643)**	(1,011,341)
Deferred tax assets	**17,888**	7,020
	(1,036,755)	(1,004,321)

23. CONVERTIBLE BONDS

On 26 November 2021, the Company issued unsecured convertible bonds denominated in HK$ with principal amount of HK$1,814,706,000 (equivalent to RMB1,500,000,000) ("**Convertible Bonds**"). The Convertible Bonds are interest bearing at 0.75% per annum on the principal amount of the Convertible Bonds with maturity date of 31 March 2023 and entitle the bondholder to convert them, in whole or in part (in integral multiples of HK$1,000,000) of the outstanding principal amount of the Convertible Bonds, into ordinary shares of the Company at a conversion price of HK$15 per share (subject to adjustment rising from alteration of the nominal amount of the shares caused by any share consolidation, share subdivision, rights issue or any other reasons as provided in the terms and conditions of the Convertible Bonds) at any time during the period commencing from the date immediately following the issuance date of the Convertible Bonds up to the maturity date. Interest will be payable by the Company on the maturity date and no interest shall be payable by the Company in respect of the Convertible Bonds which have been converted in conversion shares. Unless previously converted or purchased and cancelled, the Company shall redeem the Convertible Bonds at 100% of its principal amount together with the accrued interest (calculated up to and including the date of redemption) by payment to the bondholder on the maturity date.

At any time after the occurrence of a Triggering Event as defined below, the Company may, at its discretion, convert the whole or any part in integral multiples of HK$1,000,000 of the outstanding principal amount of the Convertible Bonds into shares at a conversion price of HK$15. A "Triggering Event" means the average of the closing prices per share for (i) any sixty consecutive trading days for the shares before maturity date (the "**Relevant Period**"), during which the daily trading volume of the shares shall be no less than 0.2% of the total number of shares in issue; and (ii) the last ten consecutive trading days before the end of the Relevant Period is equal to or greater than HK$15.

The Convertible Bonds contain two components: debt component and derivative component. The directors of the Company consider the value of derivative component (including the conversion options) of the Convertible Bonds to be insignificant as at 26 November 2021, 31 December 2021 and 30 June 2022 given the mechanism of above early conversion right is intended to be exercised by the Company once the Triggering Event has occurred. The Convertible Bonds are considered to be deferred consideration payment in substance and discounted to its present value on initial recognition. On initial recognition, the debt component is recognised at fair value and the fair value of the debt component is HK$1,825,537,000 (equivalent to approximately RMB1,496,941,000), measured at market price.

23. CONVERTIBLE BONDS (Continued)

The movements of the Convertible Bonds for the period are set out as below:

	Convertible bonds *RMB'000* (unaudited)
As at 1 January 2022	**(1,492,932)**
Interest on the Convertible Bonds	(2,273)
Exchange realignment	(68,730)
As at 30 June 2022	**(1,563,935)**

24. SHARE CAPITAL

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'000*
Ordinary shares of US$0.00001 each			
Authorised:			
At 1 January 2021, 31 December 2021 and 30 June 2022	5,000,000,000	50,000	345
Issued:			
At 1 January 2021 (audited)	2,429,501,802	24,295	160
Shares cancelled *(Note i)*	(1,918,000)	(19)	*
Issue of shares *(Note ii)*	80,000,000	800	5
At 31 December 2021 (audited)	2,507,583,802	25,076	165
Shares cancelled *(Note i)*	(5,731,000)	(57)	*
At 30 June 2022 (unaudited)	2,501,852,802	25,019	165

* The amount is less than RMB1,000.

24. SHARE CAPITAL (Continued)

Notes:

(i) During the six months period ended 30 June 2021, the Company cancelled its own shares of an aggregate of 1,918,000 number of shares, which were repurchased by the Group on the Stock Exchange at the range of highest and lowest prices between HK$9.95 and HK$9.54 per share in September 2020 with a total consideration of HK$18,726,000 (equivalent to RMB16,472,000).

During the current interim period, the Company cancelled its own shares of an aggregate of 5,731,000 number of shares, which were repurchased by the Company on the Stock Exchange at the range of highest and lowest prices between HK$8.93 and HK$8.53 per share in December 2021 with a total consideration of HK$50,140,000 (equivalent to approximately RMB40,953,000).

(ii) During the six months period ended 30 June 2021, 80,000,000 ordinary shares had been issued through a private placement arrangement at the price of HK$15.85 per share. Proceeds of US$800 (equivalent to approximately RMB5,000), represent the par value of the shares issued were credited to the share capital of the Company. The remaining proceeds of RMB1,055,605,000 were credited to the share premium account. Details of the placing are set out in the Company's announcement dated 9 February 2021.

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

25. 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 3 June 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 3 June 2019. No share option was in issue pursuant to the Share Option Scheme at the end of the reporting period.

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

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

25. SHARE-BASED PAYMENTS (Continued)

(b) Restricted Share Award Scheme

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

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 14 February 2019 was entered into between the Company and Jinxin Employee Holdings Company Limited ("**RSU Scheme's Nominee**"). On 15 February 2019, 32,981,388 shares were issued to RSU Scheme's Nominee for and on behalf of the Company. As of 30 June 2022, 11,020,797 shares were held by RSU Scheme's Nominee. 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 30 June 2022, the restricted shares granted to key management personnel, eligible employees, doctors of HRC Medical and a consultant of the Group are as follows:

RSUs granted to	Number of RSU granted	Grant date	Expire date	Vesting period
Partner doctor of HRC Medical	3,921,700	15 February 2019	14 February 2029	1–5 years
Key management personnel	9,754,480	15 February 2019	14 February 2029	3–4 years
Key management personnel	2,141,839	6 January 2020	14 February 2029	1–3 years
Eligible employees and doctors of HRC Medical	5,672,970	6 January 2020	14 February 2029	1–3 years
Key management personnel	1,779,538	23 July 2020	14 February 2029	5–6 months
Key management personnel	2,098,932	10 January 2021	14 February 2029	6 months–3 years
Key management personnel	2,174,179	18 January 2021	14 February 2029	0–5 months
Key management personnel	500,000	1 June 2021	14 February 2029	8 months–3 years
Key management personnel	100,000	1 January 2022	14 February 2029	1 month–2 years
Eligible employees and doctors of HRC Medical	1,393,500	31 January 2022	14 February 2029	1 month–4 years
Partner doctor of HRC Medical	1,990,710	31 January 2022	14 February 2029	1–5 years

25. SHARE-BASED PAYMENTS (Continued)

(b) Restricted Share Award Scheme (Continued)

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 of the Company used the quoted prices in active market for the RSUs granted on 6 January 2020, 23 July 2020, 10 January 2021, 18 January 2021, 1 June 2021, 1 January 2022, and 31 January 2022. The fair value of the RSUs granted on 6 January 2020, 23 July 2020, 10 January 2021, 18 January 2021, 1 June 2021, 1 January 2022 and 31 January 2022 were assessed to be RMB75,930,000, RMB18,010,000, RMB26,591,000, RMB26,038,000, RMB8,703,000, RMB712,000 and RMB24,475,000 respectively.

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

	Number of Awarded Shares				
	Outstanding at 1 January 2022	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 30 June 2022
RSUs granted to:					
Key management personnel	3,251,494	–	(3,251,494)	–	–
Other consultant	2,353,020	–	(784,340)	–	1,568,680
Key management personnel	1,337,090	–	(461,192)	(184,999)	690,899
Eligible employees and doctors of HRC Medical	3,784,457	–	(1,846,713)	–	1,937,744
Key management personnel	1,986,512	–	(620,593)	–	1,365,919
Key management personnel	500,000	–	(125,000)	–	375,000
Key management personnel	–	100,000	(33,333)	–	66,667
Eligible employees and doctors of HRC Medical	–	1,393,500	(139,350)	–	1,254,150
Partner doctor of HRC Medical	–	1,990,710	–	–	1,990,710
	13,212,573	3,484,210	(7,262,015)	(184,999)	9,249,769

25. SHARE-BASED PAYMENTS (Continued)

(b) Restricted Share Award Scheme (Continued)

	Number of Awarded Shares			
	Outstanding at 1 January 2021	Granted during the period	Exercised during the period	Outstanding at 30 June 2021
RSUs granted to:				
Key management personnel	6,502,987	–	(3,251,493)	3,251,494
Other consultant	3,137,360	–	(784,340)	2,353,020
Key management personnel	2,009,350	–	(672,259)	1,337,091
Eligible employees and doctors of HRC Medical	5,672,970	–	(1,888,513)	3,784,457
Key management personnel	1,779,538	–	(1,779,538)	–
Key management personnel	–	2,098,932	–	2,098,932
Key management personnel	–	2,174,179	(2,174,179)	–
Key management personnel	–	500,000	–	500,000
	19,102,205	4,773,111	(10,550,322)	13,324,994

The Group recognised the total expense of RMB18,056,000 for the six months ended 30 June 2022 (2021: RMB52,318,000) in relation to RSUs 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 RSUs 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.

26. CONTINGENT LIABILITIES

The Group has 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 of the Company 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.

27. CAPITAL COMMITMENTS

	As at 30 June 2022 RMB'000 (unaudited)	As at 31 December 2021 RMB'000 (audited)
Capital expenditure in respect of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	87,545	5,306

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

The Group's financial assets and financial liabilities that are measured at fair value at 30 June 2022 and 31 December 2021 include financial assets at FVTPL and financial assets at FVTOCI.

The fair values of these financial assets and financial liabilities 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).

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

(i) Fair value of the Group's financial assets and liabilities 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 and liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/financial liabilities	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	30 June 2022 - RMB4,558,000 31 December 2021 - RMB5,279,000	Level 2	Discounted cash flows based on expected cash distribution from the investee	N/A	N/A
Other financial assets at FVTPL — Current	30 June 2022 - RMB200,441,000 31 December 2021 - RMB218,737,000	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
Other financial assets at FVTPL — Current	30 June 2022 - RMB2,631,000 31 December 2021 - RMB Nil	Level 2	Discounted cash flows-future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
Other financial liabilities	30 June 2022 - RMB Nil 31 December 2021 - RMB3,501,000	Level 2	Discounted cash flows-future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
Financial assets at FVTPL	30 June 2022 - RMB53,239,000 31 December 2021 - RMB177,747,000	Level 2	Market Approach Market Approach Key input: enterprise value to sales multiple.	N/A N/A	N/A N/A
Investments in preferred shares measured at FVTPL	30 June 2022 - RMB179,164,000 31 December 2021 - RMB169,930,000	Level 3	Market Approach and Black-Scholes Option Pricing Model Key inputs: enterprise value to sales multiple, risk-free rate, expected volatility of the underlying share prices, time to liquidity event	Expected volatility of the underlying share prices	The significant unobservable input is the expected volatility of the underlying share prices of 50% (2021: 50%). Changing this unobservable input based on reasonable alternative assumptions would not significantly change the valuations of the preferred shares

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

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

Reconciliation of Level 3 fair value measurements of financial assets and liabilities:

	RMB'000
At 1 January 2021 (audited)	171,057
Gains on fair value change	(3,279)
Exchange realignment	(2,856)
At 30 June 2021 (unaudited)	164,922
Gains on fair value change	7,258
Exchange realignment	(2,250)
At 31 December 2021 (audited)	169,930
Gains on fair value change	277
Exchange realignment	8,957
At 30 June 2022 (unaudited)	179,164

(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 of the Company 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.

29. 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 30 June 2022 RMB'000 (unaudited)	 2021 RMB'000 (unaudited)
成都市錦江區婦幼保健院 Jinjiang District Maternity and Child Health Hospital*	Entity controlled by Chengdu Jinxin Investment	Provision of management services by the Group	58,771	35,993
		Sale of consumables by the Group	38,004	–
Jinxin Women and Children Hospital Limited*	Entity controlled by Chengdu Jinxin Investment	Provision of pathological examination services	–	27
Jinxin Psychiatric*	Entity controlled by Chengdu Jinxin Investment	Rendering sanitising and cleaning services *(Note i)*	–	(1,142)
		Sale of consumables by the Group	79	–
成都和雋科技有限公司 Chengdu Hejun Technology Company Limited*	Entity controlled by Chengdu Jinxin Investment	Sale of consumables by the Group	314	–
		Purchase of consumables by the Group	–	(718)
		Rendering storage services	–	(679)
HRC Medical	Jointly controlled by certain shareholders of HRC Investment	Management services income	188,077	200,507
		Pre-implantation genetic screening testing income	691	3,200
		Ambulatory surgery centre facilities income	1,728	1,487
HRC Properties LLC	Controlled by certain shareholders of HRC Investment	Repayment of lease liability	(1,470)	(1,507)
		Finance cost on lease liability	(361)	(1,608)
135 South Rosemead LLC	Controlled by certain shareholders of HRC Investment	Repayment of lease liability	(740)	(678)
		Finance cost on lease liability	(126)	(683)
Gender Selection Australia Property Limited	Controlled by a shareholder of HRC Investment	Marketing expense	(513)	(311)
Chengdu Jinxin Investment	Entity controlled by Jinxin Geriatrics	Repayment of lease liability	(506)	–
		Finance cost on lease liability	(146)	–
成都錦欣婦產科醫院有限公司 Chengdu Jinxin Obstetrics and Gynaecology Hospital*	Entity controlled by Chengdu Jinxin Investment	Sale of consumables by the Group	2,211	–

29. RELATED PARTY DISCLOSURES (Continued)

Note:

* English name is for identification purpose only.

(i) 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 the directors of the Company and key executives is determined based on performance of individuals and market trends.

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

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Salaries and allowances	**8,241**	6,679
Performance-related incentive payments	**2,799**	2,762
Share-based compensation benefits	**3,248**	3,286
Retirement benefit schemes contributions	**239**	62
	14,527	12,789

30. EVENTS AFTER THE END OF REPORTING PERIOD

The acquisitions of 90% equity interests in Kangzhi Hospital, 89.7959% equity interests in Guangzhou Yunzhicai and 89.7959% equity interests in Guangzhou Hejia as disclosed on Note 14(i) to the condensed consolidated financial statements (the "**Acquisitions**") were subsequently completed on 13 July 2022. Upon completion of the Acquisitions, the Group (i) owns 100.00% equity interests in Kangzhi Hospital, 89.7959% equity interests in Guangzhou Yunzhicai and 89.7959% equity interests in Guangzhou Hejia, respectively. Through which, the Group ultimately controls 66.50% equity interests in Jiuzhou Hospital and Hewanjia Hospital, and (ii) controls 30.00% equity interests in Jiuzhou Hospital and Hewanjia Hospital by virtue of contractual arrangements. The Group is therefore entitled to 96.50% effective shareholding interests in each of Jiuzhou Hospital and Hewanjia Hospital. Jiuzhou Hospital and Hewanjia Hospital become indirect non-wholly owned subsidiaries of the Company. For more details, please refer to the Company's announcement dated 13 July 2022. The acquisitions have been accounted for as acquisition of business using the acquisition method. 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.

Definitions

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

"2019 Contractual Arrangements"	the series of contractual arrangements, as the case may be, entered into by, among others, Sichuan Jinxin Fertility, the Jinrun Fude Registered Shareholders, Mr. Zeng Yong, Jinrun Fude, Chengdu Xinan Hospital and Shenzhen Zhongshan Hospital, details of which are described in the section headed "Contractual Arrangements" in the Prospectus
"2021 Contractual Arrangements"	the series of contractual arrangements, as the case may be, entered into by, among others, Jinxin Medical Investment, the Jinyi Hongkang Registered Shareholders, Jinyi Hongkang and Jinxin Women and Child Hospital, details of which are described in the Company's announcement dated November 26, 2021
"2022 Restricted Share Award Scheme"	the 2022 restricted share award scheme conditionally adopted by the Company on February 17, 2022, the principal terms of which are summarized in the announcement of the Company dated February 17, 2022
"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
"ARC"	Hong Kong Assisted Reproduction Centre Limited (香港輔助生育中心有限公司), a company established in Hong Kong with limited liability on June 14, 2007, the Group's indirect subsidiary
"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
"COVID-19"	coronavirus disease of 2019
"Director(s)"	the director(s) of the Company
"ESOP"	collectively the RSU Scheme and the Share Option Scheme
"Group"	the Company and its subsidiaries
"Hewanjia Hospital"	Kunming Jinxin Hewanjia Obstetrics and Gynecology Hospital Co., Ltd.* (昆明錦欣和萬家婦產醫院有限公司), a company established under the laws of the PRC with limited liability on January 15, 2014 and an indirect subsidiary of the Company
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HRC Fertility"	HRC Management and HRC Medical
"HRC Investment"	HRC Investment Holding, LLC, a limited liability company established under the laws of Delaware, the United States on June 2, 2017, the Group's substantial shareholder
"HRC Management"	HRC Fertility Management, LLC, a limited liability company established under the laws of Delaware, the United States on November 3, 2015, the Group's indirect subsidiary
"HRC Medical"	Huntington Reproductive Center Medical Group, a professional corporation established under the laws of California, the United States on January 1, 1995, a connected person of the Company by virtue of being jointly owned by Dr. Michael A. Feinman, Dr. Bradford A. Kolb and Dr. Jane L. Frederick, 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

"Jinjiang District Maternity and Child Health Hospital"	Chengdu Jinjiang District Maternity and Child Health Hospital* (成都市錦江區婦幼保健院), a non-profit maternity and child healthcare hospital established in the PRC in 1954, the IVF center of which is jointly managed by the Group
"Jinjiang IVF Center"	the IVF center of Jinjiang District Maternity and Child Health Hospital
"Jinrun Fude"	Chengdu Jinrun Fude Medical Management Company Limited* (成都錦潤福德醫療管理有限公司), a limited liability company established under the laws of the PRC on May 9, 2018, the Group's subsidiary by virtue of the 2019 Contractual Arrangements
"Jinrun Fude Registered Shareholders"	two individual shareholders of Jinrun Fude, namely Ms. Yan Xiaoqing and Ms. Zhu Yujuan
"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 Medical Group"	Jinxin Medical Management (BVI) Group Limited and its subsidiaries
"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
"Jinxin Women Group"	Jinxin Women Wellness Limited and its subsidiaries
"Jinxin Women Wellness Limited"	Jinxin Women Wellness Limited, a company established under the laws of BVI with limited liability on July 1, 2021, the Group's indirect subsidiary and wholly owns the RHC and the ARC
"Jinyi Hongkang"	Chengdu Jinyi Hongkang Corporate Management Co, Ltd.* (成都錦逸弘康企業管理有限公司), a limited liability company established under the laws of the PRC, the Group's subsidiary by virtue of the 2021 Contractual Arrangements
"Jinyi Hongkang Registered Shareholders"	two individual shareholders of Jinyi Hongkang, namely Ms. Lyu Rong and Mr. Xu Jun
"Jiuzhou Hospital"	Yunnan Jinxin Jiuzhou Hospital Co., Ltd.* (雲南錦欣九洲醫院有限公司), a company established under the laws of the PRC with limited liability on September 24, 2003 and an indirect subsidiary of the Company
"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
"Prospectus"	the prospectus issued by the Company dated June 13, 2019
"Renminbi" or "RMB"	Renminbi Yuan, the lawful currency of the PRC
"Reporting Period"	the six-month period from January 1, 2022 to June 30, 2022
"RHC"	Hong Kong Reproductive Health Centre Limited (香港生育康健中心有限公司), a company established in Hong Kong with limited liability on June 14, 2007, the Group's indirect subsidiary
"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
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise notified from time to time
"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
"Share(s)"	ordinary share(s) in the capital of the Company with nominal value of US$0.00001 each
"Shareholder(s)"	holder(s) of Share(s)

"Shenzhen Hengyu"	Shenzhen Hengyu Lianxiang Investment Development Co., Ltd* (深圳市恒裕聯翔投資發展有限公司), a company established in Shenzhen, PRC with limited liability, the Group's indirect subsidiary
"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
"Sichuan Jinxin Fertility"	Sichuan Jinxin Fertility Medical Investment Management Co., Ltd.* (四川錦欣生殖醫療投資管理有限公司), previously known as Sichuan Jinxin Fertility Medical Management Co., Ltd.* (四川錦欣生殖醫療管理有限公司), a company established in Chengdu, PRC with limited liability on September 12, 2016, the Group's indirect subsidiary
"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
"Wuhan Jinxin Hospital"	Wuhan Jinxin Integrated Gynecology and Obstetrics Hospital Co., Ltd* (武漢錦欣中西醫結合婦產醫院有限公司), a company established in PRC with limited liability on February 17, 2006, the Group's indirect subsidiary

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*