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

2023
Interim Report

* For identification purposes only

Contents

Page

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 markets 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 2023, by taking advantage of the Group's core business of ARS, 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 ARS 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 2023, 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

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 301, North Jingsha Road
Jinjiang District, Chengdu
Sichuan, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two, Times Square
1 Matheson Street, Causeway Bay
Hong Kong

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17/F, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

HONG KONG LEGAL ADVISOR

Fangda Partners
26/F, One Exchange Square
8 Connaught Place
Central
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditors
35/F One Pacific Place
88 Queensway
Hong Kong

STOCK CODE

1951

COMPANY'S WEBSITE

www.jxr-fertility.com

Financial Highlights

	Six months ended June 30, 2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	Change
Operating results			
Revenue	**1,333,906**	1,138,228	17.2%
Gross profit	**564,324**	464,304	21.5%
Profit before taxation	**278,535**	233,660	19.2%
Profit for the period	**223,801**	187,597	19.3%
Adjusted net profit[1]	**255,039**	258,158	-1.2%
Profitability			
Gross profit margin	**42.3%**	40.8%	
Net profit margin	**16.8%**	16.5%	
Adjusted net profit margin	**19.1%**	22.7%	

	As of June 30, 2023 RMB'000 (unaudited)	As of December 31, 2022 RMB'000 (audited)	Change
Financial position			
Total assets	**15,230,368**	15,232,037	-0.01%
Total equity	**10,187,083**	8,735,128	16.6%
Total liabilities	**5,043,285**	6,496,909	-22.4%
Bank balances and cash	**761,064**	1,316,549	-42.2%

(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, which officially resumed its ARS operation on August 31, 2022.

Management Discussion and Analysis

BUSINESS UPDATES

In the first half of 2023, the Company has gradually recovered from the impacts of the COVID-19 pandemic. In continuation of enhancing its business development, the Company continued to optimize and enhance its capabilities from all aspects, including clinical standards, talent nurturing, scientific research and innovation, inventing new disciplines in the assisted reproduction industry, organization construction, supply chain management, production capacity expansion, adopting new information systems and business integration, thus laying the foundation for business recovery and growth in the post-pandemic era. In the first half of 2023, the Company has also achieved remarkable results in these areas.

In terms of our assisted reproductive business, we are committed to continuously improving the success rate of our fertility treatments, enhancing patient experience and 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 standards. In terms of specialties, we continued to strengthen 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 to capture the growth potential of the industry. In terms of adopting new information systems, the Group, in collaboration with Jinxin Technology, actively promoted the construction of information-powered smart hospitals to improve the convenience of patients' medical treatment, and facilitate the operation and management of hospitals. These measures reinforced our leading edge and market-leading position in assisted reproductive business in Greater China and the United States.

Since successfully completing the acquisition of Sichuan Jinxin Xinan Hospital (Jingxiu Campus) and other businesses specializing in obstetrics, gynecology and pediatrics medical services in November 2021, we continued to leverage our advantage in ARS and diversify our service offerings to provide a full lifecycle of fertility services covering pregnancy preparation, IVF, prenatal, childbirth and postpartum. The Group has completed an internal restructuring in December 2022 to enable Sichuan Jinxin Xinan Hospital (Jingxiu Campus) to further expand its scope of offerings and provide medical services involving Molecular Genetics Services in accordance with the applicable PRC laws.

In April 2023, Sichuan Jinxin Xinan Hospital (Bisheng Campus) and Sichuan Jinxin Xinan Hospital (Jingxiu Campus) merged their medical licenses to Sichuan Jinxin Xinan Hospital. After the completion of merging the common use of the medical licenses of both Sichuan Jinxin Xinan Hospital (Bisheng Campus) and Sichuan Jinxin Xinan Hospital (Jingxiu Campus), Sichuan Jinxin Xinan Hospital (Bisheng Campus) and Sichuan Jinxin Xinan Hospital (Jingxiu Campus) have built a very strong reputation among our patients and market influence in ARS, obstetrics, gynecology and pediatrics business, respectively, due to their 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 2023. The merging of the two medical licenses allows Sichuan Jinxin Xinan Hospital (Bisheng Campus) and Sichuan Jinxin Xinan Hospital (Jingxiu Campus) to use their strengths in their respective medical field to apply for advanced licenses such as PGT (preimplantation genetic testing) as well as to innovate and generate new business, while increasing operational efficiency and reducing costs.

Through leveraging on our advantages in ARS, obstetrics, gynecology and pediatrics medical services, we were able to reinforce our specialties 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

Sichuan Jinxin Xinan Hospital (Bisheng Campus)

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 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 Sichuan Jinxin Xinan Hospital (Bisheng Campus) 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 who have experienced IVF failure in order to better respond to their special needs both physically and psychologically and thus improve their success rate. We continuously monitor and develop our VIP services. Sichuan Jinxin Xinan Hospital (Bisheng Campus) has successfully launched three VIP service packages to satisfy the diversified and personalized needs of its patients.

We endeavour to enhance patient satisfaction. We have been adhering to using patient satisfaction as one of the key performance indicators (KPI) for our employees to provide better service and enhance our patients' experience. In the first half of 2023, the satisfaction ratings of patients undergoing embryo transfers at Sichuan Jinxin Xinan Hospital (Bisheng Campus) increased by 2.9% to 95.8% as compared to 92.9% for the first half of 2022. Doctors with high patient satisfaction ratings also enhanced the reputation of Sichuan Jinxin Xinan Hospital (Bisheng Campus) 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 our leading position of Sichuan Jinxin Xinan Hospital (Bisheng Campus) in the ARS market in Sichuan Province. In the first half of 2023, Sichuan Jinxin Xinan Hospital (Bisheng Campus) cooperated with 111 medical institutions in 23 cities in the PRC by way of two-way referrals or entering into specialty alliance cooperation agreements, which represented an increase of 16% over the same period in 2022.

Sichuan Jinxin Xinan Hospital (Jingxiu Campus)

We acquired Sichuan Jinxin Xinan Hospital (Jingxiu Campus) 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 a Class III Grade A obstetrics, gynecology and pediatrics hospital in Sichuan Province, Sichuan Jinxin Xinan Hospital (Jingxiu Campus) 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 addition to the obstetrics business, other businesses such as pediatrics, gynecology and traditional Chinese medicine are also incorporating elements of obstetrics into its business, resulting in the formation of a business trend featuring obstetrics as a specialty and synergizing it with the other departments. Going forward, Sichuan Jinxin Xinan Hospital (Jingxiu Campus) continues to integrate its strengths in ARS with obstetrics and gynecology to establish new collaborative and synergistic disciplines such as IVF obstetrics. The Group has completed an internal restructuring in December 2022 to enable Sichuan Jinxin Xinan Hospital (Jingxiu Campus) to further expand its scope of offerings and provide medical services involving Molecular Genetics Services in accordance with the applicable PRC laws. Sichuan Jinxin Xinan Hospital (Jingxiu Campus) obtained its qualification to provide the Molecular Genetics Services in January 2023, which allows them to conduct prenatal examinations, prenatal screening, prenatal diagnosis and other obstetric diagnosis. The inclusion of Molecular Genetics Services, being the cutting-edge technology for pre-natal examination, is vital to the Group's future development for its ability to diagnose birth defects during pregnancy term with higher accuracy. We expect the inclusion of Molecular Genetics Services to further strengthen the Group's competitiveness and reputation. In April 2023, Sichuan Jinxin Xinan Hospital (Jingxiu Campus) completed its Good Clinical Practice ("**GCP**") filing with the National Medical Products Administration ("**NMPA**") for medical devices including 7 specialty groups in 3 departments, being radiology, laboratory, ultrasound, class II and III medical devices and in vitro diagnostic reagents. Going forward, Sichuan Jinxin Xinan Hospital (Jingxiu Campus) will continue to focus on providing medical services to women and children of all ages in all areas of health management covering the entire pregnancy lifecycle for women and the full development lifecycle for children.

In July 2023, Sichuan Jinxin Xinan Hospital (Bisheng Campus) obtained the qualification for the trial operation of PGT, enabling Sichuan Jinxin Xinan Hospital (Bisheng Campus) to provide medical services in all areas of assisted reproduction including IUI (AIH, AID), IVF-EF, ICSI and PGT. According to the statistics of the National Health Commission, there were only 78 medical institutions in the PRC that have obtained the qualification of PGT as of December 31, 2020. Also, in July 2023, Sichuan Jinxin Xinan Hospital (Bisheng Campus) obtained approval and qualification for providing obstetrics technology services for mothers and infants, and going forward, Sichuan Jinxin Xinan Hospital (Bisheng Campus) will build up its IVF obstetrics specialty for mothers and infants to create an integrated IVF and maternity service model.

Operations in Shenzhen and Greater Bay Area

In the first half of 2023, the operations of Shenzhen Zhongshan Hospital simultaneously focused on its business recovery and establishment of new hospital campus.

The number of initial consultations for assisted reproductive medical services increased by 32.7% for the first half of 2023 compared to the same period of 2022, and the number of treatment cycles performed increased by 8.7% for the first half of 2023 compared to the same period of 2022.

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, and expect to relocate its operations by the second quarter of 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 services 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 transfers research to clinical applications. The accumulated number of articles published by Shenzhen Innovation Center in the core journals under the Science Citation Index (the "**SCI Journals**") has surpassed 100 articles as of June 30, 2023.

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 in fertility services in the Greater Bay Area. With the end of the pandemic, RHC and ARC have been actively exploring to establish business links with Mainland China. In the first half of 2023, two clinics began to promote its "egg freezing" medical services, resulting in an increase of 76% in the number of frozen eggs compared to the same period of 2022. In the first half of 2023, the number of treatment cycles performed increased by 16% year-on-year, with the revenue increased by 16% year-on-year.

Operations in Wuhan and Kunming

On August 31, 2022, Wuhan Jinxin Hospital has officially resumed its IVF license and recommenced its ARS operations. Since the resumption, Wuhan Jinxin Hospital has adhered to "safety and quality" as core values and create a safe, reliable and standardized medical system for the provision of assisted reproductive medical services. In the first half of 2023, the revenue of Wuhan Jinxin Hospital increased by 152% year-on-year and has significantly reduced its loss.

In July 2022, the Company completed the acquisition of controlling interests in Jiuzhou Hospital and Hewanjia Hospital, with our control in these hospitals increased to approximately 96.50% effective shareholding interest, thereby further expanding the Company's market share and influence in Southwest China, and further collaborating with Jinrui Medical Center in Laos.

The Kunming operations of our Group will continue to provide assisted reproductive medical services with a primary focus on medical quality, standardization and safety management and therefore improving its reliability among its customers. The number of IVF treatment cycles performed increased by 39% for the first half of 2023 compared to the same period of 2022 for its Kunming operations.

United States operations

HRC business has gradually recovered from the impacts of the COVID-19 pandemic. Despite still facing constraints like the availability of very limited flights between China and the United States. In the first half of 2023, the revenue of the United States operations increased by 21% year-on-year compared to the same period of 2022.

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) three 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 two to four 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.

With the recruitment of four physicians, HRC Medical currently has a total of 23 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

With the end of the pandemic, our businesses are expected to recover in 2023. The demand for assisted reproductive technology and services is still strong and has great potential in the global market. 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, 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 rate, 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, basic standards and technical specifications related to assisted reproductive technology in order to establish and improve legal egg donation and storage channels. 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 in 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, which contribute 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 paediatrics 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 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 Group's existing property, and the relocation of its operations is expected to happen by the end of second quarter of 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 services to satisfy the multi-dimensional needs of its patients and enhance their patients' experience; and (iii) provide sufficient space and a better medical environment to attract patients from the Greater Bay Area 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.

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-cycle services from pre-pregnancy, IVF, prenatal, childbirth and postpartum, and reinforce the synergy between our ARS and obstetrics, gynecology and paediatrics medical services.

In April 2023, Sichuan Jinxin Xinan Hospital (Bisheng Campus) and Sichuan Jinxin Xinan Hospital (Jingxiu Campus) merged their medical licenses, with Sichuan Jinxin Xinan Hospital (Jingxiu Campus) being a Class III Grade A obstetrics, gynecology and pediatrics hospital in Sichuan Province. The Group is conducting internal integration of Sichuan Jinxin Xinan Hospital (Bisheng Campus) and Sichuan Jinxin Xinan Hospital (Jingxiu Campus) as of the date of this interim report. In January 2023, Sichuan Jinxin Xinan Hospital (Jingxiu Campus) obtained its qualification to provide the Molecular Genetics Services, which allows them to conduct prenatal examinations, prenatal screening, prenatal diagnosis and other obstetric diagnosis. In April 2023, it completed its GCP filing with the NMPA for medical devices including seven specialty groups in three departments, being radiology, laboratory, ultrasound, class II and III medical devices and in vitro diagnostic reagents. Going forward, Sichuan Jinxin Xinan Hospital (Jingxiu Campus) will expand the target patients for its medical services from pregnant women and children to women and children of all ages, covering health management services of the entire pregnancy lifecycle for women and the full development lifecycle for children. Sichuan Jinxin Xinan Hospital (Bisheng Campus) is one of the largest hospitals in China specializing in assisted reproduction. In July 2023, Sichuan Jinxin Xinan Hospital (Bisheng Campus) obtained the qualification for the trial operation of PGT after the merging of the two medical licenses, enabling Sichuan Jinxin Xinan Hospital (Bisheng Campus) to provide medical services in all areas of assisted reproduction including IUI (AIH, AID), IVF-EF, ICSI and PGT. Also in July 2023, Sichuan Jinxin Xinan Hospital (Bisheng Campus) obtained approval and qualification for providing specialized technical services for mothers and infants, and going forward, it will build up its IVF obstetrics specialty for mothers and infants to create an integrated IVF and maternity business model. In the first half of 2023, the synergy resulting from the integration of assisted reproduction, obstetrics, gynecology and paediatrics businesses has been becoming prominent which included the expansion in the number and scale of service offerings to customers, cost synergies and efficiency improvement, 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 hospitals, internal restructuring and specialty construction.

Expand our business network through all self-establishment or acquisitions

As a leading ARS and full lifecycle fertility service provider in China and the United States, we will continue to seek opportunities to 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. In the future, we will leverage 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. 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.

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, and Jinrui Medical Center has officially started its trial operations in August 2023.

Improve scientific research levels and strengthen the transfer of clinical research into clinical applications

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 illnesses 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 of our scientific research. Jinxin Medical Innovation Research Center is committed to clinical-based scientific research innovation, and ultimately tackle clinical conundrums.

In 2022, the departments of obstetrics and neonatology of Sichuan Jinxin Xinan Hospital (Jingxiu Campus) became a key medical specialty development target in Chengdu. Previously, the reproductive medicine department and andrology department of Sichuan Jinxin Xinan Hospital (Bisheng Campus) have been rated as key medical specialties in Chengdu. We are actively utilizing the leading advantages of Sichuan Jinxin Xinan Hospital (Bisheng Campus) and Sichuan Jinxin Xinan Hospital (Jingxiu Campus) in ARS, obstetrics, gynecology and pediatrics medical services respectively, which will allow us to reinforce 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 first half of 2023, we continued to promote clinical research, accelerate clinical transformation, improve the quality of our clinical research and promote the construction of new scientific disciplines. Our hospitals have published 20 articles in SCI Journals, eight articles in core journals and obtained 19 scientific research projects. Furthermore, our hospitals also obtained five patents, of which, include two invention patents and three utility patents.

In the United States, we co-founded a research committee and collaborated on IVF-related clinical research with the USC Keck School of Medicine 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.

To further deepen its scientific research levels, the Group has collaborated with several reputable universities with a view to providing better care and medical services for its patients. In the first half of 2023, (i) Sichuan Jinxin Xinan Hospital (Bisheng Campus) collaborated with The Chinese University of Hong Kong and provided a training course on assisted reproductive medicine and management; (ii) Shenzhen Zhongshan Hospital collaborated with Guangdong Pharmaceutical University to provide a joint training facility for postgraduate students; and (iii) HRC collaborated with the USC Keck School of Medicine in establishing a scientific research training facility.

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, 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. On January 18, 2023, the Board approved the conditional grant of 65,853,241 restricted Shares in aggregate to grantees under the 2022 Restricted Share Award Scheme, subject to the acceptance of the grantees and other conditions as may be determined by the Board. As of the date of this interim report, the Company has awarded 57,170,247 restricted Shares in aggregate to employees, Directors and directors of the Group's subsidiaries under the 2022 Restricted Share Award Scheme. For further details, please refer to the sections headed "Events After the Reporting Period" and "2022 Restricted Share Award Scheme" in this interim report.

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 two to four 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. In the first half of 2023, medical institutions of the Group continued to provide medical education programs, of which, seven were at the national level, 12 were at the provincial level, and eight were at the municipal level.

Embrace the digital transformation

We have established a digital platform for our customers which digitizes their appointment making and consultation payment process. By integrating medical resources of our hospitals over digital platforms, we offer a continuum of online and offline integrated healthcare services before, during and after medical consultations. Also, this allows our hospital to facilitate a more efficient and pleasant hospital visit for our patients and improve its overall hospital operations. The digital platforms have an online hospital service module that covers the whole cycle of reproductive healthcare. It has administrative functions which allow for patients to make appointments and pay for consultations, and has a consultation system which allows for online consultations, follow-up consultations, prescription processing and providing information on reproductive services.

In the first half of 2023, the Group implemented its standardized information system and new electronic medical records (EMR) system into the operations of Wuhan Jinxin Hospital, Jiuzhou Hospital and Hewanjia Hospital.

Furthermore, to continue delivering quality customer service and ensure proper follow-up on diagnosis and treatment systems, we have developed a proprietary customer relationship management (HSCRM) system. The HSCRM system has been implemented into our entire network of assisted reproductive medical facilities and serves more than 200,000 patients. The HSCRM system will enable the Group to better manage its customers, provide higher quality of service and have a better follow-up diagnosis and treatment system. As a result of the HSCRM system, the patient satisfaction ratings have continued to increase.

Environmental, Social and Governance (ESG)

We have dedicated ourselves to enhancing our ESG initiatives in many ways. On the one hand, we believe, through our efforts in ESG, we will continue to create value for the society and gain recognition from the society and patients. In the first half of 2023, we insisted on the strategic position of constructing new disciplines of assisted reproduction, actively promoting the new disciplines in each hospital and carrying out scientific research and innovation. We have combined our own physician training model and business experience to develop professional courses for internal staff and industry talents, empower the growth of industry medical and nursing staff, and steadily improve medical quality and medical standards. Meanwhile, we insist on being patient-oriented, promoting digital transformation of our hospitals, strengthening the medical quality management of our hospitals, providing patients with quality medical services throughout the lifecycle of their fertility treatment, establishing a perfect patient communication mechanism and taking multiple measures to continuously ensure patient safety.

On the other hand, we will continue to aid the Company in realizing a healthy and sustainable development in the future. We actively promote the accessibility of healthcare, enabling more families to benefit from the achievements of modern medicine through free and charitable clinics, charity medicine donations and training to primary care institutions. Meanwhile, we insist on green operations, promote energy-saving and consumption reduction initiatives in all hospitals, actively address climate change and help create an environment-friendly community.

FINANCIAL REVIEW

Revenue

Revenue of the Group increased by 17.2% from approximately RMB1,138.2 million for the six months ended June 30, 2022 to approximately RMB1,333.9 million for the six months ended June 30, 2023. The overall increase was primarily attributable to (i) an increase in revenue generated by United States operations, Shenzhen operations and Sichuan Jinxin Xinan Hospital (Bisheng Campus) resulting from business recovery post pandemic; and (ii) an increase in revenue due to the consolidation of Kunming operations' revenue into our Group since July 2022, which was partially offset by a decrease in management service fee charged to Jinjiang IVF Center by the Group during the Reporting Period.

During the Reporting Period, the Group generated revenue from the following services: (i) ARS; (ii) management services; (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,			
	2023		2022	
	RMB'000 (unaudited)	%	*RMB'000* (unaudited)	%
Chengdu operations				
ARS	413,313	31.0%	420,721	37.0%
Obstetrics, gynecology, pediatrics medical services and sales of medicines, consumables and equipment	274,049	20.5%	280,763	24.7%
Sub-total	687,362	51.5%	701,484	61.7%
Shenzhen operations				
ARS	164,701	12.3%	148,117	13.0%
Ancillary medical services	23,740	1.8%	17,477	1.5%
Sub-total	188,441	14.1%	165,594	14.5%
Kunming operations				
ARS	75,972	5.7%	–	0.0%
Ancillary medical services	46,650	3.5%	–	0.0%
Sub-total	122,622	9.2%	–	0.0%
Wuhan operations				
ARS	9,449	0.7%	3,485	0.3%
Ancillary medical services	7,164	0.5%	3,107	0.3%
Sub-total	16,613	1.2%	6,592	0.6%

	Six months ended June 30,			
	2023		2022	
	RMB'000 (unaudited)	%	RMB'000 (unaudited)	%
Hong Kong operations				
ARS	13,709	1.0%	12,351	1.1%
Ancillary medical services	16,764	1.3%	13,885	1.2%
Sub-total	30,473	2.3%	26,236	2.3%
United States operations				
Management service fee	223,546	16.8%	200,335	17.6%
Ancillary medical services[1]	64,849	4.9%	37,987	3.3%
Sub-total	288,395	21.7%	238,322	20.9%
Total	1,333,906	100.0%	1,138,228	100.0%

Note:

(1) Ancillary medical services provided by HRC Management include ambulatory surgery center facility services and PGT (preimplantation genetic testing) services. HRC Medical reclassified revenue generated from procedures, such as biopsy, from management service fee into ancillary medical services.

Chengdu operations

The revenue contributed by the operations in Chengdu decreased by 2.0% from approximately RMB701.5 million for the six months ended June 30, 2022 to approximately RMB687.4 million for the six months ended June 30, 2023, primarily due to an increase in revenue generated by Sichuan Jinxin Xinan Hospital (Bisheng Campus) resulting from business recovery post pandemic, which is offset by (i) a decrease in management service fee charged to Jinjiang IVF Center by the Group; and (ii) a decrease in revenue generated by sales of medicines, consumables and equipment by Chengdu Jinxin Health Management Co., Ltd.* (成都錦欣健康管理有限公司) during the Reporting Period.

The revenue from ARS in Chengdu operations decreased by 1.8% from approximately RMB420.7 million for the six months ended June 30, 2022 to approximately RMB413.3 million for the six months ended June 30, 2023, primarily attributable to an increase in revenue generated by Sichuan Jinxin Xinan Hospital (Bisheng Campus) from an increase in the average spending per IVF treatment cycle performed at Sichuan Jinxin Xinan Hospital (Bisheng Campus) coupled with an increase in demand for its VIP services, which is offset by (i) a decrease in management service fee chargeable by the Group to Jinjiang IVF Center resulting from the fluctuation in the number of IVF treatment cycles performed at Jinjiang IVF Center in the first quarter of 2023 due to the impact of the pandemic; and (ii) no management service fee chargeable by the Group to Kunming operations as the Kunming operations were consolidated into the Group since July 2022.

The revenue from obstetrics, gynecology and pediatrics medical services and sales of medicines, consumables and equipment decreased by 2.4% from approximately RMB280.8 million for the six months ended June 30, 2022 to approximately RMB274.0 million for the six months ended June 30, 2023, primarily due to a decrease in revenue generated by sales of medicines, consumables and equipment of Chengdu Jinxin Health Management Co., Ltd.*, which mainly resulted from Chengdu Jinxin Health Management Co., Ltd.* focusing more on the Group's supply chain management but carrying out less external supply chain business during the Reporting Period.

Shenzhen operations

The revenue contributed by the Group's Shenzhen operations increased by 13.8% from approximately RMB165.6 million for the six months ended June 30, 2022 to approximately RMB188.4 million for the six months ended June 30, 2023, primarily due to (i) an increase in the number of IVF treatment cycles performed resulting from business recovery post pandemic; and (ii) an increase in the average spending per IVF treatment cycle performed at the Shenzhen Zhongshan Hospital due to an increase in demand for its VIP services.

Wuhan operations

The revenue contributed by the Group's Wuhan operations increased by 152.0% from approximately RMB6.6 million for the six months ended June 30, 2022 to approximately RMB16.6 million for the six months ended June 30, 2023, primarily due to the resumption of its ARS operation since August 31, 2022.

Kunming Operations

We increased our control to approximately 96.50% effective shareholding interest in Jiuzhou Hospital and Hewanjia Hospital in July 2022 and the revenue generated by these hospitals was consolidated into our Group since then. The revenue contributed by the Group's Kunming operations was approximately RMB122.6 million for the six months ended June 30, 2023.

Hong Kong operations

The revenue contributed by the Group's Hong Kong operations increased by 16.1% from approximately RMB26.2 million for the six months ended June 30, 2022 to approximately RMB30.5 million for the six months ended June 30, 2023, primarily due to an increase of IVF treatment cycles performed at RHC and ARC during the Reporting Period.

United States operations

The revenue contributed by the Group's United States operations increased by 21.0% from approximately RMB238.3 million for the six months ended June 30, 2022 to approximately RMB288.4 million for the six months ended June 30, 2023, primarily due to (i) an increase of IVF treatment cycles demanded by global patients with the lifting of travel restriction measures post pandemic; and (ii) an increase in the average spending per IVF treatment cycle performed at HRC.

Cost of Revenue

Cost of revenue of the Group increased by 14.2% from approximately RMB673.9 million for the six months ended June 30, 2022 to approximately RMB769.6 million for the six months ended June 30, 2023. The increase of the cost of revenue was mainly attributed to (i) the increase in cost of pharmaceutical products and consumables, which was in line with the increase in revenue; and (ii) the consolidation of Kunming operations into our Group since July 2022.

Cost of revenue of the Group consists primarily of cost of pharmaceutical products and consumables, medical 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 used for medical purposes.

Gross Profit and Gross Profit Margin

Gross profit of the Group increased by 21.5% from approximately RMB464.3 million for the six months ended June 30, 2022 to approximately RMB564.3 million for the six months ended June 30, 2023. The increase was primarily attributable to (i) the increase in revenue generated by our existing operations; and (ii) the consolidation of Kunming operations into our Group since July 2022. The Group's gross profit margin increased from 40.8% for the six months ended June 30, 2022 to 42.3% for the six months ended June 30, 2023. The increase in the gross profit margin was due to (i) the dilution of cost of pharmaceutical products and consumables in our Chengdu operations resulted from our centralized procurement integration of Sichuan Jinxin Xinan Hospital (Jingxiu Campus) and Sichuan Jinxin Xinan Hospital (Bisheng Campus); (ii) the resumption of our ARS operations in Wuhan since August 2022 restored profitability of our Wuhan operations; and (iii) the economies of scale enjoyed from the recovery of the Group's business post pandemic during the Reporting Period.

Other Income

Other income of the Group increased by 73.3% from approximately RMB27.4 million for the six months ended June 30, 2022 to approximately RMB47.5 million for the six months ended June 30, 2023, primarily due to an increase in government grants received by Sichuan Jinxin Fertility for its foreign direct investments in Chengdu.

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 or loss on fair value change of financial assets at fair value through profit or loss and net exchange gain or loss. The Group recorded net other gain of RMB10.5 million for the six months ended June 30, 2023, primarily attributable by foreign exchange gain derived from the fluctuations in the exchange rate of USD against RMB and HKD.

Research and Development Expenses

Research and development expenses of the Group increased by 124.8% from approximately RMB4.7 million for the six months ended June 30, 2022 to approximately RMB10.6 million for the six months ended June 30, 2023.

Research and development expenses primarily consist of staff costs of the Group's research and development team at Shenzhen Innovation Center specializing in assisted reproductive technologies, in particular reproductive immunology, and Chengdu Yongshenghengfu Business Management Co., Ltd. specializing in reproduction and genetics; and (ii) cost of materials used by our 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 62.5% from approximately RMB53.7 million for the six months ended June 30, 2022 to approximately RMB87.2 million for the six months ended June 30, 2023, primarily due to the consolidation of Kunming operations into the Group which incurred relatively more expenses in its sales and marketing among our operations.

Administrative Expenses

Administrative expenses primarily consist of staff costs, including ESOP expenses, depreciation and amortization, repairment and maintenance expenses, consulting expenses and others. Administrative expenses of the Group increased by 0.25% from approximately RMB187.6 million for the six months ended June 30, 2022 to approximately RMB188.1 million for the six months ended June 30, 2023, primarily due to an increase in cost efficiency of our existing operations, which was partially offset by the consolidation of Kunming operations into the Group.

Finance Costs

Finance costs of the Group increased by 29.3% from approximately RMB33.0 million for the six months ended June 30, 2022 to approximately RMB42.7 million for the six months ended June 30, 2023, 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, US income tax and Hong Kong income tax. Income tax expenses of the Group increased by 18.8% from approximately RMB46.1 million for the six months ended June 30, 2022 to approximately RMB54.7 million for the six months ended June 30, 2023, primarily due to the increase in the Group's profit before taxation.

The effective tax rate of the Group remained at 19.7% for the six months ended June 30, 2022 and for the six months ended June 30, 2023.

Non-IFRS Measures

To supplement the Group's 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 are not required by, or presented in accordance with IFRS. The Company believes that the non-IFRS 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 non-IFRS 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 non-IFRS 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, 2023 and 2022 to the nearest measures prepared in accordance with IFRS:

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit for the period	**223,801**	187,597
Add:		
ESOP expenses[1]	**6,370**	18,056
Amortization and depreciation of medical practice license, non-compete agreement and property, plant and equipment arising from acquisitions[2]	**24,868**	19,901
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	**255,039**	258,158
Non-IFRS EBITDA	**387,702**	333,471
Add:		
ESOP expenses[1]	**6,370**	18,056
One-off loss made by Wuhan Jinxin Hospital due to the temporary suspension of its ARS business[3]	**–**	32,604
Non-IFRS adjusted EBITDA	**394,072**	384,131

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 which recommenced its ARS operations on August 31, 2022.

Net Profit and Net Profit Margin

As a result of the foregoing, net profit of the Group increased by 19.3% from approximately RMB187.6 million for the six months ended June 30, 2022 to approximately RMB223.8 million for the six months ended June 30, 2023. Net profit margin of the Group for the six months ended June 30, 2023 was 16.8%, compared to 16.5% for the six months ended June 30, 2022. The higher net profit margin compared to the six months ended June 30, 2022 was primarily due to (i) the significant improvement in profitability of United States operations resulting from an increase in demand from global patients post pandemic and an increase in operation efficiency; (ii) the dilution of costs of pharmaceutical products and consumables resulting from centralized procurement in Chengdu operations; (iii) our Wuhan operations started to regain its profitability with its resumption of ARS operations since August 2022; and (iv) a decrease in ESOP expenses, which was partially offset by (i) the decrease in overall foreign exchange gain; and (ii) the consolidation of Kunming operations which has a relatively lower net profit margin.

Profit attributable to owners of the parent increased by 17.6% from approximately RMB190.1 million for the six months ended June 30, 2022 to approximately RMB223.6 million for the six months ended June 30, 2023.

Non-IFRS adjusted net profit[1] of the Group decreased by 1.2% from approximately RMB258.2 million for the six months ended June 30, 2022 to approximately RMB255.0 million for the six months ended June 30, 2023. The non-IFRS adjusted net profit margin of the Group for the six months ended June 30, 2023 was 19.1%, compared to 22.7% for the six months ended June 30, 2022. The lower non-IFRS adjusted net profit margin of the Group for the six months ended June 30, 2023 was primarily due to (i) the decrease in overall foreign exchange gain; and (ii) the consolidation of Kunming operations with relatively lower net profit margin at this stage.

Non-IFRS adjusted net profit attributable to owners of the parent decreased by 2.3% from approximately RMB260.7 million for the six months ended June 30, 2022 to approximately RMB254.8 million for the six months ended June 30, 2023.

Notes:

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, which officially resumed its ARS operations on August 31, 2022.

Non-IFRS EBITDA

Non-IFRS EBITDA[2] of the Group increased by 16.3% from approximately RMB333.5 million for the six months ended June 30, 2022 to approximately RMB387.7 million for the six months ended June 30, 2023. The non-IFRS EBITDA margin of the Group for the six months ended June 30, 2023 was 29.1%, compared to 29.3% for the six months ended June 30, 2022. The lower EBITDA margin of the Group for the six months ended June 30, 2023 was mainly because the (i) the decrease in overall foreign exchange gain; and (ii) consolidation of Kunming operations with relatively lower EBITDA margin at this stage.

Non-IFRS adjusted EBITDA[3] of the Group increased by 2.6% from approximately RMB384.1 million for the six months ended June 30, 2022 to approximately RMB394.1 million for the six months ended June 30, 2023. The non-IFRS adjusted EBITDA margin of the Group for the six months ended June 30, 2023 was 29.5%, compared to 33.7% for the six months ended June 30, 2022. The lower non-IFRS adjusted EBITDA margin of the Group for the six months ended June 30, 2023 was primarily due to, as presented in the foregoing, (i) the decrease in overall foreign exchange gain; and (ii) the consolidation of Kunming operations which has a relatively lower EBITDA margin.

Basic and Diluted Earnings per Share

The basic and diluted earnings per share of the Group for the six months ended June 30, 2023 amounted to RMB0.08 and RMB0.08 respectively, as compared with RMB0.08 and RMB0.07 for the six months ended June 30, 2022 respectively. Please refer to note 10 to the condensed consolidated financial statements in this interim report. Adjusted basic earnings per share of the Group for the six months ended June 30, 2023 amounted to RMB0.10, as compared with RMB0.10 as that for the six months ended June 30, 2022.

Inventories

Inventories of the Group decreased by 25.3% from approximately RMB62.5 million as at December 31, 2022 to approximately RMB46.7 million as at June 30, 2023, primarily due to the improved efficiency on inventory management, particularly with our Chengdu operations.

Accounts and Other Receivables

Accounts and other receivables of the Group increased by 3.1% from approximately RMB188.7 million as at December 31, 2022 to approximately RMB194.6 million as at June 30, 2023, which was lower than our revenue growth, representing an improved efficiency in the Group's working capital.

Notes:

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

3 Non-IFRS adjusted EBITDA is calculated as non-IFRS EBITDA for the Reporting Period, excluding (i) ESOP expenses; and (ii) one-off loss incurred by Wuhan Jinxin Hospital due to the temporary suspension of its ARS business, which officially resumed its ARS operation on August 31, 2022.

Accounts and Other Payables

Accounts and other payables of the Group decreased by 7.9% from approximately RMB916.9 million as at December 31, 2022 to approximately RMB844.2 million as at June 30, 2023, primarily due to a decrease of consideration payable for acquisition of the new hospital building of Shenzhen operations.

Liquidity, Capital Resources and Capital Structure

The Group has always adopted a prudent treasury management policy. The Group has taken a multi-source approach to fund our business operations and expansion plans, including upgrading the Group's existing medical facilities and establishing new medical institutions and acquiring other working capital requirement from bank borrowings, investments from other third parties and proceeds from Listing. 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. On January 5, 2023, an aggregate of 175,000,000 placing Shares have been placed by the Company to not less than six placees at the placing price of HK$6.725 per placing Share and the Company received total net proceeds of approximately HK$1,162,310,000 (equivalent to approximately RMB999,098,000). The placees, together with their respective ultimate beneficial owners are third parties independent of and not connected with the Company or its connected persons. None of the placees has become a substantial Shareholder immediately upon completion of the placing. The placing has been completed on January 16, 2023. 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,	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Net cash from operating activities	**336,824**	273,037
Net cash used in investing activities	**(1,958,086)**	(1,665,046)
Net cash from financing activities	**1,057,508**	873,160
Cash and cash equivalents at beginning of the period	**1,329,948**	1,689,284
Effect of foreign exchange rate changes	**3,940**	8,413
Cash and cash equivalents at end of the period	**770,134**	1,178,848

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 at June 30, 2023 ***RMB'000*** **(unaudited)**	As at December 31, 2022 *RMB'000* (audited)
Capital expenditure in respect of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	**83,198**	82,739

Significant Investments, Material Acquisitions and Disposals

Save as disclosed above, as at June 30, 2023, 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 above, for the six months ended June 30, 2023, the Group did not have any immediate plan for material investments or acquisition of material 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 at June 30, 2023, the Group, as a lessee, had outstanding lease liabilities for the remaining terms of relevant lease agreements in an aggregate amount of RMB433.5 million. The lease liabilities represent payment for right of using underlying assets.

Borrowings

As at June 30, 2023, the Group had bank borrowings of RMB2,365.7 million (December 31, 2022: RMB2,089.3 million).

Contingent Liabilities and Guarantees

As at June 30, 2023, the Group did not have any material contingent liabilities or guarantees.

Charge of Assets

As at June 30, 2023, there was no charge on the material assets of the Group.

Contractual Obligations

As at June 30, 2023, the Group did not have any contractual obligations that would have a material effect on its financial position or results of operations.

Gearing Ratio

Gearing ratio is calculated using total borrowings divided by total equity as of the end of such period and multiplied by 100%. As at June 30, 2023, the Group's gearing ratio is 23.2% (December 31, 2022: 23.9%).

EMPLOYEES AND REMUNERATION POLICY

As at June 30, 2023, the Group and the medical facilities in its network had a total of 3,045 employees, of whom 2,830 were located in China and 215 were located in the United States and other overseas countries. The staff costs, including Directors' emoluments were approximately RMB366.3 million for the six months ended June 30, 2023, as compared to approximately RMB336.6 million for the six months ended June 30, 2022.

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. On January 18, 2023, the Board approved the conditional grant of 65,853,241 restricted Shares in aggregate to grantees under the 2022 Restricted Share Award Scheme, of which (i) 29,060,994 restricted Shares were granted to 159 employees of the Company (who to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company); and (ii) 36,792,247 restricted Shares were granted to 5 Directors and 10 directors of the Company's subsidiaries (who are connected persons of the Company). Such grant of restricted Shares is subject to the acceptance of the grantees and conditions as may be determined by the Board. As of the date of this interim report, the Company has awarded 57,170,247 restricted Shares in aggregate to employees of the Company, Directors and directors of the Group's subsidiaries under the 2022 Restricted Share Award Scheme. Save as disclosed above, the Group has not granted any other restricted Shares during the Reporting Period.

Besides, the Group has adopted the Share Option Scheme on June 3, 2019 to grant options as defined in the Share Option Scheme to selected participants as incentives or rewards for their contributions to the Group. 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 at June 30, 2023, 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, 2023 (for the six months ended June 30, 2022: 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 during the six months ended June 30, 2023. 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, 2023.

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

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

AUDIT AND RISK MANAGEMENT COMMITTEE

The Board has established the Audit and Risk Management Committee which is chaired by an independent non-executive Director, Mr. Ye Changqing, and consists of another two independent non-executive Directors, Dr. Chong Yat Keung and Mr. Wang Xiaobo, and two non-executive Directors, Mr. 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 govern 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 RESULTS AND INTERIM REPORT

The Audit and Risk Management Committee has jointly reviewed with the management 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, 2023) of the Group. The Audit and Risk Management Committee considered that the interim results and interim report are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

AUDITORS

The Group's unaudited condensed consolidated financial statements for the six months ended June 30, 2023 have been reviewed by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the auditors of the Company.

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, Hong Kong and the United States with its transactions settled in Renminbi, Hong Kong dollars and U.S. dollars, 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 within one year or can be redeemable on demand.

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 as at June 30, 2023 were kept at the bank accounts of the Group.

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, 2023:

	Planned applications *(HK$ million)*	Percentage of total net proceeds	Actual usage up to June 30, 2023 *(HK$ million)*	Net proceeds brought forward for the Reporting Period *(HK$ million)*	Unutilized net proceeds as at June 30, 2023 *(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[1]	702.0[1]	25.0%[1]	702.0	–	–	By December 2022
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	–	–	By December 2021
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%	103.4	188.0	177.4	By December 2026
For the potential acquisitions of ARS service providers and businesses along the ARS service chain[4]	561.6	20.0%	561.6	–	–	By December 2021
To improve brand awareness and general ARS awareness in both China and the United States	421.2	15.0%	248.6	259.8	172.6	By December 2025
For the Group's working capital and general corporate purposes[5]	280.9	10.0%	280.9	–	–	By June 2022
Total	**2,808.1**	**100.0%**	**2,458.1**	**447.8**	**350.0**	

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 support staff, including new 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 expenses; 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 net price per Placing Share was approximately HK$15.67. The closing price was HK$16.93 per Share as quoted on the Stock Exchange on the date of the placing agreement. Based on the nominal value of US$0.00001 per Share, the aggregate nominal value of the Placing Shares is US$800.00. For further details, please refer to the announcements of the Company dated February 2, 2021 and February 9, 2021.

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, 2023:

	Planned applications *(HK$ million)*	Percentage of total net proceeds	Actual usage up to June 30, 2023 *(HK$ million)*	Net proceeds brought forward for the Reporting Period *(HK$ million)*	Unutilized net proceeds as at June 30, 2023 *(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	1,002.8	80.0%	1,002.8	–	–	By December 2021
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	188.0	15.0%	–	188.0	188.0	By June 2024
For general corporate and working capital purposes	62.7	5.0%	62.7	–	–	By June 2022
Total	**1,253.5**	**100.0%**	**1,065.5**	**188.0**	**188.0**	

Note:

(1) 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.

USE OF PROCEEDS FROM TOP-UP PLACING

On January 5, 2023, the Company entered into a placing and subscription agreement with Jinxin Fertility BVI as vendor (the "**Vendor**") and Morgan Stanley Asia Limited as placing agent (the "**Top-Up Placing Agent**"), pursuant to which (i) the Vendor agreed to sell, and the Top-Up Placing Agent agreed to procure purchaser to purchase, on a fully underwritten basis, 175,000,000 Shares at a price of HK$6.725 per Share; and (ii) the Vendor agreed to subscribe as principal for, and the Company agreed to issue, 175,000,000 new Shares, being equivalent to the number of placing Shares thereunder at the same price (the "**Top-Up Placing**"). The placing Shares were placed to not less than six independent investors. The net price per placing Share was approximately HK$6.64. The closing price was HK$7.09 per Share as quoted on the Stock Exchange on the date of the placing agreement. Based on the nominal value of US$0.00001 per Share, the aggregate nominal value of the Placing Shares is US$1,750.00. For further details, please refer to the announcements of the Company dated January 5, 2023 and January 16, 2023.

The closing of the placing and subscription under the Top-Up Placing took place on January 9, 2023 and January 16, 2023, respectively. The net proceeds from the Top-Up Placing were approximately HK$1,162.31 million, which have been and will be utilized in accordance with the purposes set out in the announcements of the Company dated January 5, 2023 and January 16, 2023, respectively. The table below sets out the planned applications of the net proceeds and actual usage up to June 30, 2023:

	Planned applications *(HK$ million)*	Percentage of total net proceeds	Actual usage up to June 30, 2023 *(HK$ million)*	Net proceeds brought forward for the Reporting Period *(HK$ million)*	Unutilized net proceeds as at June 30, 2023 *(HK$ million)*	Expected timeline for utilizing the remaining unutilized net proceeds[(1)]
To redeem and repay the relevant part of the outstanding convertible bonds issued by the Company on November 26, 2021 in the principal amount of HK$1,814,706,000	987.96	85.0%	987.96	N/A	–	By June 2023
For the Group's working capital and general corporate purposes	174.35	15.0%	43.2	N/A	131.15	By December 2024
Total	**1,162.31**	**100.0%**	**1,031.16**	**N/A**	**131.15**	

Note:

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

EVENTS AFTER THE REPORTING PERIOD

The Group has the following event taken place subsequent to June 30, 2023:

- As disclosed in the announcement of the Company dated January 18, 2023, the Board approved the conditional grant of 65,853,241 restricted Shares in aggregate to grantees under the 2022 Restricted Share Award Scheme, subject to acceptance of the grantees and conditions as may be determined by the Board. Upon acceptance by the grantees and fulfilment of the relevant conditions, on August 23, 2023, a total number of 57,170,247 restricted Shares were awarded to certain key management personnel, Directors and directors of the Group's subsidiaries, and eligible employees with vesting period from one to five years. The fair value of these restricted shares are usually estimated by the directors of the Company with reference to the quoted prices in active market. Up to the date of issuance of the condensed consolidated financial statements, the directors of the Company are still in the process of assessing the impact of the transaction.

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

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, 2023, 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

Names of Directors	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	13,123,611	0.48%	Long position
Dr. John G. Wilcox	Beneficial owner	10,000,000	0.37%	Long position
Mr. Dong Yang	Beneficial owner	10,894,318	0.40%	Long position
Ms. Lyu Rong	Beneficial owner	11,977,318	0.44%	Long position
Ms. Yan Xiaoqing	Beneficial owner	2,216,000	0.08%	Long position
Dr. Geng Lihong	Beneficial owner	600,000	0.02%	Long position

Note:

(1) The calculation is based on the total number of 2,720,913,796 Shares in issue as of June 30, 2023.

(ii) Interest in the Company's associated corporations

Names of Directors	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, 2023, 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, 2023, 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:

Names of Shareholders	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	11.74%	Long position
HRC Investment	Beneficial owner	288,580,005	10.61%	Long position
HHLR Advisors, Ltd. (previously known as Hillhouse Capital Advisors, Ltd.)[(2)]	Investment manager	176,181,349	6.48%	Long position
HHLR Fund, L.P. (previously known as Gaoling Fund, L.P.)[(2)]	Beneficial owner	152,915,349	5.62%	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, 2023.

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

(3) The calculation is based on the total number of 2,720,913,796 Shares in issue as of June 30, 2023.

Save as disclosed above, as of June 30, 2023, 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 was approved and conditionally adopted by the Shareholders by way of written resolutions on June 3, 2019 (the "**Adoption Date**"). As of June 30, 2023, no option was granted, and thus no option had been exercised, cancelled or lapsed pursuant to the Share Option Scheme. The Board has not specified any performance target that must be achieved before options can be exercised. The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be, the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme:

(1) Purpose of the Share Option Scheme

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.

(2) Participants

Eligible participants under the Share Option Schemes (the "**Eligible Person**") include any persons belonging to any of the following classes of participants: (a) any of our employees or employees of our subsidiaries or any entity (the "**Managed Entity**") in which our Group holds any equity interest, including any executive director of our Company, its subsidiaries or Managed Entity; (b) any of non-executive director or independent non-executive director of our Company, its subsidiaries or Managed Entity; and (c) any senior management of our Company, its subsidiaries or Managed Entity.

(3) Total number of Shares to be issued

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 our Company must not in aggregate exceed 238,081,580 Shares, being 10% (the "**Scheme Mandate Limit**") of the total issued shares as of the Listing Date, and representing approximately 8.75% of the Shares in issue as of the date of this report. 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. As a result, the total number of options available for grant under the Share Option Scheme was 238,081,580 as of January 1, 2023 and June 30, 2023.

(4) Maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme (including both exercised or outstanding options) to each Eligible Person in any 12-month period must not exceed 1% of the issued share capital of the Company for the time being (the "**Individual Limit**"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant must be subject to the issue of a circular to the Shareholders and the Shareholders' approval in general meeting of our Company with such Eligible Person and his associates abstaining from voting.

(5) Grant of options and acceptance of offers

Options may be accepted by a grantee within a certain number of days from the date of the offer of the grant as indicated in the offer letter. The options under the Share Option Scheme were granted to the grantees as HK$1.00.

An option may be accepted by an Eligible Person within 28 days from the date of the offer of grant of the option.

(6) Period within which options may be exercised

An option may be exercised, in accordance with the terms of the Share Option Scheme, one year after the date on which the option is granted and shall expire on the earlier of the last day of (i) a ten-year period from the date of such grant for each corresponding grantee as set out in their respective offer letters; and (ii) the expiration of the Share Option Scheme.

(7) Vesting Period

Options granted generally vest over a period ranging from 2 to 5 years. The vesting schedule of the options will be in equal yearly installments over the vesting period for each corresponding grantee on the respective anniversary dates of the grant.

(8) Basis of determination of Subscription Price

The subscription price (the "**Subscription Price**") for Shares under the Share Option Scheme shall be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations on the date of grant of that option, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of grant of that option; and (iii) the nominal value of the Shares.

(9) Life of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten years commencing from the Adoption Date. As such, as of June 30, 2023, the remaining life of the Share Option Scheme was approximately six years.

RSU SCHEME

The RSU Scheme was approved and adopted by the Board on February 15, 2019 (the "**RSU Adoption Date**"). The following is a summary of the principal terms of the RSU Scheme but does not form part of, nor was it intended to be, the RSU Scheme nor should it be taken as affecting the interpretation of the rules of the RSU Scheme:

(1) Purpose of 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 the 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, reward, remunerating, compensating and/or providing benefits to the Selected Participants.

(2) Selected Participants of the RSU Scheme

Persons eligible to receive RSUs under the RSU Scheme are any employee, director, officer, consultant or advisor of any member of the Group, or any entity which is managed by any member of the Group (the "**Managed Entity**") whom the Board considers, in its sole discretion, to have contributed or will contribute to the growth and development of the Group or any Managed Entity.

(3) Total number of Shares to be granted

The total number of the RSUs which may be issued upon exercise of all grants made pursuant to the RSU Scheme shall not exceed in 32,981,388 Shares, representing approximately 1.66% of the Company's issued share capital as of the RSU Adoption Date (the "**RSU Scheme Limit**"), and representing approximately 1.21% of the Shares in issue as of the date of this report. As of the date of this report, the total number of Shares available for issue in respect of which RSUs may be granted under the RSU Scheme is 1,737,694 Shares, representing approximately 0.06% of the Shares in issue as of that date. During the Reporting Period, no RSUs were granted under the RSU Scheme.

(4) Maximum entitlement of each Selected Participant

The maximum entitlement of each participant under the RSU Scheme shall not exceed any limits that may be imposed under the Listing Rules from time to time as amended and in force. Any further grant of RSUs to any one participant in excess of such imposed limit shall be subject to the Shareholders' approval in general meeting with such participant and his associates abstaining from voting.

(5) Vesting Period of RSUs under the RSU Scheme

RSUs granted generally vest over a period ranging from 1 month to 5 years. The vesting schedule of the RSUs will be in equal installments over the vesting period for each corresponding Selected Participant upon satisfaction of the respective performance target on the respective anniversary dates of the vesting commencement date.

(6) Grant of RSUs and acceptance of offers

RSUs may be accepted by a grantee within a certain number of days from the date of the offer of the grant of the RSUs as indicated in the offer letter. The RSUs under the RSU Scheme were granted to the Selected Participants at nil consideration and were or will be transferred to the Selected Participants upon vesting at nil consideration.

(7) Life of the RSU Scheme

The RSU Scheme commences on the RSU 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. As such, as of June 30, 2023, the remaining life of the RSU Scheme was approximately five years and eight months.

During the Reporting Period, no 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 in note 22 to the condensed consolidated financial statements of this report.

The total number of RSUs available for grant under the RSU Scheme as at January 1, 2023 and June 30, 2023 was 1,737,694.

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

Name of participant or category of participant	Date of grant	Vesting period[1]	Closing price of Shares immediately before the date on which the RSUs were granted (HK$)	Number of RSUs held as at January 1, 2023	Number of RSUs granted during the Reporting Period	Number of RSUs lapsed and cancelled	Number of RSUs vested	Number of RSUs held as at June 30, 2023	Weighted average closing price of the Shares immediately before the dates on which the RSUs were vested (HK$)	Fair value of RSUs at the date of grant (HK$)
Related entity participants or service provider with options or awards granted and to be granted in any 12-month period exceeding 0.1% individual limit										
Dr. John Matthew Norian	February 15, 2019	1–5 years	5.25	1,568,680	–	–	–	1,568,680	7.69	5.25
Other employee participants and related entity participants										
	January 6, 2020	1–3 years	10.82	2,561,977	–	–	1,842,775	719,202	10.53	11.01
	January 10, 2021	6 months-3 years	15.18	1,365,919	–	–	214,072	1,151,847	9.22	15.18
	June 1, 2021	8 months-3 years	21.25	375,000	–	–	62,500	312,500	7.65	21.25
	January 1, 2022	1 month-2 years	8.71	66,667	–	–	33,333	33,334	7.45	8.71
	January 31, 2022	1 month-5 years	7.76	3,244,860	–	–	–	3,244,860	–	7.76
	March 1, 2022	10 months-3 years	8.89	100,000	–	–	33,333	66,667	7.21	8.94
Total				**9,283,103**	**–**	**–**	**2,186,013**	**7,097,090**		

Note:

(1) The vesting of the RSUs shall be subject to certain vesting conditions based on a set of indicators that are linked with, and subject to, the results of individual performance assessments carried out by the Group and the achievement of the overall performance targets of the relevant hospitals and members of the Group as well as the results of individual performance assessments carried out by the Group for each corresponding Selected Participant.

(2) For the year ended December 31, 2022, 251,665 RSUs were lapsed and no RSU was cancelled.

2022 Restricted Share Award Scheme

The 2022 Restricted Share Award Scheme was approved and adopted by the Board on February 17, 2022 (the "**Award Adoption Date**"). The following is a summary of the principal terms of the 2022 Restricted Share Award Scheme but does not form part of, nor was it intended to be, the 2022 Restricted Share Award Scheme nor should it be taken as affecting the interpretation of the rules of the 2022 Restricted Share Award Scheme:

(1) Purpose of the 2022 Restricted Share Award Scheme

The purposes of the 2022 Restricted Share Award Scheme are to (i) provide the selected participants of the 2022 Restricted Share Award Scheme (the "**Award Selected Participants**") with the opportunity to acquire proprietary interests in the Company; (ii) encourage the Award Selected Participants to work towards enhancing the value of the Company and the 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, reward, remunerating, compensating and/or providing benefits to the Award Selected Participants.

(2) Award Selected Participants of the 2022 Restricted Share Award Scheme

Persons eligible to receive restricted Shares under the 2022 Restricted Share Award Scheme are any employee, director, officer, consultant or advisor of any member of the Group, or any entity which is managed by any member of the Group (the "**Managed Entity**") whom the Board considers, in its sole discretion, to have contributed or will contribute to the growth and development of the Group or any Managed Entity.

(3) Total number of Shares to be granted

The total number of the restricted Shares which may be issued upon exercise of all grants made pursuant to the 2022 Restricted Share Award Scheme shall not exceed in 75,227,514 Shares, representing approximately 3% of the Company's issued share capital as of the Award Adoption Date (the "**Award Limit**"), and representing approximately 2.76% of the Shares in issue as of the date of this report, provided that no account shall be taken into the calculation of the Award Limit of any Shares where the right to acquire such Shares has been released, lapsed or vested in accordance with the 2022 Restricted Share Award Scheme. As of the date of this report, the total number of Shares available for issue in respect of which restricted Shares may be granted under the 2022 Restricted Share Award Scheme is 18,057,267 restricted Shares, representing approximately 0.66% of the Shares in issue as of that date.

(4) Maximum entitlement of each Award Selected Participant

The maximum entitlement of each participant under the 2022 Restricted Share Award Scheme shall not exceed any limits that may be imposed under the Listing Rules from time to time as amended and in force. Any further grant of restricted Shares to any one participant in excess of such imposed limit shall be subject to the Shareholders' approval in general meeting with such participant and his associates abstaining from voting.

(5) Vesting Period of restricted Shares under the 2022 Restricted Share Award Scheme

Restricted Shares granted generally vest over a five-year period. The vesting schedule of the restricted Shares will be in equal yearly installments over the vesting period for each corresponding grantee upon satisfaction of the relevant performance targets on the respective anniversary dates of the grant.

(6) Grant of restricted Shares and acceptance of offers

Restricted Shares may be accepted by a grantee within a certain number of days from the date of the offer of the grant of the restricted Shares as indicated in the offer letter. The restricted Shares under the 2022 Restricted Share Award Scheme were granted to the Award Selected Participants at nil consideration and were or will be transferred to the Award Selected Participants upon vesting at nil consideration.

(7) Life of the 2022 Restricted Share Award Scheme

The 2022 Restricted Share Award Scheme commences on the Award 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. As such, as of June 30, 2023, the remaining life of the 2022 Restricted Share Award Scheme is approximately eight years and eight months.

As disclosed in the announcement of the Company dated January 18, 2023, subject to the acceptance of the grantees and conditions as may be determined by the Board, the Board approved the conditional grant of 65,853,241 restricted Shares in aggregate to grantees under the 2022 Restricted Share Award Scheme. The total number of restricted Shares available for grant under the 2022 Restricted Share Award Scheme as at January 1, 2023 and June 30, 2023 was 75,227,514 and 9,374,273 respectively. Upon acceptance by the grantees and fulfilment of the relevant conditions, on August 23, 2023, a total number of 57,170,247 restricted Shares were awarded to certain key management personnel, Directors and directors of the Group's subsidiaries, and eligible employees with vesting period from one to five years. Save as disclosed above, the Group has not granted any other restricted Shares during the Reporting Period.

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 45 to 86, which comprise the condensed consolidated statement of financial position as of 30 June 2023 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
29 August 2023

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023

	NOTES	Six months ended 30 June 2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Revenue	3	1,333,906	1,138,228
Cost of revenue		(769,582)	(673,924)
Gross profit		564,324	464,304
Other income	4	47,530	27,432
Other expense		(17,323)	—
Other gains and losses, net	5	10,468	23,740
Research and development expenses		(10,649)	(4,738)
Administrative expenses		(188,072)	(187,596)
Selling and distribution expenses		(87,242)	(53,682)
Share of results of associates		2,381	(1,235)
Share of result of a joint venture		(232)	(1,571)
Finance costs	6	(42,650)	(32,994)
Profit before taxation	7	278,535	233,660
Income tax expenses	8	(54,734)	(46,063)
Profit for the period		223,801	187,597
Other comprehensive income (expense):			
Items that will not be reclassified to profit or loss:			
Exchange difference on translation from functional currency to presentation currency		436,550	549,530
Fair value change on equity instruments at fair value through other comprehensive income ("**FVTOCI**")		—	(968)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(213,750)	(346,726)
Other comprehensive income for the period		222,800	201,836
Total comprehensive income for the period		446,601	389,433

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

For the six months ended 30 June 2023

	NOTE	**Six months ended 30 June**	
		2023	2022
		RMB'000	*RMB'000*
		(unaudited)	(unaudited)
Profit (loss) for the period attributable to:			
– Owners of the Company		**223,563**	190,149
– Non-controlling interests		**238**	(2,552)
		223,801	187,597
Total comprehensive income (expense) for the period attributable to:			
– Owners of the Company		**445,291**	390,581
– Non-controlling interests		**1,310**	(1,148)
		446,601	389,433
Earnings per share:	*10*		
– Basic (RMB)		**0.08**	0.08
– Diluted (RMB)		**0.08**	0.07

Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	NOTES	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	11	2,576,211	2,529,756
Right-of-use assets	11	569,507	565,425
Goodwill		3,582,881	3,484,725
Licenses		1,573,266	1,576,176
Non-compete agreement		20,308	20,312
Contractual right to provide management services		2,036,953	1,963,321
Trademarks		2,722,889	2,644,863
Investments in preferred shares measured at fair value through profit or loss ("**FVTPL**")	12a	7,195	105,743
Interests in an associate accounted for using equity method	12b	157,403	—
Interest in a joint venture		25,022	25,254
Loan receivable	13	21,550	6,699
Refundable deposits		59,086	58,912
Prepayments	13	197,800	203,506
Deferred tax assets	19	113,887	88,516
Life insurance policy		23,676	22,452
Amount due from an associate	12b	—	32,503
		13,687,634	13,328,163
Current assets			
Inventories		46,746	62,545
Accounts and other receivables	13	194,573	188,680
Amounts due from other related parties	14	208,752	211,338
Amount due from an associate	12b	4,343	—
Tax recoverable		42,128	40,063
Time deposits	15	29,070	13,399
Other financial assets at FVTPL	16	256,058	71,300
Bank balances and cash		761,064	1,316,549
		1,542,734	1,903,874

As at 30 June 2023

	NOTES	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Current liabilities			
Accounts and other payables	17	844,199	916,929
Amounts due to related parties	14	37,297	47,528
Lease liabilities		69,241	63,256
Tax payables		64,990	81,581
Bank borrowings	18	610,329	18,618
Convertible bonds	20	—	1,636,059
		1,626,056	2,763,971
Net current liabilities		(83,322)	(860,097)
Total assets less current liabilities		13,604,312	12,468,066
Non-current liabilities			
Lease liabilities		364,299	375,986
Deferred tax liabilities	19	1,216,368	1,186,363
Bank borrowings	18	1,755,396	2,070,678
Loan payables	17	81,166	99,911
		3,417,229	3,732,938
Net assets		10,187,083	8,735,128
Capital and reserves			
Share capital	21	180	166
Reserves		10,090,208	8,639,577
Equity attributable to owners of the Company		10,090,388	8,639,743
Non-controlling interests		96,695	95,385
Total equity		10,187,083	8,735,128

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Attributable to owners of the Company										
	Share capital *RMB'000*	Share premium *RMB'000*	Shares held for restricted share award scheme *RMB'000* *(Note 22(b))*	Capital reserve *RMB'000*	Translation reserve *RMB'000*	Statutory reserve *RMB'000* *(Note ii)*	Equity-settled share-based payment reserve *RMB'000*	Retained profits *RMB'000*	Sub-total *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
At 1 January 2023 (audited)	166	7,878,111	*	(402,668)	(129,470)	115,343	59,176	1,119,085	8,639,743	95,385	8,735,128
Profit for the period	–	–	–	–	–	–	–	223,563	223,563	238	223,801
Other comprehensive income for the period	–	–	–	–	221,728	–	–	–	221,728	1,072	222,800
Total comprehensive income for the period	–	–	–	–	221,728	–	–	223,563	445,291	1,310	446,601
Issue of shares *(Note 21(iii))*	12	999,574	–	–	–	–	–	–	999,586	–	999,586
Recognition of equity-settled share-based payments *(Note 22)*	–	–	–	–	–	–	6,370	–	6,370	–	6,370
Vesting of restricted shares	–	22,181	*	–	–	–	(22,181)	–	–	–	–
Issue of shares for Restricted Share Award Scheme *(as defined and detailed in Note 22(b))*	2	–	(2)	–	–	–	–	–	–	–	–
Transaction costs attributable to issues of shares	–	(602)	–	–	–	–	–	–	(602)	–	(602)
Transfer to statutory reserve	–	–	–	–	–	8,366	–	(8,366)	–	–	–
At 30 June 2023 (unaudited)	180	8,899,264	(2)	(402,668)	92,258	123,709	43,365	1,334,282	10,090,388	96,695	10,187,083

* The amount is less than RMB1,000.

For the six months ended 30 June 2023

	Attributable to owners of the Company											
	Share capital *RMB'000*	Share premium *RMB'000*	Shares held for restricted share award scheme *RMB'000* *(Note 22(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 21(i))*	*	*	–	–	–	–	–	–	–	–	–	–
Dividends recognised as distribution *(Note 9)*	–	(150,000)	–	–	–	–	–	–	–	(150,000)	–	(150,000)
Recognition of equity-settled share-based payments *(Note 22)*	–	–	–	–	–	–	18,056	–	–	18,056	–	18,056
Vesting 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.

Notes:

(i) The change of capital reserve during six months ended 30 June 2022 is mainly comprised of 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 2023

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Operating activities		
Operating cash flows before movements in working capital	**457,213**	350,520
Increase in accounts and other receivables	**(30,864)**	(29,821)
Decrease in amounts due from other related parties	**20,745**	26,221
(Decrease) increase in accounts and other payables	**(24,823)**	4,054
Other changes in working capital and tax paid	**(85,447)**	(77,937)
Net cash from operating activities	**336,824**	273,037
Investing activities		
Interest received from banks	**6,265**	5,584
Interest received from time deposits	**9,296**	7,210
Interest received from pledged bank deposits	**—**	1,813
Proceeds from distribution of financial assets at FVTPL	**—**	108,838
Proceeds from disposal of other financial assets at FVTPL	**257,572**	142,289
Purchase of other financial assets at FVTPL	**(440,239)**	(120,814)
Purchase of a life insurance policy	**—**	(21,681)
Proceeds from disposal of property, plant and equipment	**232**	154
Purchase of property, plant and equipment	**(95,859)**	(929,564)
Net cash inflow on acquisition of subsidiaries	**—**	33,583
Withdrawal of time deposits	**1,272,727**	7,438,564
Placement of time deposits	**(1,311,291)**	(7,418,564)
Repayments from related parties	**16,509**	24,799
Advances to related parties	**(21,474)**	(16,031)
Advances to associates	**(612)**	(34,737)
Deposits paid for an acquisition of equity interests	**—**	(886,489)
Redemption of Convertible Bonds (as defined and detailed in Note 20)	**(1,604,588)**	—
Settlement of consideration payables on acquisition of subsidiaries in prior year	**(46,624)**	—
Net cash used in investing activities	**(1,958,086)**	(1,665,046)

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Financing activities		
Interest paid	**(27,176)**	(14,423)
Repayment of bank borrowings	**(381,101)**	(209,957)
New bank borrowings raised	**591,711**	1,991,239
Repayment of loan payables	**(37,085)**	(194,092)
Repayment of leases liabilities	**(41,899)**	(37,817)
Repayment to related parties	**(25,736)**	(321,224)
Proceeds from issue of shares	**999,586**	—
Transaction costs attributable to issue of shares	**(602)**	—
Interest paid for lease liabilities	**(9,816)**	(9,916)
Advances from related parties	**130**	2,906
Dividend paid	**(10,504)**	—
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	**—**	(132,458)
Net cash from financing activities	**1,057,508**	873,160
Net decrease in cash and cash equivalents	**(563,754)**	(518,849)
Cash and cash equivalents at beginning of the period	**1,329,948**	1,689,284
Effect of foreign exchange rate changes	**3,940**	8,413
Cash and cash equivalents at end of the period, represented by	**770,134**	1,178,848
Bank balances and cash	**761,064**	1,101,734
Time deposits with original maturity of less than three months	**9,070**	77,114
	770,134	1,178,848

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 RMB83,322,000 and the Group's current liabilities primarily comprise of accounts and other payables amounting to RMB844,199,000 and bank borrowings which are due within one year amounting to RMB610,329,000 as at 30 June 2023.

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 2023. Together with the Group has undrawn facility from the bank facility agreements amounting to RMB719,276,000 as at 30 June 2023, 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 2023 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 2023. 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 change in 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 2023 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2022.

Application of amendments to IFRS Standards

In the current interim period, the Group has applied the following new and 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 2023 for the preparation of the Group's condensed consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arsing from a Single Transaction
Amendments to IAS 12	International Tax Reform — Pillar Two model Rules

Except as described below, the application of the new and 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 on application of Amendments to IAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current period had no material impact on the condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Impacts and changes in accounting policies on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

As disclosed in the Group's annual financial statements for the year ended 31 December 2022, the Group previously applied the IAS 12 requirements to assets and liabilities arising from a single transaction as a whole and temporary differences relating to the relevant assets and liabilities were assessed on a net basis. Upon the application of the amendments, the Group assessed the relevant assets and liabilities separately. In accordance with the transition provision:

(i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;

(ii) the Group also, as at 1 January 2022, recognised a deferred tax asset (to extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance.

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 2023, the Group's revenue is contributed from its operations in Chengdu, Shenzhen, Wuhan, Kunming, the United States of America (the "**U.S.A.**") and Hong Kong Special Administrative Region ("**Hong Kong**") (Six months ended 30 June 2022: Chengdu, Shenzhen, Wuhan, the U.S.A. and Hong Kong). The Group has new operations in Kunming during the second half of 2022 as a result from acquisition of Yunnan Jinxin Jiuzhou Hospital Co., Ltd. ("**Yunnan Jiuzhou Hospital**") and Kunming Jinxin Hewanjia Obstetrics and Gynecology Hospital Co., Ltd. ("**Kunming Hewanjia Hospital**").

As at 30 June 2023, 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 2023 and 2022. 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.

3. REVENUE AND SEGMENT INFORMATION (Continued)

For the six months ended 30 June 2023:

	Greater China *RMB'000*	**U.S.A.** *RMB'000*	**Consolidated** *RMB'000*
Revenue			
Segment revenue from external customers	**1,045,511**	**288,395**	**1,333,906**
Segment profit	**316,615**	**21,227**	**337,842**
Unallocated administrative expenses			**(40,252)**
Share-based compensation benefits			**(6,370)**
Certain interest on bank borrowing			**(29,692)**
Exchange gain, net			**6,745**
Certain interest income from banks			**90**
Interest on convertible bonds			**(1,310)**
Certain interest income from time deposits			**9,101**
Share of results of associates			**2,381**
Profit before taxation			**278,535**

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)
Fair value changes of investments in preferred shares measured at FVTPL			277
Certain fair value change of financial assets at FVTPL			(13,505)
Certain fair value change of other financial assets at FVTPL			1,646
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 results of associates			(1,235)
Profit before taxation			233,660

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 2023 *RMB'000* (unaudited)	As at 31 December 2022 *RMB'000* (audited)
Segment assets		
Greater China	10,403,919	10,579,560
U.S.A.	4,405,818	4,291,280
Total segment assets	14,809,737	14,870,840
Corporate bank balances and cash	80,353	106,720
Investments in preferred shares measured at FVTPL	7,195	105,743
Interests in an associate accounted for using equity method	157,403	—
Corporate amount due from an associate	4,343	15,434
Life insurance policy	23,676	22,452
Unallocated corporate assets and others	147,661	110,848
Total	15,230,368	15,232,037
Segment liabilities		
Greater China	1,804,984	2,968,337
U.S.A.	979,936	932,351
Total segment liabilities	2,784,920	3,900,688
Convertible bonds	—	1,636,059
Corporate bank borrowings	2,205,396	930,678
Corporate amounts due to related parties	26,039	—
Unallocated corporate liabilities and others	26,930	29,484
Total	5,043,285	6,496,909

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

- All assets are allocated to operating segments, other than corporate bank balances and cash, investments in preferred shares measured at FVTPL, interests in associates accounted for using equity method, corporate amount due from an associate, life insurance policy and other unallocated corporate assets and others; and

- All liabilities are allocated to operating segments, other than convertible bonds, corporate bank borrowings, corporate amounts due to related parties and unallocated corporate liabilities and others.

3. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue from major services

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Types of services		
Assisted reproductive services	**638,702**	518,635
Management services	**283,834**	287,844
Ambulatory surgery centre facilities services	**49,340**	34,555
Ancillary medical services	**111,878**	38,469
Obstetrics, gynecology and pediatrics medical services	**200,926**	201,555
Sales of medicines, consumables and equipment	**49,226**	57,170
Total	**1,333,906**	1,138,228

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Timing of revenue recognition		
A point in time recognition	**728,199**	562,256
Over time recognition	**605,707**	575,972
Total	**1,333,906**	1,138,228

Geographical information

On 30 June 2023, the non-current assets located in the Greater China, the U.S.A., and Laos amounted to RMB9,272,087,000, RMB4,180,817,000, and RMB40,207,000, respectively (31 December 2022: RMB8,936,931,000, RMB4,152,246,000, and RMB52,356,000, respectively). Non-current assets as at 30 June 2023 excluded refundable deposits, loan receivable and deferred tax assets and 31 December 2022 excluded loan receivable, refundable deposits, deferred tax assets and amount due from an associate.

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	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Huntington Reproductive Center Medical Group ("**HRC Medical**")	**225,208**	190,496

For the six months ended 30 June 2023

4. OTHER INCOME

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest income from pledged bank deposits	—	1,813
Interest income from time deposits	9,139	7,290
Interest income from banks	6,265	5,584
Government grants *(Note)*	22,059	4,996
Others	10,067	7,749
	47,530	27,432

Note:

The government grants mainly represent amounts received by Sichuan Jinxin Fertility, a subsidiary of the Group, for its foreign investment awards and nucleic acid incentives with no unfulfilled conditions and the grants on cost incurred for research and development projects of Shenzhen Zhongshan Hospital with no unfulfilled conditions. (2022: 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	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Fair value change of financial assets at FVTPL	—	(5,526)
Fair value change of other financial assets at FVTPL	2,091	4,824
Exchange gain, net	6,745	19,742
Gain on early termination of leases	1,047	283
Fair value changes of investments in preferred shares measured at FVTPL	—	277
Fair value change of other financial liabilities at FVTPL	—	3,501
Net gain (loss) on a life insurance policy	366	(380)
(Loss) gain on disposal of property, plant and equipment	(497)	101
Others	716	918
Total	10,468	23,740

6. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest on bank borrowings	**31,524**	20,805
Interest on convertible bonds	**1,310**	2,273
Interest on lease liabilities	**9,816**	9,916
	42,650	32,994

7. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2023	2022
	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)	**348,259**	306,741
Share-based compensation benefits	**6,370**	18,056
Amortisation of licenses (included in administrative expenses)	**22,404**	17,364
Amortisation of non-compete agreement (included in administrative expenses)	**717**	671
Depreciation of property, plant and equipment	**68,616**	63,469
Depreciation of right-of-use assets	**32,896**	36,978

8. INCOME TAX EXPENSES

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax:		
PRC Enterprise Income Tax ("**EIT**")	**55,158**	47,612
Hong Kong Profits Tax	**1,882**	1,744
California State Income Tax	**108**	230
	57,148	49,586
Withholding tax:	**17,912**	—
Deferred tax:		
Current period *(Note 19)*	**(20,326)**	(3,523)
	54,734	46,063

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 2023 (2022: 16.5%).

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 (2022: 21%) and an average of 8.84% for California State Income Tax rate for the six months ended 30 June 2023 (2022: 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 2023 and 2022.

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

During the current interim period, no dividend were paid, declared or proposed to owners of the Company.

During the six months ended 30 June 2022, 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, has been proposed by the directors of the Company and approved by the shareholders in the annual general meeting held on 28 June 2022.

The directors of the Company do not recommend the payment of any interim dividend for the six months ended 30 June 2023 (Six months ended 30 June 2022: 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	
	2023	2022
	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)	**223,563**	190,149
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds	**1,310**	2,273
Exchange gain on convertible bonds	**(10,853)**	(12,139)
Earnings for the purpose of diluted earnings per share (profit for the period attributable to owners of the Company)	**214,020**	180,283

	Six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	**2,668,504,206**	2,487,932,947
Effect of dilutive potential ordinary shares:		
Restricted Shares Units issued by the Company	**4,852,184**	6,805,070
Convertible bonds issued by the Company	**60,156,000**	120,980,400
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,733,512,390**	2,615,718,417

10. EARNINGS PER SHARE (Continued)

For the six months ended 30 June 2023 and 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.

For the six months ended 30 June 2023, 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 22(b) and the effect of the ordinary shares issued by the Company as described in Note 21 (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 22(b)).

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 RMB729,000 (30 June 2022: RMB53,000) for proceeds of RMB232,000 (30 June 2022: RMB154,000), resulting in a loss on disposal of RMB497,000 (30 June 2022: gain on disposal of RMB101,000).

During the current interim period, the Group paid approximately RMB95,859,000 (30 June 2022: RMB929,564,000) 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 three new lease agreements of buildings for the use of various buildings for 24 months, 24 months, 120 months respectively (six months ended 30 June 2022: four new lease agreements of buildings for the use of various buildings for 60 months, 83 months, 87 months, 126 months respectively) and did not enter into any lease for land use right (six months ended 30 June 2022: one lease of land use right). On lease commencement, the Group recognised approximately RMB46,119,000 (six months ended 30 June 2022: RMB209,422,000) of right-of-use assets and approximately RMB46,119,000 (Six months ended 30 June 2022: RMB36,703,000) lease liabilities.

12a.INVESTMENTS IN PREFERRED SHARES MEASURED AT FVTPL

	RMB'000
At 1 January 2022 (audited)	169,930
Fair value change	277
Exchange realignment	8,957
At 30 June 2022 (unaudited)	179,164
Deemed disposal of partial preferred shares	(1,717)
Fair value change	(77,010)
Exchange realignment	5,306
At 31 December 2022 (audited)	105,743
Disposal of partial preferred shares *(Note)*	(102,514)
Exchange realignment	3,966
At 30 June 2023 (unaudited)	7,195

Note:

On 21 July 2020, the Group acquired 35,000,000 preferred shares with a substantive redemption feature of Mengmei Life Pty. Limited ("**Mengmei**") at a consideration of US$13,366,000 (equivalent to approximately RMB87,210,000). On 30 April 2023, Mengmei entered into an agreement with the Group to redeem the said preferred shares from the Group at a consideration of US$14,187,000 (equivalent to approximately RMB102,514,000) (the "**Consideration Payable**") and as a result, the Group no longer holds any direct interest in Mengmei as at 30 June 2023.

On 29 June 2023, Jinxin International Medical Services Company Limited ("**Jinxin International**"), an associate of the Company with 49% shares held, acquired certain subsidiaries of Mengmei, including Mengmei's Consideration Payable to the Group, at a total consideration of US$22,407,000 (equivalent to approximately RMB161,911,000). On 30 June 2023, Jinxin International issued an aggregate of 4,920,000,000 shares to the Group at an aggregate consideration of US$22,407,000 (equivalent to approximately RMB161,911,000), which were settled by (1) a consideration payable of US$8,220,000 (equivalent to approximately RMB59,397,000), plus (2) discharging the Consideration Payable. The consideration payable of US$8,220,000 (equivalent to approximately RMB59,397,000) was partially settled by offsetting against certain receivables of the Group from Jinxin International at an equivalent total amount of approximately RMB34,426,000. The remaining outstanding consideration payable to Jinxin International amounting to US$3,456,000 (equivalent to approximately RMB24,971,000) will be settled within one year.

Jinxin International also issued another 200,816,000 shares to its other shareholder at a consideration of US$915,000 (equivalent to approximately RMB6,609,000). Therefore, the Group continues to hold 49% interest in Jinxin International and is able to exercise significant influence over Jinxin International.

12b. INTERESTS IN AN ASSOCIATE ACCOUNTED FOR USING EQUITY METHOD/AMOUNT DUE FROM AN ASSOCIATE

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Cost of interests in an associate accounted for using equity method	—	—
Capital injection *(Note 12a)*	161,911	—
	161,911	—
Less: Share of post-acquisition loss	(4,508)	—
	157,403	—
Amount due from an associate as non-current assets	—	39,392
Less: Share of post-acquisition loss that are excess of the cost of investment	—	(11,237)
Add: Share of post-acquisition loss reversed upon disposal of an associate	—	4,348
	—	32,503
Add: Amount due from an associate as current assets *(Note)*	4,343	—
Total amount due from an associate	4,343	32,503
Interests in an associate accounted for using equity method	157,403	—

Note:

The amount represents non-trade receivable from Jinxin International. The amount is unsecured, interest-free and repayable on demand.

13. ACCOUNTS AND OTHER RECEIVABLES

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Accounts receivables	93,468	83,319
Other receivables and prepayments:		
Prepayments on acquisitions of equity interests *(Note i)*	153,865	153,082
Prepayments to a director of a subsidiary *(Note ii)*	32,347	37,587
Prepayments to suppliers	93,611	83,133
Interest receivables	226	383
Loan receivables	28,606	27,187
Others	11,800	14,194
	413,923	398,885
Less: Loan receivable classified as non-current assets *(Note iii)*	21,550	6,699
Prepayments classified as non-current assets	197,800	203,506
Total accounts and other receivables as current assets	194,573	188,680

Notes:

(i) The amount mainly represents an investment agreement entered in December 2022 between the Group and Chengdu Jincheng Hongda Enterprise Management Co., Ltd, which is the holding company of Chengdu Jinxin Aijian International Hospital Management Co., Ltd. ("**Jinxin Aijian**"), and mutually agreed to transfer the amounts due from Jinxin Aijian amounting to RMB132,188,000 as the prepayment to future equity investment in Chengdu Jincheng Hongda Enterprise Management Co., Ltd.

(ii) With effect from 1 December 2022 to 30 November 2025, a director of Shenzhen Zhongshan Hospital is entitled to an aggregate remuneration of HK$43,300,000 (equivalent to approximately RMB39,922,000).

(iii) The amount is unsecured, interest-free and repayable over one year. The amount is therefore classified as non-current assets in the condensed consolidated statement of financial position.

13. ACCOUNTS AND OTHER RECEIVABLES (Continued)

The individual customers of Sichuan Jinxin Xinan Women & Children 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**"), Yunnan Jiuzhou Hospital and Kunming Hewanjia 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 Jinjiang Xinan Clinic Co., Ltd. (previously known as in Xinan Gynecological Hospital Co., Ltd.) and Jinxin Xinan Women & Children 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 2023 for assessment of expected credit loss ("**ECL**") are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022.

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 2023 and 31 December 2022.

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.

13. 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 2023 *RMB'000* **(unaudited)**	As at 31 December 2022 *RMB'000* (audited)
Within 90 days	**40,706**	46,768
91 to 180 days	**12,789**	22,496
Over 180 days	**39,973**	14,055
	93,468	83,319

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

Amounts due from other related parties

	As at 30 June 2023 *RMB'000* **(unaudited)**	As at 31 December 2022 *RMB'000* (audited)
Trade in nature		
成都市錦江區婦幼保健院 (Jinjiang District Maternity and Child Health Hospital) *(Note i)**	**58,769**	62,773
HRC Medical *(Note ii)*	**46,171**	36,914
成都錦欣潤怡醫療管理有限公司 (Chengdu Jinxin Runyi Medical Management Co., Ltd.) *(Notes i & iii)**	**32,608**	42,849
成都錦欣生殖醫學與遺傳研究所 (Chengdu Jinxin Institute of Reproductive Medicine and Genetics) *(Note i)**	**414**	302
成都錦欣信息科技有限公司 (Chengdu Jinxin Information Technology Co., Ltd.) *(Note iv)**	**204**	46
四川省邁可多醫療用品有限公司 (Sichuan Mocodo Medical Products Co., Ltd.) *(Note i)**	**120**	12
成都喜馬拉雅藏醫醫院有限公司 (Chengdu Himalayan Tibetan Medical Hospital Co., Ltd.) *(Note v)**	**—**	9
Chengdu Jinxin Medical Investment Management Group Co., Ltd. ("Chengdu Jinxin Investment") and its other affiliates *(Note i)*	**20,569**	38,940
	158,855	181,845

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

Amounts due from other related parties (Continued)

	As at 30 June 2023 *RMB'000* **(unaudited)**	As at 31 December 2022 *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.) *(Notes i & vi)**	**28,771**	28,368
Other receivables:		
HRC Medical *(Note vii)*	**15,036**	—
成都市錦江區婦幼保健院 (Jinjiang District Maternity and Child Health Hospital) *(Note i)* *	**5,888**	—
Chengdu Jinxin Investment and its other affiliates *(Note i)*	**202**	1,125
	49,897	29,493
Total	**208,752**	211,338

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 2023 *RMB'000* **(unaudited)**	As at 31 December 2022 *RMB'000* (audited)
Analysed as:		
Current	**208,752**	211,338

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.

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

(ii) 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 2023 based on invoice date is aged within 90 days (31 December 2022: 90 days) and not past due nor impaired.

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

Amounts due from other related parties (Continued)

Notes: (Continued)

(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 joint venture of the Company. The amount was unsecured, interest-free and repayable on demand.

(v) The entity was disposed by its shareholder, which is one of the same beneficial shareholders with the Company during six months ended 30 June 2023 (31 December 2022: has the same beneficial shareholders with the Company and the amounts was unsecured, interest-free and repayable on demand).

(vi) The amount of RMB28,771,000 (31 December 2022: RMB28,368,000) due from Chengdu Jinlin Enterprise Management Co., Ltd. is unsecured, interest-free, and repayable on demand.

(vii) The amount represents receivable from HRC Medical. The amount is unsecured, interest-free and repayable on demand.

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 2023 *RMB'000* **(unaudited)**	As at 31 December 2022 *RMB'000* (audited)
Within 90 days	**138,514**	100,587
91 to 180 days	**10,432**	73,282
Over 180 days	**9,909**	7,976
	158,855	181,845

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

Amounts due to related parties

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Trade in nature		
成都市錦江區婦幼保健院 (Jinjiang District Maternity and Child Health Hospital) *(Note i)**	**2,233**	1,485
四川省邁可多醫療用品有限公司 (Sichuan Mocodo Medical Products Co., Ltd.) *(Note i)**	**231**	542
成都錦欣信息科技有限公司 (Chengdu Jinxin Information Technology Co., Ltd.) *(Note ii)**	**187**	1,471
Chengdu Jinxin Investment and its other affiliates *(Note i)*	**6,862**	15,610
	9,513	19,108

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Non-trade in nature		
Jinxin International *(Note iii)*	**24,971**	—
四川省邁可多醫療用品有限公司 (Sichuan Mocodo Medical Products Co., Ltd.) *(Note i) **	**2,000**	3,510
成都市錦江區婦幼保健院 Jinjiang District Maternity and Child Health Hospital *(Notes i & iv)**	**—**	5,426
成都錦欣信息科技有限公司 (Chengdu Jinxin Information Technology Co., Ltd.) *(Note ii)**	**—**	3,003
Chengdu Jinxin Investment and its other affiliates *(Notes i & iv)*	**813**	16,481
	27,784	28,420
Total	**37,297**	47,528

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

Amounts due to related parties (Continued)

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.

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

(ii) The entity is a subsidiary of the Company's joint venture. The amount is unsecured, interest-free and repayable on demand.

(iii) The amount represents consideration payable in relation to investment in an associate, please refer to Note 12a for details.

(iv) 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 2023 *RMB'000* **(unaudited)**	As at 31 December 2022 *RMB'000* (audited)
Within 90 days	**7,196**	7,067
91 to 180 days	**1,233**	11,993
Over 180 days	**1,084**	48
	9,513	19,108

15. TIME DEPOSITS

During the six months ended 30 June 2023 and the year ended 31 December 2022 the Group entered into several time deposits with banks in the PRC, Hong Kong and United States. These time deposits carry fixed interest rate of 0.01% to 3.11% per annum (31 December 2022: 0.01% to 4.82% per annum) with maturity date within one year as specified in the agreement (31 December 2022: 90 days as specified in the agreement).

16. OTHER FINANCIAL ASSETS AT FVTPL

As at 30 June 2023, the balances represent wealth management products amounted to RMB256,058,000 (31 December 2022: RMB71,300,000).

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 2.89% per annum for the six months ended 30 June 2023 (31 December 2022: up to 4.30% per annum) depending on the performance of the underlying financial investments. The wealth management products can be redeemable on demand (31 December 2022: a maturity period of 180 days to 182 days, or can be redeemable on demand). The wealth management products are classified as financial assets at FVTPL on initial recognition.

17. ACCOUNTS AND OTHER PAYABLES

	As at 30 June 2023	As at 31 December 2022
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Accounts payables	**231,227**	217,723
Other payables:		
Consideration payable for acquisition of Shenzhen Hengyu Lianxiang Investment Development Co., Ltd. ("**Shenzhen Hengyu**")	**—**	37,234
Consideration payable for acquisition of a subsidiary *(Note i)*	**24,280**	33,670
Construction payables	**87,894**	86,435
Loan payables *(Note ii)*	**253,403**	290,488
Dividend payables	**—**	10,504
Refundable customers' deposits	**136,905**	100,734
Accrued employee expenses	**105,548**	159,052
Provision	**18,065**	—
Value-added tax and other tax payables	**15,959**	28,282
Interest payables	**12,129**	12,075
Deferred income *(Note iii)*	**9,184**	10,081
Others	**30,771**	30,562
	694,138	799,117
Total accounts and other payables	**925,365**	1,016,840
Less: Loan payables as non-current liabilities *(Note ii)*	**(81,166)**	(99,911)
Total accounts and other payables as current liabilities	**844,199**	916,929

17. ACCOUNTS AND OTHER PAYABLES (Continued)

Notes:

(i) The amount represents consideration payable in relation to acquisition of Yunnan Jiuzhou Hospital and Kunming Hewanjia Hospital, which is due to be settled within one year.

(ii) The amounts represent unsecured, interest-free loan payables to the former shareholders of Shenzhen Hengyu. Pursuant to the equity transfer agreement entered into on 4 February 2022, certain consideration is payable by the Group to the former shareholders upon completion of certain construction milestone, which is due to be settled for over one year. Accordingly, as at 30 June 2023, the amount of RMB81,166,000 is expected to be paid after one year and therefore classified as non-current liabilities in the condensed consolidated statement of financial position.

(iii) 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 generally from 30 to 90 days from the invoice date.

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

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Within 90 days	**184,954**	151,802
91 to 180 days	**18,861**	16,954
181 to 365 days	**9,608**	35,526
Over 365 days	**17,804**	13,441
	231,227	217,723

18. BANK BORROWINGS

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Bank borrowings-guaranteed	**2,365,725**	2,089,296
The carrying amounts of the above borrowings are repayable:		
Within one year	**610,329**	18,618
Within a period of more than one year but not exceeding two years	**1,755,396**	714,020
Within a period of more than two years but not exceeding three years	**—**	1,356,658
	2,365,725	2,089,296

18. BANK BORROWINGS (Continued)

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 six months ended 30 June 2022, the Company drew down the bank facility to its full amount. The loans carry interest at variable market rates of Secured Overnight Financing Rate plus a fixed interest of 2.2%. The Group has repaid US$55,000,000 (equivalent to approximately RMB381,101,000) of the loans in June 2023. The outstanding amount of the loans are repayable by instalments of 16.7% and 65.0% of the principal upon 30 and 36 months of the utilisation date.

During the interim period, the Group entered into a new borrowing amounting to RMB450,000,000 which carries fixed interest rate of 3.8% per annum and is repayable on 27 June 2024. The borrowing is guaranteed by the Company.

19. 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 31 December 2021 and 1 January 2022 (audited)	(6,396)	(1,004,945)	7,020	(1,004,321)
Charged (credited) 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)
(Credited) charged during the period	(90)	(8,038)	64,473	56,345
Acquisition of subsidiaries	—	(96,325)	4,242	(92,083)
Exchange realignment	—	(27,267)	1,913	(25,354)
At 31 December 2022 and 1 January 2023 (audited)	**(6,039)**	**(1,180,324)**	**88,516**	**(1,097,847)**
Charged (credited) during the period *(Note 8)*	**5,835**	**(7,871)**	**22,362**	**20,326**
Exchange realignment	**—**	**(27,969)**	**3,009**	**(24,960)**
At 30 June 2023 (unaudited)	**(204)**	**(1,216,164)**	**113,887**	**(1,102,481)**

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

	As at 30 June 2023 ***RMB'000*** **(unaudited)**	As at 31 December 2022 *RMB'000* (audited)
Deferred tax liabilities	**(1,216,368)**	(1,186,363)
Deferred tax assets	**113,887**	88,516
	(1,102,481)	(1,097,847)

20. 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 31 December 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.

The Convertible Bonds had been fully redeemed on 30 March 2023.

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

	Convertible bonds *RMB'000* (unaudited)
As at 1 January 2023	(1,636,059)
Interest on the Convertible Bonds	(1,310)
Redemption	1,604,588
Exchange realignment	32,781
As at 30 June 2023	—

21. 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 2022, 31 December 2022 and 30 June 2023	5,000,000,000	50,000	345
Issued:			
At 1 January 2022 (audited)	2,507,583,802	25,076	165
Shares cancelled *(Note i)*	(5,731,000)	(57)	*
Issue of shares *(Note ii)*	15,000,000	150	1
At 31 December 2022 (audited)	2,516,852,802	25,169	166
Issue of shares *(Note iii)*	204,060,994	2,041	14
At 30 June 2023 (unaudited)	2,720,913,796	27,210	180

* The amount is less than RMB1,000.

Notes:

(i) During the six months period ended 30 June 2022, the Company cancelled its own shares of an aggregate of 5,731,000 number of shares, which were repurchased by the Group 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 RMB40,953,000).

(ii) During the year ended 31 December 2022, 15,000,000 ordinary shares had been issued by the Company to a director of Shenzhen Zhongshan Hospital, through a subscription arrangement at the price of HK$6.50 per share. Proceeds amounting to US$150 (equivalent to approximately RMB1,000) represent the par value of the shares issued were credited to the share capital of the Company. The remaining proceeds net of RMB82,962,000 were credited to the share premium. Details of the placing are set out in the Company's announcement dated 7 June 2022.

(iii) During the current interim period, 175,000,000 ordinary shares had been issued by the Company through a private placement arrangement at the price of HK$6.725 per share. Proceeds of US$1,750 (equivalent to approximately RMB12,000) represent the par value of the shares issued were credited to the share capital of the Company. The remaining proceeds net of transaction costs of RMB998,972,000 were credited to the share premium. For details of the transaction, please refer to the Company's announcement dated 16 January 2023.

In addition, 29,060,994 ordinary shares had been issued by the Company to Jinxin 2nd ESOP Limited ("**the second RSU Scheme's Nominee**") for and on behalf of the Company.

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

22. 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.

(b) Restricted Share Award Scheme

On 15 February 2019 (the "**First Adoption Date**"), the Company approved the RSU Scheme (the "**2019 RSU Scheme**"). The purposes of 2019 RSU Scheme are to (i) provide the selected participants of 2019 RSU Scheme (the "**2019 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 2019 Selected Participants. The 2019 RSU Scheme commences on the First 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 2019 restricted share units (the "**2019 RSUs**") underlying all grants made pursuant to the 2019 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 First Adoption Date (the "**2019 RSU Scheme Limit**"), provided that no account shall be taken into the calculation of the 2019 RSU Scheme Limit of any Shares where the right to acquire such Shares has been released, lapsed or vested in accordance with the 2019 RSU Scheme.

22. SHARE-BASED PAYMENTS (Continued)

(b) Restricted Share Award Scheme (Continued)

In addition, the Company approved a new RSU Scheme (the "**2022 RSU Scheme**") on 17 February 2022 (the "**Second Adoption Date**"). The purposes of the 2022 RSU Scheme are to (i) provide the selected participants of the 2022 RSU Scheme (the "**2022 Selected Participants**") with the opportunity to acquire proprietary interests in the Company; (ii) encourage the 2022 Selected Participants to work towards enhancing the value of the Company and the 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, reward, remunerating, compensating and/or providing benefits to the 2022 Selected Participants. The 2022 RSU Scheme commences on the Second 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 2022 restricted share units (the "**2022 RSUs**") underlying all grants made pursuant to the 2022 RSU Scheme shall not exceed in total approximately 3% (i.e. 75,227,514 shares) of the Company's issued share capital as at the Second Adoption Date (the "**2022 RSU Scheme Limit**"), provided that no account shall be taken into the calculation of the 2022 RSU Scheme Limit of any Shares where the right to acquire such Shares has been released, lapsed or vested in accordance with the 2022 RSU Scheme.

A deed of adherence dated 14 February 2019 was entered into between the Company and Jinxin Employee Holdings Company Limited ("**the first RSU Scheme's Nominee**"). Another one dated 15 February 2023 was entered into between the Company and the second RSU Scheme's Nominee. On 15 February 2019 and 15 February 2023, 32,981,388 and 29,060,994 shares were issued to the first and second RSU Scheme's Nominee for and on behalf of the Company respectively. As of 30 June 2023, 37,895,778 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 2023, 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
Key management personnel	100,000	1 March 2022	14 February 2029	10 months–3 years

22. 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 1 January 2022, 31 January 2022, and 1 March 2022. The fair value of the RSUs granted on 1 January 2022, 31 January 2022, and 1 March 2022 were assessed to be RMB712,000, RMB24,475,000, and RMB721,000, 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 and Shares				
	Outstanding at 1 January 2023	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 30 June 2023
RSUs granted to:					
Other consultant	1,568,680	—	—	—	1,568,680
Key management personnel	624,233	—	(577,685)	—	46,548
Eligible employees and doctors of HRC Medical	1,937,744	—	(1,265,090)	—	672,654
Key management personnel	1,365,919	—	(214,072)	—	1,151,847
Key management personnel	375,000	—	(62,500)	—	312,500
Key management personnel	66,667	—	(33,333)	—	33,334
Eligible employees and doctors of HRC Medical	1,254,150	—	—	—	1,254,150
Partner doctor of HRC Medical	1,990,710	—	—	—	1,990,710
Key management personnel	100,000	—	(33,333)	—	66,667
	9,283,103	—	(2,186,013)	—	7,097,090

22. SHARE-BASED PAYMENTS (Continued)

(b) Restricted Share Award Scheme (Continued)

	Number of Awarded and 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

The Group recognised the total expense of RMB6,370,000 for the six months ended 30 June 2023 (2022: RMB18,056,000) in relation to RSUs granted by the Company in the current interim period.

At the end of each reporting 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.

23. 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.

24. CAPITAL COMMITMENTS

	As at 30 June 2023 ***RMB'000*** **(unaudited)**	As at 31 December 2022 *RMB'000* (audited)
Capital expenditure in respect of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	**83,198**	82,739

25. 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 2023 and 31 December 2022 include financial assets at FVTPL.

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).

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

25. 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)

Financial assets	Fair value as at	Fair value hierarchy	Valuation and techniques key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Other financial assets at FVTPL	30 June 2023 – RMB256,058,000 31 December 2022 – RMB71,300,000	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
Investments in preferred shares measured at FVTPL	30 June 2023 – RMB7,195,000 31 December 2022 – RMB105,743,000	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% (2022: 50%). Changing this unobservable input based on reasonable alternative assumptions would not significantly change the valuations of the preferred shares

There were no transfer between levels during the period.

Reconciliation of Level 3 fair value measurements of financial assets:

	RMB'000
At 1 January 2022 (audited)	169,930
Gains on fair value change	277
Exchange realignment	8,957
At 30 June 2022 (unaudited)	179,164
Deemed disposal of partial preferred shares	(1,717)
Loss on fair value change	(77,010)
Exchange realignment	5,306
At 31 December 2022 (audited)	105,743
Disposal of partial preferred shares	(102,514)
Exchange realignment	3,966
At 30 June 2023 (unaudited)	7,195

(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.

26. 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 2023 RMB'000 (unaudited)	 2022 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	38,442	58,771
		Provision of pathological examination services by the Group	6,428	—
		Sale of medicines, consumables and equipment by the Group	26,321	38,004
成都錦欣信息科技有限公司 Chengdu Jinxin Information Technology Co., Ltd.*	Entity controlled by Chengdu Jinxin Investment	Provision of IT services	225	—
四川省邁可多醫療用品有限公司 Sichuan Mocodo Medical Products Co., Ltd.*	Entity controlled by Chengdu Jinxin Investment	Purchase of consumables by the Group	(110)	—
成都錦欣潤怡醫療管理有限公司 Chengdu Jinxin Runyi Medical Management Co., Ltd.*	Entity controlled by Chengdu Jinxin Investment	Provision of management services by the Group	21,846	21,470
成都錦欣生殖醫學與遺傳學研究所 Chengdu Jinxin Institute of Reproductive Medicine and Genetics*	Entity controlled by Chengdu Jinxin Investment	Sale of medicines, consumables and equipment by the Group	4	—
Chengdu Jinxin Investment and its other affiliates	These related parties and Chengdu Jinxin Investment have the same beneficial Shareholders with the Company	Provision of pathological examination services by the Group	2,233	—
		Sale of medicines, consumables and equipment by the Group	6,503	2,720
		Provision of consulting services	203	—
		Provision of rental services	172	—
		Repayment of lease liability	(21,780)	(506)
		Finance cost on lease liability	(2,727)	(146)
		Rending cleaning services to the Group	(3,326)	—
		Purchase of consumables by the Group	(2,023)	(116)
		Rending of dormitory rental to the Group	(119)	—
HRC Medical and its other affiliates	Controlled or jointly controlled by certain shareholders of HRC investment	Management services income	207,776	188,077
		Pre-implantation genetic screening testing income	15,509	691
		Ambulatory surgery centre facilities income	1,923	1,728
		Repayment of lease liability	(1,624)	(2,210)
		Finance cost on lease liability	(354)	(487)
		Marketing expense	(572)	(513)

* English name is for identification purpose only.

26. RELATED PARTY DISCLOSURES (Continued)

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	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Salaries and allowances	**7,769**	8,241
Performance-related incentive payments	**1,994**	2,799
Share-based compensation benefits	**995**	3,248
Retirement benefit schemes contributions	**320**	239
	11,078	14,527

27. EVENTS AFTER THE REPORTING PERIOD

On 23 August 2023, a total number of 57,170,247 restricted Shares were awarded to certain key management personnel, Directors and directors of the Group's subsidiaries, and eligible employees with a vesting period from one to five years. The fair value of these restricted shares are usually estimated by the directors of the Company with reference to the quoted prices in active market. Up to the date of issuance of the condensed consolidated financial statements, the directors of the Company are still in the process of assessing the impact of the transaction.

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
"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, the 2022 Restricted Share Award 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$" or "HKD"	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 Investment"	Jinxin Medical Investment Company Limited* (錦欣醫療投資有限公司), a company established under the laws of the PRC with limited liability, the Group's subsidiary by virtue of the 2021 Contractual Arrangements
"Jinxin Technology"	Chengdu Jinxin Information Technology Company Limited (成都錦欣信息科技有限公司), a company established under the laws of the PRC with limited liability on August 11, 2021 and an indirect subsidiary of a joint venture of the Company, Chengdu Jinxin Shanghui Enterprise Management Co., Ltd. (成都錦欣尚輝企業管理有限公司)
"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
"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 a subsidiary of the Group
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange on June 25, 2019
"Listing Date"	June 25, 2019, being the date on which the Shares were listed on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Main Board"	Main Board of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"Molecular Genetics Services"	medical services involving molecular genetics (分子遺傳)
"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
"PGT"	preimplantation genetic testing
"Prior Chengdu Xinan Hospital"	Chengdu Xinan Gynecological Hospital (成都西囡婦科醫院), a privately funded non-enterprise entity (民辦非企業單位) established on March 31, 2010, predecessor of Chengdu Xinan Hospital
"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, 2023 to June 30, 2023
"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
"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, the 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, the 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, the PRC with limited liability on September 12, 2016, the Group's indirect subsidiary
"Sichuan Jinxin Xinan Hospital"	collectively, Sichuan Jinxin Xinan Hospital (Bisheng Campus) and Sichuan Jinxin Xinan Hospital (Jingxiu Campus)
"Sichuan Jinxin Xinan Hospital (Bisheng Campus)"	Sichuan Jinxin Xinan Women & Children Hospital (Bisheng Campus) (四川錦欣西囡婦女兒童醫院畢昇院區) (previously known as 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
"Sichuan Jinxin Xinan Hospital (Jingxiu Campus)"	Sichuan Jinxin Xinan Women & Children Hospital (Jingxiu Campus) (四川錦欣西囡婦女兒童醫院靜秀院區) (previously known as 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

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"U.S.", "US" or "United States"	the United States of America
"U.S. dollar(s)", "US$" or "USD"	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 the 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*