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

Annual Report 2024

* For identification purposes only

Contents

Page

Company Profile

The Group is a leading ARS provider in China and the United States. Leveraging the Group's existing market leadership in China and the United States, the Group is uniquely positioned to capture unmet demand of ARS patients in China and the United States as well as growth opportunities in both markets. The Group 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 Sichuan Jinxin Xinan Hospital (Jingxiu Campus), 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. The Group acquired a new property in February 2022, which will be officially put into operation in 2025 for our Shenzhen Zhongshan Hospital, with a view to capture the anticipated growth and increasing demand for ARS in Shenzhen and within the Greater Bay Area and expand its capacity by enhancing spatial and environmental factors, as well as to expand the VIP service to satisfy the multi-dimensional needs of our patients. The Group also completed the acquisition of controlling interests in Jiuzhou Hospital and Hewanjia Hospital, thereby, further expanding the Company's market share and influence in Southwest China. In late 2022, the Group conducted an internal restructuring to enable Sichuan Jinxin Xinan Hospital (Jingxiu Campus) to further expand its scope of offerings and provide medical services involving Molecular Genetics Services, being the cutting-edge technology for pre-natal examination in accordance with the applicable PRC laws. In April 2023, Chengdu Xinan Clinic and Sichuan Jinxin Xinan Hospital (Jingxiu Campus) merged their ARS-related medical licenses to Sichuan Jinxin Xinan Hospital, building a strong reputation and enhanced its market influence in ARS, obstetrics, gynecology and pediatrics business, respectively with to their excellent medical quality and superior service experiences. We expect to further promote the synergistic effects of the two hospitals and strengthen the Group's competitiveness and reputation. As part of our growth strategies, HRC Medical has sought to expand its business by way of recruiting physicians and constructing clinics by itself. In 2024, HRC Medical has seen significant results in physician recruitment, with five new physicians joining HRC Medical this year. The Group has also entered into contracts with an additional 12 doctors, who are expected to join within the next two years. In July 2024, HRC Medical's satellite centre in Beverly Hills has officially begun operations. In December 2024, a new business development hub was established in San Francisco.

In November 2023, we established a strategic partnership with Warburg Pincus by becoming one of the limited partners of its fund, which is expected to increase the breadth and depth of the Company's exploration of acquisition opportunities by leveraging on the fund's advantages. We believe the strategic partnership complements the Company's strategic layout and support the Group's mergers and acquisition investment strategies.

Further in July 2024, we tapped into the Southeast Asia IVF market via the establishment of strategic partnership with PT Morula Indonesia ("**Morula**"). Morula was established in 1997 and is one of the largest groups of fertility clinics in Indonesia, currently operating ten IVF clinics across Indonesia. Morula is a member of PT Bundamedik Tbk ("**Bundamedik**"), a group established in 1973 and successfully listed on the Indonesian Stock Exchange in 2021. This investment embarked the cooperation between two leaders of their respective fields, having Jinxin Fertility in China and the United States as well as Morula in Indonesia, to leverage their mutual expertise and strengths.

The Group expects the penetration rate and market size for assisted reproductive services in China to significantly increase as the PRC government implements supportive policies and supportive measures to encourage fertility. 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》), pursuant to which couples are allowed to have up to three children, and supportive measures are being introduced covering various aspects to encourage births. Since then, there are more provinces and cities in China introducing incentive policies to encourage childbirth, such as setting up childcare subsidy. 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 at the date of this report, a total of 31 provinces/municipalities in China and Xinjiang Production and Construction Corps have officially included ARS treatment in the scope of national medical insurance payment, and geographically the coverage has been expanded across mainland China. The "Resolution of the Central Committee of the Communist Party of China on Further Deepening Reform Comprehensively to Advance Chinese Modernization" (the "**Resolution**") adopted at the Third Plenary Session of the 20th Central Committee of the Communist Party of China in July 2024 set forth a strategic plan for improving the systems that support population development and provide related services. The Resolution has instituted a series of major measures to provide full life-cycle population services to all in order to effectively bringing down the "Trio Nurture Costs" (i.e., the costs of childbirth, parenting and education). These measures are intended to raise the public share of expenses relating to childbirth, parenting and education, improve the standard of public services for childbirth and pediatric medical services, enhance the capabilities of basic medical and healthcare services in the childbirth cycle, expand assisted reproductive technology resources, and improve the healthcare systems for maternal and infant health, productivity and pediatrics.

In 2024, the central government, as well as local governments, intensively issued relevant policies to promote the development of private hospitals and Sanming healthcare reform (三明醫改). Further in 2025, the Report of the Work of the Government delivered at the Third Session of the 14th National People's Congress of the People's Republic of China proposed for the first time the establishment of a specialized fund covering the full cycle of "childbirth, parenting, and education," focusing on measures such as the distribution of childcare subsidies and increasing affordable childcare services. This marks a new height in childbirth support policies.

Coupled with the broader context of the "Sanming Healthcare Reform" (三明醫改), with the national guiding principle of integrating public and private healthcare to provide differentiated medical services for the public, adjustments in the public's current perception on childbirth and the refinement of government's childbirth policies have created structural, long-term development opportunities for private medical institutions. These institutions, which provide group-based, standardized, and high-quality services for assisted reproduction and even the full lifecycle, are set to benefit significantly from these changes.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

Mr. Zhong Yong *(Chairman)*
(redesignated on March 28, 2025)
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

Vistra (Cayman) Limited
P.O. Box 31119 Grand Pavilion
Hibiscus Way, 802 West Bay Road,
Grand Cayman
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Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 301, North Jingsha Road
Jinjiang District, Chengdu
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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Level 19, International Commerce Centre,
1 Austin Road West, Kowloon
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CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Vistra (Cayman) Limited
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Hibiscus Way, 802 West Bay Road,
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KY1-1205
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HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
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183 Queen's Road East
Wanchai
Hong Kong

HONG KONG LEGAL ADVISOR

Fangda Partners
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8 Connaught Place
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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 Summary

	For the year ended December 31,				
	2020	2021	2022	2023	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Operating results					
Revenue	1,426,088	1,838,826	2,364,479	2,788,910	**2,811,596**
Gross profit	565,781	771,482	874,319	1,175,445	**1,099,454**
Profit before taxation	349,134	457,927	154,324	464,268	**391,887**
Net profit	260,496	353,697	117,949	346,983	**273,467**
Adjusted net profit	372,278	455,276	274,136	471,451	**416,345**
Profitability					
Gross profit margin	39.7%	42.0%	37.0%	42.1%	**39.1%**
Net profit margin	18.3%	19.2%	5.0%	12.4%	**9.7%**
Adjusted net profit margin	26.1%	24.8%	11.6%	16.9%	**14.8%**

	As at December 31,				
	2020	2021	2022	2023	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Financial position					
Total assets	9,163,227	12,825,390	15,232,037	14,896,177	**14,981,794**
Total equity	7,462,486	8,752,701	8,735,128	10,186,812	**10,354,187**
Total liabilities	1,700,741	4,072,689	6,496,909	4,709,365	**4,627,607**
Bank balances and cash	681,619	862,325	1,316,549	624,280	**546,196**

Statement of Co-Chief Executive Officers

Dear Valued Shareholders,

This year marks a meaningful milestone for our journey at Jinxin. It has been nearly a decade since I first heard the name "Jinxin," and joined the group. This year also commemorates Ms. Lyu Rong's 18th anniversary of being part of Jinxin. Today, for the first time, we are co-authoring a letter to share our thoughts and commitments with all shareholders.

Some of you have been with us since our IPO in 2019, while many more have begun following our story more recently. Our trading volume has even surpassed what it was at the time of our Listing. We hereby aim to take this moment for retrospect and prospect — to revisit what we have endured, and how we are evolving.

ABOUT JINXIN — A GROUP DEEPLY ROOTED AND PROUDLY SUPPORTED BY DOCTORS AS SHAREHOLDERS

Founded by a team of pioneering, progressive and transformative medical professionals in 2004, Jinxin has always been a doctor-owned group. No single individual has held more than 5% equity since our Listing, reflecting our collective spirit from the beginning. The name "Jinxin" was bestowed by our founder, the joining of every shareholder is the icing on the cake and we look forward to our prosperous future.

THE RISE AND COMPLEXITY OF M&A (2016–2019)

- In 2016, our first institutional investor, Yongtai Energy, invested in Jinxin.
- In 2017, we made our first investment in Shenzhen.
- That same year, a specialized fund managed by Yongtai Energy invested in HRC, the largest IVF chain in California.
- In 2018, a consortium formed by Warburg Pincus, CNCB (Hong Kong) Investment (an affiliate of CITIC), and the management team invested in Jinxin.
- In 2019, just six months after the consortium took control, Jinxin successfully completed its IPO on the Stock Exchange.

Between 2016 and 2019, mergers and acquisitions became a key driver of our inorganic growth, fueled by the high expectations of the capital market.

However, sorrows also emerged. Questions surfaced: who would consolidate operational power at the group level? Who would lead tough negotiations with dominant figures at newly acquired entities? How to enable shareholders to benefit from an industry requiring rigorous operation management?

OUR PLAYBOOK HAS NEVER CHANGED — THE GROUP CANNOT SUCCEED WITHOUT ORGANIZATIONAL TRANSFORMATION

Under the guidance of the PRC government, Jinxin pioneered the employee stock ownership plan within China's medical industry in 2004. Starting as a modest district hospital, the Group consistently attracted, various talents and fostered motivation, fully stimulating employees' sense of ownership, ultimately evolving into the largest private hospital group in western China focusing on women's health and assisted reproduction. From 2004 to 2016, organizational innovations, talent recruitment, and the empowerment of all employees have always served as our core strategies, they are also the most essential foundations and core culture of Jinxin's development.

Statement of Co-Chief Executive Officers

I assumed office in early 2020, just as the pandemic began, serving as Co-CEO alongside our physician founder. At that moment, we were confronted with a complex web of competing priorities: shareholders departing, lead doctors at major hospitals retiring, high dependency on individual doctors at HRC, and a nearly zero-based headquarters. On top of that, there were high expectations for our M&A strategy from the market — expectations shaped by the rapid pace of acquisitions between 2016 and 2019. Amid such a backdrop, the question we faced was setting priorities, finding our guiding compass and determining our operation directives.

Our answer was clear: establish succession plans in every central, unstable operating entity. We set three objectives:

1. Select young talents internally and externally.

2. Introduce industry-leading medical professionals.

3. Maintain stable operational performance.

Over the past four years, we have built solid teams of managers in their 40s and 50s within each operating entity, and management succession within these entities have been executed smoothly. Against the backdrop of a steep decline in the number of newborns by almost 50% in recent years, the total number of IVF cycles was 27,354, 26,125, 30,240 in 2021, 2022 and 2023, respectively, and it remained broadly stable at 28,443, in 2024. Despite the dramatic shifts in the macro environment, our business volume has demonstrated remarkable resilience.

With the support of organizational development, as the Co-CEOs, Ms. Lyu Rong and I often ask ourselves: compared to 2019, are we more confident now? Our answer is a resounding yes.

Such organizational development has indeed led to operational achievements that we can be proud of. In 2024, two of our early-stage hospitals experienced rapid growth, while one maintained steady performance despite undergoing eight months of renovations. Our overseas institutions reached new highs in business volume. Amid the trend of significant delays in childbearing, our flagship hospitals in Chengdu and Shenzhen achieved record-high penetration rates for premium services. What's especially gratifying is that our new technology attained a success rate of over 60% after obtain a licence to operate, a testament to innovation and excellence across the board.

In addition, our strategic investments in Indonesia have significantly elevated our overall brand reputation in the Southeast Asian market. Multiple overseas medical groups from Singapore and Malaysia have visited Chengdu, showcasing growing international interest. Our self-developed hospital digitization system has empowered us while we venture this system overseas for the first time. As of now, within a 2–3-hour travel radius deemed acceptable by patients in Asia, our team and hospital network can effectively serve over 700 million people across China and Indonesia.

2024 POLICY SUPPORT BEGINS. ARE WE READY?

As early as 2019, the Group began discussing the relationship between birth rates and assisted reproduction penetration rates. While delays in childbearing have progressed faster than expected, the Group's precise long-term strategic vision gives us greater confidence and patience to anticipate future demand expansion amidst short-term delays.

Currently, with landmark events such as the issuance of additional basic licenses and the establishment of medical insurance funds, the PRC government is actively supporting the development of the assisted reproduction industry. Through national endorsement, efforts are being made to enhance patient and market education, thereby driving an increase in penetration rates.

(1) FROM INFERTILITY TREATMENT TO GENETICALLY HEALTHY LIVE BIRTH — BUILDING A MOAT THROUGH DEEP EXPERTISE, CUTTING-EDGE TECHNOLOGY, AND EXCEPTIONAL PATIENT SERVICE

From a technological and service perspective, we have leveraged advanced licenses in prenatal diagnosis and third-generation IVF to establish a genetic center, reinforcing technical moat and expanding efforts in birth defect prevention. Following a comprehensive approach across pre-pregnancy, pregnancy, and post-pregnancy phases, we aim to provide a full-service pathway for tiered birth defect prevention while advancing into fetal medicine. We develop medical technologies and services at various stages of fertility cycle, this represents an upgrade from merely addressing infertility to achieving a genetically healthy livebirth.

Pre-Pregnancy: Through carrier screening for genetic diseases and third-generation IVF techniques, we reduce the risk of birth defects at the source. By optimizing embryo biopsy processes with laser micromanipulation (achieving expansion failure rates and blastocyst thaw degeneration rates both below 0.5%) and using the Illumina NGS platform for rapid testing, we achieved a third-generation IVF success rate exceeding 60% in 2024.

During Pregnancy: Capitalizing on licensing advantages, we have extended into prenatal diagnosis, partnering with obstetrics to establish a complete chain of services from embryo to life: "embryo implantation — pregnancy monitoring — newborn screening." This enhances client retention rates throughout the fertility cycle to over 70%. By building IVF-focused obstetric services, we provide specialized, precise, and holistic management models tailored to the high-risk nature of IVF pregnancies, ensuring maternal and neonatal safety and positive outcomes. As of the date of this report, over 2,000 prenatal cases have been established under IVF obstetrics, and more than 500 deliveries have been recorded. For non-IVF pregnancies, early and mid-pregnancy combined screening, non-invasive DNA testing, and fetal medicine interventions enable precise pregnancy health management.

Post-Pregnancy: We have extended our services to include genetic testing for newborn hereditary diseases and paediatric rehabilitation services.

Precision healthcare: We have established a center dedicated to repeat failure and complex cases, tackling industry challenges and setting technical benchmarks. For complex cases such as repeated implantation failure (about 15%) and premature ovarian failure (incidence rate of 1%-3%), a multidisciplinary team (MDT) comprising experts in reproductive medicine, gynecological endocrinology, andrology, embryology, genetics, and immunology has been formed. This team standardizes diagnostic and treatment pathways, with the goal of increasing pregnancy success rates for complex cases from the industry average of 30% to over 45%.

(2) PROACTIVELY PREPARING FOR FERTILITY PRESERVATION SERVICES

From a global perspective, egg freezing services are poised to become a crucial emerging mega trend in the future. As early as 2021, we expanded our presence to Hong Kong, and by 2023, we began systematically promoting fertility services in the mid-to-high-end market in Hong Kong.

In 2024, aligned with the growing demand for early fertility preservation for non-medical reasons in the United States, we were among the first to launch market trials targeting younger customers for social egg freezing. Against this backdrop, our business cycle volumes in the U.S. reached a historical peak. These efforts in technology, patient journey, and service products have prompted us to continually reflect on the core needs of fertility preservation, the user experiences, and pricing models. We are confident that in the foreseeable future, these efforts will provide effective services to support expected surging demand under the policy changes in China, helping to address emerging demands and challenges.

(3) DIGITIZATION AND AI EMPOWERMENT — TIERED DIAGNOSIS AND TREATMENT THROUGH REGIONAL CENTERS

In 2024, the AI revolution sparked by Deepseek inspired widespread innovation among organizations in China. Jinxin, as a youthful and forward-thinking group, has never slowed its exploration and breakthroughs in this field. By the end of 2021, we spearheaded the establishment of the Jinxin Technology Platform, independently developing our own hospital information system and CRM system. These digital advancements have empowered multiple services across the group.

For instance, the "Jinxin Reproductive Cloud Platform" was created to enable junior doctors to upload patient ultrasound images and embryo development data in real-time, allowing experts at headquarters to provide online guidance. This innovation is projected to reduce the time required to address complex issues at rural and satellite institutions by more than 50%.

Building on this platform, rural and satellite institutions are equipped to handle fundamental processes such as screening, ovulation induction, and post-surgery follow-ups, while referring complex cases — including PGT (preimplantation genetic testing), repeated failures, and advanced-age complications — to regional centers. Additionally, the CRM system enhances educational outreach for government fertility initiatives, such as partnerships in the "Fertility Science Promotion Project" and self-media platforms for knowledge dissemination and awareness campaigns.

CAPITAL ALLOCATION — CHANGING GEARS AND REBALANCING

Jinxin's M&A-driven DNA was shaped by the transaction boom between 2016 and 2019. However, this legacy — combined with ongoing leadership transitions — led to unproductive internal competition for capital expenditures. In 2024, we have centralized decision-making in Capex with strong support from the Board.

Our historical capital allocation, especially around HRC, reflected our strategic premium at that era. However, COVID froze growth for three years, and geopolitical tensions altered the narrative. That said, HRC has proven resilient–achieving historical highs in market share, cycle volume, and number of practicing doctors. But it needs more to flourish in its 36 years legacy.

We also acknowledge that the shareholder structure of Jinxin has significantly changed before and after COVID, and HRC's long-term value is still not fully reflected. We are proactively adjusting this structure to better align with short-term objectives and long-term strategic goals.

For the Greater China market, we must also acknowledge that we were overly optimistic about regional expansion, particularly after our Wuhan facility surpassed 1,200 cycles within just 8 months during the COVID period. That early success led us to accelerate our growth strategy. However, this optimism was soon met with a sharp decline in birth rates, a decline in the real estate market, and growing uncertainty around future household income — all of which contributed to significantly lower-than-expected facility utilization.

Amid these turbulent times, we chose to focus on what truly matters to our customers: achieving a healthy baby. We integrated our one-stop fertility services to offer a more comprehensive, patient centric experience. By enhancing our product mix, introducing high-tech offerings, and expanding VIP services, we are now better positioned to serve this core need — creating greater long-term value with higher customer lifetime engagement across a 12-month+ horizon.

Admittedly, we will need more time to realize the full value of these early investments. However, our presence in highly populated cities lays a solid foundation for long-term returns for shareholders.

To sum up, we have decided to rebalance and strengthen our capital structure in 2025.

- We will lead a syndicated loan process to optimize our loan profile, supported by over RMB700 million healthy operating cash flow.

- For the next 24 months, we will defer major hospital investments driven by funds on the books of our Company.

- We will focus more on operations and prepare for the next wave of favorable policies.

- Globally, we will seek long-term financing in 2025–2026. The proceeds will be used mainly for share buybacks and deleveraging.

LEADERSHIP AND THE PATH FORWARD

Starting July 1, 2025, with support from the board, I will return to China and Hong Kong from my one-year U.S. assignment. This will allow Ms. Lyu and I to lay a stronger foundation for the further transformation we plan over the next 24 months.

We remain fully committed to enhancing shareholder returns and long-term competitiveness. Our next shareholder letter with concrete milestones and operational guidance will be issued at the end of the interim period.

A FINAL NOTE ON VALUATION — A NON-TYPICAL PERSPECTIVE

As new-generation leaders cultivating this fertile ground, we are not looking to be short-sighted trucks–those that turn the soil in pursuit of short-term moonshot gains. Instead, we deeply value long-term investors who understand the dynamics we have outlined and are willing to partner with us through organizational transformation, policy shifts, and macroeconomic turbulence.

Statement of Co-Chief Executive Officers

Let me provide a reference benchmark from my humble perspective:

- A single IVF entity with over 2,000 cycles in a large market typically deserves a 10–12x EV/EBITDA multiple. While some private equity bids have reached 15–18x in the past three years, we believe the 10–12x range is a more appropriate and sustainable baseline in most business circumstances.

- For a large-scale group with a strong moat like ours — with over 30,000 cycles and multiple assets in various regions — we believe that a reasonable valuation tier should be no less than 15x EV/EBITDA multiple.

As of early April, our valuation is approaching this benchmark if you do not consider the following factors. We encourage investors to evaluate the following elements based on their investment horizon and appetite for long-term value creation:

- Our U.S. asset with more than 4,000 cycles.
- Hospitals with losses or low profit margins but long-term potential.
- Over 100,000 m^2 of owned hospital property across Chengdu, Shenzhen, and Kunming.
- Meaningful inorganic growth potential.
- The unique scarcity of licenses in China.
- A dynamic policy environment that continues to evolve in our favor.

We are deeply grateful for your continued support. Thank you for your belief in our journey. We look forward to updating you again by the end of August.

Sincerely,

Dong Yang (Sunny) and Lyu Rong
Co-CEOs, Jinxin Fertility Group Limited

March 28, 2025

INDUSTRY TRENDS

According to the National Bureau of Statistics of China, China experienced two birth rate peaks during the 1970s and 1990s, each reaching about 25 million newborns. In 2016, these generations entered key childbearing years, encouraged by the introduction of more welcoming family planning policies ("One-child to Two-child Policy" ("單獨二孩政策") in 2014 and "Universal Two-child Policy" ("全面二孩政策") in 2016). As a result, 2016 saw another peak in birth rates in China. However, from 2016 to 2023, birth rates declined sharply due to both modernization and historical population structure, dropping from approximately 15 million to 9 million births annually. From 2000 to 2015, annual births stabilized at around 16 million, and this cohort is now entering childbearing age. Therefore, from 2025 to 2040, it is anticipated that China's birth rate will stabilize and transition into an era of older parenthood.

While the number of births in China consistently dropped between 2016 and 2023, the number of couples experiencing infertility continued to rise, according to Frost & Sullivan. During this period, the number of ARS treatment cycles in China continued to grow against the trend. In addition, China's ARS penetration rate[1] remained relatively low compared to Europe (approximately 36%) and the U.S. (approximately 33%), at just approximately 9% in 2023. With the continuous rollout of fertility subsidy policies across various regions in China and the inclusion of ARS treatment in the national reimbursement program, further improvements in birth rates and ARS penetration rates are expected.

REGULATORY OVERVIEW

According to the 2024 population data released by the National Bureau of Statistics of China on February 28, 2025 (Statistical Communiqué of the People's Republic of China on the 2024 National Economic and Social Development): (i) the national population of China was 1,408.3 million at the end of 2024, representing a year-on-year decrease of 1.39 million as compared to the end of 2023; (ii) the number of births in 2024 was 9.54 million, representing a year-on-year increase of 520,000 as compared to 2023, with a birth rate of 6.77‰; (iii) the number of deaths in 2024 was 10.93 million, with a mortality rate of 7.76‰; and (iv) the natural population growth rate for 2024 was -0.99‰. The prominent issues of China's population structure are attributable to declining birth rates and accelerated aging population, and in facing these challenges, the Chinese government has introduced a series of policies to encourage childbirth since 2021.

In July 2021, the Central Committee of the Communist Party of China and the PRC 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》), pursuant to which couples are allowed to have up to three children. Since then, there are more provinces and cities in China introducing incentive policies to encourage childbirth. For instance, Tianmen City in Hubei Province introduced five measures in September 2023, where families with second and third child can enjoy subsidies of RMB96,300 and RMB165,100, respectively; Panzhihua city in Sichuan Province has set up a childcare subsidy for the first time, any family registered in Panzhihua city with a second or more child will be entitled to a subsidy of RMB500 per month for each child up and until the child reaches the age of 3.

1 Penetration rate refers to the proportion of patients with ARS needs who actually receive treatment. The data comes from a Chinese Academy of Sciences academician, Qiao Jie's public speech at the Ninth Academic Conference on Reproductive Medicine

Management Discussion and Analysis

The "Resolution of the Central Committee of the Communist Party of China on Further Deepening Reform Comprehensively to Advance Chinese Modernization" (the "**Resolution**") adopted at the Third Plenary Session of the 20th Central Committee of the Communist Party of China in July 2024 set forth a strategic plan for improving the systems that support population development and provide related services. The Resolution also emphasizes the promotion of a childbirth-friendly society. From the perspective of refining the policy system and incentive mechanism for boosting fertility, the Resolution has instituted a series of major measures to provide full life-cycle population services to all in order to effectively bringing down the "Trio Nurture Costs" (i.e., the costs of childbirth, parenting and education). These measures include introducing a system of childbirth subsidies, integrating various subsidy schemes customarily maintained in various cities and provinces and gradually increasing the level of subsidies, making it possible to leverage synergies created with the expanded maternity insurance coverage, and thus establishing a fundamental childcare support system for families as a foundation. Moreover, these measures are intended to raise the public share of expenses relating to childbirth, parenting and education, improve the standard of public services for childbirth and pediatric medical services, enhance the capabilities of basic medical and healthcare services in the childbirth cycle, expand assisted reproductive technology resources, and improve the healthcare systems for maternal and infant health, productivity and pediatrics.

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 at the date of this report, a total of 31 provinces/municipalities in China and Xinjiang Production and Construction Corps have officially included ARS treatment in the scope of national medical insurance payment, and geographically the coverage has been expanded across mainland China. In addition, Sichuan, Guangdong, Hubei and Yunnan provinces, where the Group's operating subsidiaries are located, have also started to include ARS treatment in the scope of national medical insurance payment since the fourth quarter of 2024.

In October 2024, the General Office of the State Council issued the "Several Measures on Accelerating the Improvement of the Fertility Support Policy System to Promote the Construction of a Fertility-Friendly Society" (《關於加快完善生育支持政策體系推動建設生育友好型社會的若干措施》) (the "**Several Measures**"). The Several Measures proposed 13 specific measures for building a fertility support system across four dimensions: fertility service support, childcare service systems, education, housing and employment, and fostering a childbirth-friendly society. It aims to accelerate the improvement of fertility support policies and promote the creation of a childbirth-friendly society. On November 27, 2024, the National Health Commission convened a meeting to implement the Several Measures, emphasizing the need for all regions and departments to plan in a coordinated manner and advance the implementation of various policy measures to achieve effective results. On December 11, 2024, the Central Economic Work Conference proposed "formulating policies to promote childbirth" as one of the key tasks for 2025.

In 2025, the Report of the Work of the Government delivered at the Third Session of the 14th National People's Congress of the People's Republic of China proposed for the first time the establishment of a specialized fund covering the full cycle of "childbirth, parenting, and education," focusing on measures such as the distribution of childcare subsidies and increasing affordable childcare services. This marks a new height in childbirth support policies.

On March 7, 2025, Lei Haichao, the Director of the National Health Commission of China, pointed out during the open delegation meeting of the Jiangsu delegation at the Third Session of the 14th National People's Congress of the People's Republic of China, that "The population issue remains an important issue requiring in-depth and dynamic study. This year, childcare subsidies will be available, and the National Health Commission of China is working with relevant departments to draft an operational plan for these childcare subsidies."

On March 13, 2025, the Hohhot Municipal Health Commission issued the implementation details and service procedures for the childcare subsidy project as part of the implementation of the "Opinions on Promoting Population Aggregation and High-Quality Population Development" (《關於促進人口集聚推動人口高質量發展的實施意見》). The subsidy standards are set as follows: a one-time childcare subsidy of RMB10,000 for the first child, RMB50,000 for the second child, and RMB100,000 for the third child and beyond.

Meanwhile, in 2024, the central government, as well as local governments, intensively issued relevant policy documents to promote the development of private hospitals, such as:

- On February 18, 2024, the Shanghai Pudong New Area Health Commission issued the "Guidelines for the Establishment of Socially-Run Medical Institutions in Pudong New Area (2024 Edition)" (《浦東新區社會辦醫療機構舉辦指引(2024年版)》), supporting and encouraging social entities to establish medical institutions featured by quality, scale, reputation, and uniqueness;

- On June 6, 2024, the General Office of the State Council issued the "Key Tasks for Deepening the Reform of the Medical and Healthcare System in 2024" (《深化醫藥衛生體制改革 2024 年重點工作任務》), which proposed "further promoting the Sanming healthcare reform experience (深入推廣三明醫改經驗)" and "formulating policies to promote and regulate the development of private hospitals";

- On July 21, 2024, the Third Plenary Session of the 20th Central Committee of the Communist Party of China adopted the "Decision of the Central Committee of the Communist Party of China on Further Deepening Reform and Promoting Chinese-style Modernization" (《中共中央關於進一步全面深化改革、推進中國式現代化的決定》) which proposed "guiding and regulating the development of private hospitals";

- On August 30, 2024, the Shaoxing Municipal Health Commission issued the "Implementation Opinions on Strengthening the Development of Specialized Hospitals" (《關於加強專科醫院發展的實施意見》) encouraging privately-operated specialized hospitals to pursue chain operations, group-based development, and brand-building; and

- On September 13, 2024, the Sichuan Provincial Health Commission held a symposium to guide and regulate the high-quality development of private hospitals. It emphasized the need to "elevate positioning and fully recognize the significant role of private hospitals in contributing to social and economic development, advancing the high-quality development of the healthcare industry, and responding to public health expectations." It also called for strengthening guidance by enhancing Party-building leadership, promoting differentiated development, supporting internal capacity construction, improving talent training, increasing policy support, and encouraging private hospitals to take on social responsibilities to foster their high-quality development. Subsequently, on December 19, 2024, the Sichuan Provincial Health Commission issued the "Notice on Guiding and Regulating the High-Quality Development of Private Hospitals" (《關於引導規範民營醫院高質量發展的通知》), which proposed that "private hospital medical professionals be allowed to apply for professional title evaluations under the same conditions as public hospital staff" and encouraged private hospitals to transition towards chain operations and high-end positioning. In summary, "standardization," "quality," and "differentiation" represent the overarching direction of national support for medical institutions in private sector.

Coupled with the broader context of the "Sanming Healthcare Reform" (三明醫改), with the national guiding principle of integrating public and private healthcare to provide differentiated medical services for the public, adjustments in the public's current perception on childbirth and the refinement of government's childbirth policies have created structural, long-term development opportunities for private medical institutions. These institutions, which provide group-based, standardized, and high-quality services for assisted reproduction and even the full lifecycle, are set to benefit significantly from these changes. To stand out in the competitive and dynamic environment, the Group has to consistently innovate, upgrade its technology and improve its service quality, which certainly imposes stricter requirements on comprehensive capabilities in terms of clinical, management, and research and development.

BUSINESS UPDATES

Key Operating Information

The following operating data have been provided by the Group's in-network hospitals and by hospitals and clinics managed under invest-operate-transfer ("**IOT**") agreements or management service agreements ("**MSA**"). IOT/MSA institutions refer to hospitals and clinics controlled by the Group through discipline co-construction and cooperation agreements and management service agreements.

Operating data as at December 31, 2024

			Operating Revenue		
Region	**Number of Institutions**	**Number of IVF treatment cycles**	**Self-owned institutions**	**IOT/MSA institutions**	**Total**
Chengdu	**3**	**13,884**	**1,258**	**424**	**1,682**
Greater Bay Area	**3**	**5,769**	**469**	**–**	**469**
Kunming and Wuhan	**3**	**4,242**	**266**	**–**	**266**
Overseas	**14**	**4,548**	**153**	**636**	**789**
Total	**23**	**28,443**	**2,146**	**1,060**	**3,206**

Operating data as at December 31, 2023

			Operating Revenue		
Region	Number of Institutions	Number of IVF treatment cycles	Self-owned institutions	IOT/MSA institutions	Total
Chengdu	3	15,962	1,223	475	1,698
Greater Bay Area	3	6,298	474	–	474
Kunming and Wuhan	3	4,261	273	–	273
Overseas	10	3,847	138	579	717
Total	19	30,368	2,108	1,054	3,162

Note:

(1) The revenue from IOT/MSA organizations in the operating data is the reported revenue of the hospitals, which has not been consolidated into the Group's consolidated statements. The consolidated revenue of the Group is the management fee received from IOT/MSA organizations, which amounted to approximately RMB544.8 million in 2024, compared to approximately RMB565.6 million in 2023.

Chengdu operations

The number of IVF treatment cycles for our Chengdu operations decreased by 13.0% from 15,962 in 2023 to 13,884 in 2024. The decrease in the number of cycles was mainly attributable to the inclusion of certain ARS in the scope of the medical insurance reimbursement program from November 2024, which resulted in patients postponing their visits during the year pending ARS be qualified for medical insurance reimbursement program and in turn a lower turnover rate of patients during the Reporting Period. Despite there was a decline in the number of IVF treatment cycles during the Reporting Period, revenue of our Chengdu operations was approximately RMB1,472.6 million for the year ended December 31, 2024, which remained broadly stable as compared to approximately RMB1,470.8 million for the year ended December 31, 2023. This was primarily attributable to the sustained growth attained in our obstetrics and gynecology services and an increase in revenue generated from higher average spending per IVF treatment cycle due to a higher VIP penetration rate with demand for premium medical services.

Since the introduction of third-generation IVF in 2024, we have served over 1,000 patients as at the date of this annual report. In 2024, prenatal diagnosis and genetic consultation services were launched to safeguard the pregnancies of women who conceived via IVF and to offer additional protection for the birth of healthy babies. Leveraging over 70 years of experience in maternal and child healthcare and 20 years of expertise in assisted reproductive technology, Jinxin has pioneered the creation of an integrated IVF maternity and neonatal care model featured with "Assisted Reproduction | Full-Cycle | Individualization." By combining an all-round expert team with multidisciplinary team (MDT) consultations, the Group streamlines inefficiencies with technology and ensures patients reach their fertility goals through the most efficient path. VIP services are designed to provide a stress-free experience, covering all dimensions from physical to psychological support, and achieving burden-free pregnancy through systematic integration. In 2024, the VIP penetration rate of Sichuan Jinxin Xinan Hospital (Bisheng Campus) was approximately 20.1%, being a record high thus far.

In response to the current economic environment and the growing concern on public health, the Chengdu campus launched great health management services covering the full lifecycle in 2024. It introduced new specialties, such as cervical outpatient clinics, menopause management clinics, pelvic floor clinics, and minimally invasive surgeries for men. In addition, new departments were established, including dentistry, ENT (ear, nose, and throat), ophthalmology, psychology (sleep clinics and adolescent clinics), health management (weight control clinics), and medical dermatology & aesthetics. These initiatives aim to expand great healthcare services for the full lifecycle and provide multidimensional health diagnoses and treatments.

Operations in the Greater Bay Area

The number of IVF treatment cycles for our Greater Bay Area operations decreased by 8.4% from 6,298 in 2023 to 5,769 in 2024. Revenue decreased by 1.1% from approximately RMB474.1 million for the year ended December 31, 2023 to approximately RMB468.8 million for the year ended December 31, 2024. The decrease in the number of IVF treatment cycles and also the revenue of our Greater Bay Area operations were primarily attributable to the inclusion of certain ARS in the scope of the medical insurance reimbursement program from October 2024, which resulted in patients postponing their visits during the year pending ARS be qualified for medical insurance reimbursement program and in turn a lower turnover rate of patients during the Reporting Period. In 2024, the VIP penetration rate was approximately 7.1%.

Our hospitals in Shenzhen is exploring fresh full lifecycle operation models, such as integrated IVF maternity care and high-end VIP services, while also providing more precise diagnosis and treatment services for patients with immune diseases. To improve success rates, techniques like the pull-out method for male azoospermia patients and embryonic protein screening technology in the laboratory have been introduced. With the completion of the new hospital building of Shenzhen Zhongshan Hospital, these full lifecycle operation models will be further expanded in 2025, offering new diagnostic and treatment services to infertility patients in the Greater Bay Area.

Operations in Kunming and Wuhan

The number of IVF treatment cycles for our operations in Kunming and Wuhan decreased by 0.4% from 4,261 in 2023 to 4,242 in 2024. Revenue decreased by 2.9% from approximately RMB273.7 million for the year ended December 31, 2023 to approximately RMB265.9 million for the year ended December 31, 2024, which was mainly due to the restructuring of the departments and operations of Jiuzhou Hospital, resulting in a decrease in revenue generated by non-ARS, which was substantially offset by the steady year-on-year increase of 30.6% in revenue of Wuhan Jinxin Hospital.

Wuhan and Kunming continue to focus on their core assisted reproduction businesses while also expanding into new related fields. Jiuzhou Hospital completed renovation upgrades, enhancing the patient experience while exploring an integrated IVF maternity care model. Such model has resulted in patients who successfully conceived through IVF being able to choose to transition to our obstetrics departments for continued medical services. In addition, our institutions in Yunnan province introduced services such as integrated traditional Chinese and Western medicine treatments, health management, microsurgical sperm extraction, Platelet-Rich Plasma ("**PRP**") projects, and male sperm-related testing. These offerings provide individualized diagnostic and treatment plans for different patients, achieving business diversification.

Wuhan Jinxin Hospital has focused on medical quality and safety management while implementing an integrated IVF maternity care model. In addition, Wuhan Jinxin Hospital has introduced early pregnancy management clinics, recurrent miscarriage and fetal preservation departments, postpartum recovery and pelvic floor intimate treatment services, as well as a medical dermatology & aesthetics department, providing patients with a wider range of diagnostic and treatment services.

Overseas Operations

The number of IVF treatment cycles from overseas operations increased by 18.2% from 3,847 in 2023 to 4,548 in 2024. Revenue increased by 6.0% from approximately RMB570.3 million for the year ended December 31, 2023 to approximately RMB604.4 million for the year ended December 31, 2024. The revenue derived from our overseas operations, including operations in the United States and Laos, has generally increased, which was primarily attributable to HRC Medical driving its efforts to promote egg freezing business and the benefits of the recovery of international business. In particular, compared to 2023, the number of OPU cycles achieved a year-on-year increase of 16.2% and the success rate increased to 59.7% for HRC Medical. Further, the commencement of our Laos operations in August 2023 also contributed to ramp-up of revenue derived from our overseas operations.

OUTLOOK AND FUTURE

With fertility rates gradually stabilizing, the era of advanced maternal age arriving, the penetration rate of assisted reproduction increasing year by year, the intensive rollout of childbirth-promoting policies in China, and the broader "Sanming Healthcare Reform" (三明醫改) context supporting standardized private healthcare, alongside the domestic economy and consumption regaining its momentum, we are embracing a rare long-term development opportunity.

Historically, we have achieved significant milestones, such as acquiring hospitals in China with IVF/ICSI licenses (IVF/ICSI accounts for nearly 80% of all assisted reproductive methods), an area with significant entry barriers. This has led to a 21% share of private medical licenses for IVF/ICSI in provincial capitals and core cities within provinces with populations exceeding 30 million. In the United States, we have strengthened our "physician as partner" strategy, as at December 31, 2024 our number of physicians has reached 23. Further, we have also recruited physicians and expecting their onboarding within the next two years. We are projecting to have 40 physicians for our United States operations by 2027. In Southeast Asia, we hold a leading position through our acquisition of Morula, Indonesia's largest assisted reproduction center (with a market share of approximately 40% in a country with a population of 280 million, being the Southeast Asian country with the largest population), thereby solidifying our leadership in the ARS markets of China, the United States, and Southeast Asia.

Building on this foundation, we continue to optimize our products, technologies, services, and management while drawing lessons from historical experiences to establish a replicable development system. This enables us to provide patients with premium experiences focused on full lifecycle health management centered ARS while driving the sustainable and steady growth of our business and scale.

Gradually establishing a replicable operational management system driven by business growth via specialty construction

With several years of development after Listing, we have gradually established a replicable operational management system driven by business growth via specialty construction, including:

- Establishing and institutionalizing quality control standards and regular assessment mechanisms across specialties to monitor the medical quality of our hospitals and specialties, including assisted reproduction success rates. By leveraging the guidance of leading experts and quality control specialists within the Group, this ensures that the success rates at all hospitals consistently remain above the industry average;

- Establishing hardware and software service standards and methods based on patient satisfaction and recommendation rates to create a positive patient experience across all hospitals. This includes, without limitation: hardware and visual optimization, standardization of service processes, full-cycle service and management by designated case managers for patients, patient satisfaction surveys, supervision of quality services across the Group, centralized analysis and resolution of patient feedback issues, as well as internal and external exchanges and study regarding quality service;

- Gradually refining online and offline means for brand promotion across hospitals to establish a strong brand presence and expand market reach. This includes, without limitation: grassroots education campaigns, community free clinics, brand events, specialist alliances, developing IP for doctors, creating specialty and disease-specific IPs, building new media matrices, and fostering community groups; and

- Elevating discipline development to a strategic priority of the Group, strengthening talent cultivation, and continuously enhancing the medical capabilities of hospitals. This includes, without limitation: professional promotions, expert guidance, exchange and training programs, academic conferences, introduction of new technologies, and research on innovative methods.

Our next step is to digitize the operational management system and establish a digital framework, enabling us to replicate our operational management experience and methodology more quickly in newly entered regions while fostering closer connections with patients.

Continuously enhance the introduction and research investment in new technologies and innovative methodologies, strengthen personalized and precise diagnosis and treatment for patients, and boost our hospital's reputation to complex cases in broader regions as well as its technical brand strength

We introduce new technologies via specialized disease groups, being the smallest unit as entry points. For instance, Sichuan Jinxin Xinan Hospital (Bisheng Campus) has established specialist teams and specialized disease clinics for ovarian hypofunction, thin endometrium, polycystic ovary syndrome, and advanced maternal age. By focusing on the diagnosis and treatment of specialized diseases, the team of specialists have (i) introduced and applied cutting-edge technologies (such as the introduction of primordial follicle in vitro activation for treating ovarian hypofunction, and the introduction of intrauterine infusion of PRP for treating thin endometrium, etc., providing precise treatment solutions), (ii) carried out clinical research such as clinical research on the therapeutic effect of exosomes on premature ovarian failure for ovarian hypofunction, and clinical research on the repair of intrauterine adhesions by exosomes for thin endometrium, etc., (iii) conducted analysis and assessment of refined diagnosis and treatment effect indicators, (iv) convened academic conferences, such as the "3rd Forum on New Advances in Assisted Reproductive Technology and Interdisciplinary Fields and Symposium on New Advances in Reproductive Immunity", the "2024 Reproductive Health Walk", and the "15th Sichuan Provincial Symposium on New Advances in Human Assisted Reproductive Technology", and (v) organized online and offline patient education sessions, to provide personalized treatment solutions for a wide range of diagnostic needs.

Through the implementation of clinically integrated research projects (such as "Application of Artificial Intelligence (AI) Quality Control in Obstetric Ultrasound Examination", "Indirectly Using Big Data Analysis to Establish Group Reference Intervals for Blood Lipid Indicators in Pregnant Women in Chengdu," "Digital Evaluation of Embryo Implantation Potential", and "Platelet-Rich Plasma Uterine Infusion Therapy for Persistent CD138+ Chronic Endometritis"), we aim to address pain points in the diagnosis and treatment of complex clinical cases, providing new ideas and support for innovative solutions. By hosting academic exchange conferences, the Group has strengthened its academic brand influence across the industry, further enhancing recognition and acknowledgment among patients and other market participants.

We continue to enhance our hospital's reputation and brand awareness among patients by improving the diagnosis and treatment capabilities of intractable diseases and high-risk serious illnesses, achieving wider dissemination of information, and attracting patients from a wider geographical area to our institutions for treatment, thus deepening the ripple effect of existing operations and increasing penetration rate.

Focus on developing consumer medical care with excellence and prudence

In 2024, based on the Group's existing specialties, we aimed to develop and create consumer medical care with excellence and prudence to meet the multi-dimensional medical and healthcare needs of our patients. To differentiate ourselves from other healthcare consumer medical institutions on the market, we are devoted to the provision of services that are based on medical theories with a prudent approach to health, offering our patients with preventive, healthcare and medical services for recuperation in addition to disease diagnosis and treatment, in order to pursue higher quality and better life building upon patients' fundamental health.

In 2024, Sichuan Jinxin Xinan Hospital (Jingxiu Campus) has established a reproductive restoration and anti-aging clinic. In response to the needs of women post-childbirth for pelvic floor and other functional repairs, led by the chief gynecologist, the clinic provides treatment for female reproductive dysfunction, restoration, rehabilitation, and cosmetic surgery of genital morphology as well as relevant pharmaceutical drugs and biological treatments; at the same time, we are introducing non-surgical or pharmaceutical methods such as instrument for reproductive care, psychological counseling, and therapeutic lifestyle intervention. Sichuan Jinxin Xinan Hospital (Jingxiu Campus) has also established an insomnia clinic for women post-childbirth and postpartum and menopausal women, led by the chief anesthesiologist, which deploys various regimes such as cognitive behavioral therapy, regulation of autonomic nervous system, improvement of microcirculation, and induction of bionic sleep in place of traditional pharmaceutical drug treatments, in order to eliminate side effects to patients and bring about a more efficacious solution to insomnia. Further, Sichuan Jinxin Xinan Hospital (Bisheng Campus) has established a functional medicine center providing services related to pregnancy preparation, infertility, reproductive sub-health issues, ovarian and uterine conditioning and maintenance of reproductive youth. The center addresses the aforementioned medical issues by addressing secretion of toxins, metabolism, immunology, nutrition and mitochondrial function and others to offer therapeutic lifestyle intervention, nutritional treatment and intravenous reproductive nutrition. We are also gradually developing adolescent health management in response to psychological problems such as adolescent growth and development, teenage gynecology, teenage andrology, body posture, nutrition and lack of attention. In addition, we have also set up out-patient clinics for traditional Chinese medicine sub-health conditioning and integrated neonatal care clinic.

In the future, we will continue to leverage our advantages in ARS, gynecology, andrology, pediatrics, obstetrics and other expertise to develop more preventive and enhancing consumer medical services that address the unmet needs of patients.

Ease patients' financial burden by means of innovative commercial insurance, assisted reproduction funds and other means

As of the date of this annual report, ARS have officially been included within the scope of national medical insurance reimbursement program in all 31 provinces and municipalities across mainland China, as well as in the Xinjiang Production and Construction Corps. The subsidiaries of the Company located in Sichuan, Guangdong, Hubei, and Yunnan provinces also included ARS under national medical insurance reimbursement program since the fourth quarter of 2024.

Beyond national medical insurance reimbursement program, other market players have started to rely on commercial insurance to alleviate the financial burden on patients, however the effects are not prominent. One reason is that the insurance institutions are unable to assess risks with sufficient accuracy due to lack of certainty over their actuarial analysis and lack of control over the success rate of ARS performed on patients, and thus unable to assess realized returns of such products and create a win-win situation for medical institutions, insurance institutions and patients. A second reason is that the unit price of ARS is relatively high, and the vast majority of ARS insurance policies still require the patients to pay most of the costs before they can enjoy the benefits thereunder. For patients with limited financial resources, the substantial insurance premium still requires them to secure on initial source of funding. In response to this problem, we have innovatively joined forces with insurance and banking institutions to integrate insurance products with consumer loan products. In the meantime, based on our extensive and well-organized user and clinical data and through actuarial analysis and product design with cooperative partners, we have launched the 'Jinbao Plan 2.0', which allows patients to engage IVF services at no cost and which fully compensates for unsuccessful IVF. With low barriers to entry and a wide range of eligible people, we believe "Jinbao Plan 2.0" can truly ease the patients' financial burden. At the same time, our qualified hospitals have actively integrated into the direct billing channels of commercial insurance.

In addition, we have also launched the good pregnancy fund to support families with infertility, the unsuccessful pregnancy assistance fund, drug fee waivers, patient subsidies, other types of insurance products and other forms of subsidies to effectively lower the threshold of patient treatment and reduce the financial pressure of medical treatment for patients.

Expand our business network through all self-establishment or acquisitions

As a leading ARS and full lifecycle fertility services provider in China and the United States, we will continue to seek opportunities 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 provincial capital cities and cities with radiation 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, competitive landscape, IVF penetration rate, target valuation and post-investment integration or consolidation to determine our mergers and acquisitions strategy, enabling a swift integration of resources and assisting the new hospitals to rapidly improve in respect of medical quality, operation management, market share and others. In addition to maintaining continuous engagement with potential acquisition targets, we are also actively exploring innovative incubation models for acquisition targets. We established a strategic partnership with Warburg Pincus by becoming one of the limited partners of its fund in November 2023, which is expected to increase the breadth and depth of the Company's exploration of acquisition opportunities by leveraging on the fund's advantages. We believe the strategic partnership complements the Company's strategic layout and supports the Group's mergers and acquisition investment strategies.

In the United States, HRC Medical has sought to expand its business by way of recruiting physicians and constructing clinics by itself. In 2024, HRC Medical has seen significant results in physician recruitment, with five new physicians joining HRC Medical this year. We have also entered into contracts with an additional 12 doctors, who are expected to join us within the next two years. Furthermore, expansion of the clinic of HRC Medical is well underway. In July 2024, HRC Medical's satellite centre in Beverly Hills has officially begun operations. In December 2024, a new business development hub was established in San Francisco. In 2025, we will continue to expand the service coverage in these two regions.

In July 2024, Jinxin Life Asia Healthcare Investment Group Pte. Ltd., a wholly-owned subsidiary of the Company, completed the acquisition and subscription of a 30% equity interest in PT Morula Indonesia ("**Morula**"), and upon completion, the Group became Morula's largest strategic investor. Morula was established in 1997 and is one of the largest groups of fertility clinics in Indonesia, currently operating ten IVF clinics across Indonesia. Morula is a member of PT Bundamedik Tbk ("**Bundamedik**"), a group established in 1973 and successfully listed on the Indonesian Stock Exchange in 2021. Bundamedik is currently one of the largest private women and children specialty healthcare groups in Indonesia. The Company will leverage its successful experience in clinical quality, physician training, IT systems, operational management and other areas to empower and enhance Morula's growth in these areas.

Talent recruitment and nurturing plan

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

In China, we have established a multi-tiered expert and talent system: (i) we have consistently built leading expert systems in various regions, via the appointment of Dr. Liang Xiaoyan as chief scientist in Shenzhen, and Dr. Li Yuan, Dr. Geng Lihong, and Dr. Ma Yanping as the leading experts for our operations in various areas of China, and (ii) we actively foster growth of young experts by planning career development pathways for doctors and providing support in research, clinical practice, education, professionalism, and exchanges. Every year, we select core members in various disciplines and reserve talents, establishing a talent pipeline comprising dozens of young professionals with solid experiences.

In the context of the "Sanming Healthcare Reform" (三明醫改), we will welcome excellent doctors from public hospitals to collaborate with us through various means, such as joining our network, practicing at multiple locations, or participating in consultations. We are also committed to actively cooperating with public hospitals to promote mutual growth and complementary development. On the other hand, we will invest in more efforts to recruit and train recent medical graduates, ensuring sustained growth momentum for our healthcare services across regions and operational models.

We will continue to implement the "physician as partner" mechanism to grant equity ownership to outstanding physicians as partners of the Company, sharing the fruits from the development of the Company. Our 2022 Share Award Scheme, which was adopted on February 17, 2022 and amended on June 25, 2024, aims 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. Summary of the principal terms of the 2022 Share Award Scheme are set out in the circular of the Company dated May 31, 2024.

In the United States, HRC Management continued to enhance its attractiveness to excellent doctors and has the ability not only to retain outstanding doctors but also to continuously recruit new doctors to join the corporation and help new doctors to grow rapidly by continuously improving its internal training system. In addition, HRC Management collaborated with the Keck School of Medicine of the University of Southern California to jointly train IVF specialists, with at least three doctors receiving IVF specialty training each year, thereby providing a reserve of doctors for HRC Medical.

Environmental, Social and Governance (ESG)

We have dedicated ourselves to enhancing our ESG initiatives in numerous aspects and provide regular updates to our stakeholders in our ESG reports. 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 2024, 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 RMB22.7 million, or 0.8% from approximately RMB2,788.9 million for the year ended December 31, 2023 to approximately RMB2,811.6 million for the year ended December 31, 2024. Despite there was a decline in the total number of IVF treatment cycles by approximately 6.3% in 2024 as compared to 2023, the effect of such decline was offset by (i) greater demand for obstetrics services reflected in an approximate 5.5% year-on-year increase in the number of deliveries, (ii) higher average spending per IVF treatment cycle due to a year-on-year increase of VIP penetration rate by approximately 2.0% and 2.8% respectively in Sichuan Jinxin Xinan Hospital (Bisheng Campus) and Shenzhen, and (iii) a year-on-year increase in the number of IVF treatment cycles of our overseas operations by approximately 18.2%. Hence, the revenue of the Group remained broadly stable in 2024.

The increase of RMB22.7 million in the Group's revenue resulted from increases of (i) RMB50.0 million in revenue from obstetrics, and (ii) RMB6.6 million in revenue from sales of consumables and equipment, the effects of which were partially offset by decreases of (i) RMB20.8 million in revenue from management services, (ii) RMB3.6 million in revenue from ARS, and (iii) RMB9.5 million in revenue from other medical services (including gynecology and pediatrics services).

Cost of Revenue

Cost of revenue of the Group, which consists primarily of cost of pharmaceutical products and consumables, staff costs, depreciation of property, plant and equipment, and other costs, increased by 6.1% from approximately RMB1,613.5 million for the year ended December 31, 2023 to approximately RMB1,712.1 million for the year ended December 31, 2024. The rate of increase of the cost of revenue exceeds the rate of increase of revenue, primarily due to an increase in weighting of revenue generated from obstetrics and sales of consumables and equipment with higher unit costs and an increase in labor costs.

Gross Profit and Gross Profit Margin

Gross profit of the Group decreased by 6.5% from approximately RMB1,175.4 million for the year ended December 31, 2023 to approximately RMB1,099.5 million for the year ended December 31, 2024. The Group's gross profit margin decreased from 42.1% for the year ended December 31, 2023 to 39.1% for the year ended December 31, 2024. The decrease in gross profit margin was in line with an increase of revenue generated by obstetrics and sales of consumables and equipment services, which has a lower gross profit margin, and a decrease in revenue generated from ARS, which has a higher gross profit margin.

Other Income

Other income of the Group decreased by 54.5% from approximately RMB77.2 million for the year ended December 31, 2023 to approximately RMB35.1 million for the year ended December 31, 2024, primarily due to a decrease in government grants and interest income from time deposits and banks.

Other Gains and Losses

Other gains and losses primarily represent gains and losses on fair value change of financial assets/investment at fair value through profit or loss ("**FVTPL**"), on disposal of assets/investments, and on net exchange. The Group recorded other gains and losses, net, of approximately RMB27.6 million for the year ended December 31, 2024, primarily resulting from foreign exchange loss derived from the fluctuations in the exchange rate of USD against RMB and HKD and one-off loss derived from the Kangseed Investment.

Research and Development Expenses

Research and development expenses of the Group increased by 13.8% from approximately RMB21.7 million for the year ended December 31, 2023 to approximately RMB24.7 million for the year ended December 31, 2024.

Research and development expenses primarily consist of staff costs and material costs of the Group's research and development team at Yongsheng Hengfu Research Centre and Jinxin Medical Innovation Research Center.

Selling and Distribution Expenses

Selling and distribution expenses primarily consist of marketing and promotional expenses and staff cost of the Group's marketing team. Selling and distribution expenses of the Group decreased by 8.7% from approximately RMB191.9 million for the year ended December 31, 2023 to approximately RMB175.2 million for the year ended December 31, 2024, primarily due to optimization of marketing initiatives.

Administrative Expenses

Administrative expenses primarily consist of staff costs, including amortization of ESOP costs, depreciation and amortization, repairment and maintenance expenses, property related expenses and others. Administrative expenses of the Group decreased by 4.9% from approximately RMB481.4 million for the year ended December 31, 2023 to approximately RMB458.0 million for the year ended December 31, 2024, primarily due to a further reduction in administrative expenses across the Group as a result of enhanced operational efficiency.

Finance Costs

Finance costs of the Group decreased by 27.9% from approximately RMB79.6 million for the year ended December 31, 2023 to approximately RMB57.4 million for the year ended December 31, 2024, primarily due to new loans at lower interest rates during the Reporting Period in replacement of part of the Group's existing loans.

Income Tax Expenses

Income tax expenses of the Group primarily consist of PRC enterprise income tax and Hong Kong Profits Tax. Income tax expenses of the Group increased by 0.9% from approximately RMB117.3 million for the year ended December 31, 2023 to approximately RMB118.4 million for the year ended December 31, 2024.

The effective tax rate of the Group increased from 25.3% for the year ended December 31, 2023 to 30.2% for the year ended December 31, 2024, primarily due to a one-off provision of deferred tax assets of approximately RMB10.4 million for our Wuhan operations in 2023.

Net Profits

The Group's net profit decreased by 21.2% from approximately RMB347.0 million for the year ended December 31, 2023 to approximately RMB273.5 million for the year ended December 31, 2024, primarily due to (i) a decrease of approximately RMB20.2 million in one-off government grants, (ii) an exchange loss, net, of approximately RMB24.0 million during the Reporting Period and (iii) an increase in labor costs mainly resulted from expansion of our operations in the United States.

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 core operating performance during this interim period by eliminating impacts of items that the Group does not consider indicative of the Group's core 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 Group's non-IFRS adjusted net profit decreased by 11.7% from approximately RMB471.5 million for the year ended December 31, 2023 to approximately RMB416.3 million for the year ended December 31, 2024.

The Group's non-IFRS adjusted EBITDA decreased by 9.5% from approximately RMB781.2 for the year ended December 31, 2023 to approximately RMB707.3 million for the year ended December 31, 2024.

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Profit for the year	**273,467**	346,983
Add:		
Amortization of ESOP costs(1)	**47,285**	53,430
Depreciation of property, plant and equipment, amortization of medical practice license and non-compete agreement arising from acquisitions and deferred taxes equipment arising from acquisitions(2)	**64,368**	49,356
Imputed interest income from related parties(3)	**–**	(22)
One-off loss made by HRC Medical for the settlement of an atypical proceeding commenced in 2019(4)	**–**	21,704
One-off loss made by Kangseed Investment(5)	**7,052**	–
Exchange (loss) gain, net(6)	**24,173**	–
Non-IFRS adjusted net profit	**416,345**	471,451
Non-IFRS EBITDA	**628,792**	706,117
Add:		
Amortization of ESOP costs(1)	**47,285**	53,430
Imputed interest income from related parties(3)	**–**	(22)
One-off loss made by HRC Medical for the settlement of an atypical proceeding commenced in 2019(4)	**–**	21,704
One-off loss made by Kangseed Investment(5)	**7,052**	–
Exchange (loss) gain, net(6)	**24,173**	–
Non-IFRS adjusted EBITDA	**707,302**	781,229

Notes:

(1) Amortization of ESOP costs: ESOP costs are regarded as non-cash items.

(2) Depreciation property, plant and equipment, amortization of medical practice license and non-compete agreement arising from acquisitions and deferred taxes: 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) Imputed interest income from related parties: this imputed interest is arisen from advanced payments by the Company on behalf of its related parties, which is merely a result of accounting treatment and therefore is regarded as non-operating item.

(4) One-off loss made by HRC Fertility for the settlement of an atypical proceeding: this loss was caused by closing an atypical claim which commenced in 2019.

(5) One-off loss from the Kangseed Investment.

(6) Exchange (loss) gain, net: the exchange loss, net, was caused by the fluctuations between the foreign exchange rates at the time of repayment of loan in an amount of US$1.87 million and the foreign exchange rate at the time of the beginning of the Reporting Period.

Basic and Diluted Earnings per Share

The basic and diluted earnings per share of the Group for the year ended December 31, 2024 amounted to RMB0.11 and RMB0.10, respectively, as compared with RMB0.13 and RMB0.12, respectively, as that for the year ended December 31, 2023. Please refer to note 10 to the consolidated financial statements in this announcement. Adjusted basic earnings per share of the Group for the year ended December 31, 2024 amounted to RMB0.16, as compared with RMB0.18 as that for the year ended December 31, 2023.

Inventories

Inventories of the Group decreased by 18.4% from approximately RMB62.4 million as at December 31, 2023 to approximately RMB50.9 million as at December 31, 2024, primarily due to a decrease of approximately RMB9.0 million of pharmaceutical products as a result of a more efficient inventory management.

Accounts and Other Receivables

Accounts and other receivables of the Group increased by 90.3% from approximately RMB169.4 million as at December 31, 2023 to approximately RMB322.3 million as at December 31, 2024, which was primarily due to the reclassification of receivables that are not related party transactions in 2024.

Accounts and Other Payables

Accounts and other payables of the Group decreased by 8.4% from approximately RMB805.1 million as at December 31, 2023 to approximately RMB737.8 million as at December 31, 2024, primarily due to the decrease in payables associated with the new hospital building of Shenzhen Zhongshan Hospital.

Liquidity and Capital Resources

The business operations and expansion plans of the Group require a significant amount of capital, including upgrading the Group's existing medical facilities and establishing and acquiring new medical institutions and other working capital requirements. In June 2019, the Group received total proceeds of approximately HK$2,808.1 million from the Global Offering, after deducting the underwriting fees, commissions and related Listing expenses. In February 2021, the Group received total net proceeds of approximately HK$1,253.5 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 facilities in March 2022. On January 5, 2023, an aggregate of 175,000,000 placing Shares were 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$1,162.31 million (equivalent to approximately RMB999.0 million). 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 had placing was completed on January 16, 2023. The share capital of the Company only comprises ordinary shares. As at December 31, 2024, the authorized share capital of the Company was US$50,000 divided into 5,000,000,000 Shares. The capital structure of the Group was 31.0% debt and 69.0% equity as at December 31, 2024, compared with 31.6% debt and 68.4% equity as at December 31, 2023. The cash and cash equivalents were mainly denominated in RMB and USD. All bank borrowings are denominated in RMB and USD. As at December 31, 2024, the Group had unutilized bank facilities of approximately RMB563.5 million and after December 31, 2024, the Group has obtained additional banking facilities of approximately RMB1,189.1 million. Therefore, the Directors are of the view that the Group has sufficient resources to meet its future business operations and expansion.

Cash Flows

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

	For the year ended December 31, 2024 RMB'000	2023 RMB'000
Net cash generated from operating activities	629,201	684,484
Net cash used in investing activities	(293,271)	(375,037)
Net cash used in financing activities	(458,291)	(950,449)
Cash and cash equivalents at beginning of the year	691,331	1,329,948
Effect of foreign exchange rate changes	1,851	2,385
Cash and cash equivalents at end of the year	570,821	691,331

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 years indicated:

	For the year ended December 31, 2024 RMB'000	2023 RMB'000
Capital expenditure in respect of property, plant and equipment contracted for but not provided in the consolidated financial statements	139,904	97,908
Commitment to WP Partnership	120,000	120,000
	259,904	217,908

Significant Investments, Material Acquisitions and Disposals

Save as disclosed above, as at December 31, 2024, there were no significant investments held by the Company, nor were any material acquisitions or disposals of subsidiaries, associates and joint ventures.

Future Plans for Material Investments and Capital Assets

As at the date of this report, we have no specific future plans for material investments and capital assets.

Indebtedness

Lease liabilities

The Group recognized right-of-use assets and corresponding lease liabilities in respect of all leases, except for short-term leases and leases of low value assets. As at December 31, 2024, the Group, as a lessee, had outstanding lease liabilities for the remaining terms of relevant lease agreements in an aggregate amount of RMB334.9 million. The lease liabilities represent payment for right of using underlying assets.

Borrowings

As at December 31, 2024, the Group had bank borrowings of RMB2,270.1 million (December 31, 2023: RMB2,127.5 million).

Pledge of Assets

As at December 31, 2024, the Group's Jinyun building was pledged as security for an equivalent amount of bank loans. Saved as disclosed, the Group did not pledge any other assets.

Contingent Liabilities and Guarantees

As at December 31, 2024, the Group did not have any material contingent liabilities or guarantees.

Contractual Obligations

As at December 31, 2024, the Group did not have any contractual obligations that would have a material effect on its financial position or results of operations.

Interest-bearing Debt Ratio

Interest-bearing debt ratio is calculated using the total amount of interest-bearing debt at the end of the year divided by total assets as at the end of the year and multiplied by 100%. As at December 31, 2024, the Group's interest-bearing debt ratio was 15.1% (December 31, 2023: 14.3%). The increase was mainly due to an increase in cash deployed for the renovation of Shenzhen Zhongshan Hospital's new hospital building and Jiuzhou Hospital and the acquisition of Morula.

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, HK 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 hedge. 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 fixed rate time deposit to be limited because the tenor of such instruments are short, which is within one year.

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.

EMPLOYEES AND REMUNERATION POLICY

As at December 31, 2024, the Group and the medical facilities in its network had a total of 3,198 employees, of whom 2,844 were located in China and 354 were located overseas. The staff costs, including Directors' emoluments, were approximately RMB916.6 million for the year ended December 31, 2024, as compared to approximately RMB890.0 million for the year ended December 31, 2023, representing a year-on-year increase of 3.0%.

The Group also offers its employees the option to participate in its 2022 Share Award Scheme, which was adopted on February 17, 2022 and amended on June 25, 2024. Summary of the principal terms of the 2022 Share Award Scheme are set out in the circular of the Company dated May 31, 2024. The Company also had the Share Option Scheme and the Pre-IPO RSU Scheme, since the Company has no intention to make further grants under the Share Option Scheme and the Pre-IPO RSU Scheme, both such schemes were terminated as of June 30, 2024, and no further award would be granted under such schemes, whilst the awards previously granted thereunder shall continue to be in full force and effect in accordance with the provisions thereof.

FINAL DIVIDEND

The Board does not recommend payment of a final dividend for the year ended December 31, 2024 (for the year ended December 31, 2023: HK$5.95 cents per Share).

OTHER INFORMATION

AGM AND CLOSURE OF REGISTER OF MEMBERS

The AGM will be held on June 26, 2025. A notice convening the AGM is expected to be published and dispatched to the Shareholders in due course in accordance with the requirements of the Listing Rules.

For determining the qualification as members of the Company to attend and vote at the AGM, the register of members of the Company will be closed from June 23, 2025 to June 26, 2025, both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, non-registered holders of Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on June 20, 2025.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this annual report and as at the date of this annual report, there were no material events after the Reporting Period.

Directors and Senior Management

DIRECTORS

Executive Directors

Dr. John G. Wilcox, *M.D., FACOG*, aged 62, has been an executive Director of the Company since December 25, 2018. He is primarily responsible for the management of clinical operations and business development in North America. Dr. Wilcox has been working as a physician at HRC Medical since July 1996. From 2002 to 2008, he served successively as a member of the voluntary faculty member of Keck School of Medicine at USC, an assistant clinical professor at the department of obstetrics and gynecology of University of Southern California School of Medicine, and a member of the medical staff of Healthcare Network at USC.

Dr. Wilcox graduated with a bachelor's degree in bioengineering from University of California, San Diego in the United States in December 1986 and a doctoral degree in medicine from University of Southern California, Los Angeles in the United States in May 1990. He was licensed to practice medicine and surgery by the Medical Board of California in 1991 and has been board certified by American Board of Obstetrics and Gynecology in obstetrics and gynecology since November 12, 1999. Dr. Wilcox's research interests include substantial aspects of reproductive health.

Dr. Wilcox has not held directorship in any public companies the securities of which are listed in Hong Kong or overseas in the three years immediately preceding the date of this annual report.

Mr. Dong Yang (董陽), aged 38, is the Chief Executive Officer and has been an executive Director of the Company since June 29, 2020. He was appointed as a non-executive Director of the Company on May 3, 2018. He was appointed as a Co-chief Executive Officer on June 29, 2020 and re-designated to the Chief Executive Officer on March 28, 2021. He is primarily responsible for providing guidance on financial management and business development to our Group. Since October 2017, he has been the chief financial officer of Jinxin Medical Investment Co., Ltd. (錦欣醫療投資有限公司). Since December 2018, he has been the director of Jinxin Hospital Management Group Limited. Since September 2018, he has been the chief financial officer of Jinxin Investment Limited and Jinxin Hospital Management Group Limited. Prior to joining our group, between July 2017 and November 2017, he was a director of the asset management department at Dongxing Securities (Hong Kong) Financial Holdings Limited (東興證券(香港)金融控股有限公司). Before that, from October 2009 to June 2017, Mr. Dong successively served as a manager of audit assurance, a manager of capital market transaction and a manager of accounting management and advisory at PricewaterhouseCoopers in Mainland China and Hong Kong.

Mr. Dong graduated with a bachelor's degree in international economic and trade from Sichuan University (四川大學) in the PRC in June 2009. He has been a member of the Chongqing Institute of Certified Public Accountants (重慶註冊會計師協會) since March 2014.

Mr. Dong has not held directorship in any public companies the securities of which are listed in Hong Kong or overseas in the three years immediately preceding the date of this annual report.

Ms. Lyu Rong (呂蓉), aged 44, has been an executive Director and the Co-chief Executive Officer of the Company since December 3, 2021. She has more than 10 years of experience working in the medical industry. She has been serving as the chairman of the board of directors and the general manager of Sichuan Jinxn Xinan Hospital (Jingxiu Campus) since October 2018 and previously its president from May 2015 to May 2021 and was the chief executive officer of Jinxin Medical Investment Co., Ltd. from March 2017 to November 2021. Further, she has been the director of Chengdu Jinxin Medical Investment Management Group Co., Ltd. (成都錦欣醫療投資管理集團有限公司) since May 2015 and its general manager since June 2021. Currently, she is also the director of Chengdu Jinxin Health Management Co., Ltd.* (成都錦欣健康管理有限公司) and Jinxin Medical Investment Co., Ltd. (錦欣醫療投資有限公司).

In addition to her work experiences, Ms. Lyu has held a number of positions at various public offices and medical associations. Ms. Lyu has served as a sub-committee for private medical institutions of the expert committee on management capacity building for modern hospitals at the National Health Commission Capacity Building and Continuing Education Center (國家衛健委能力建設和繼續教育中心) since October 2021, an expert committee on medical quality management and evaluation for private medical institutions at the Chinese Hospital Association since June 2021 and a member of the hospital review and evaluation committee at the Chinese Hospital Association (中國醫院協會) since November 2020. Furthermore, she also participated as a member of the Chengdu Jinjiang District Committee of the CPPCC (政協成都市錦江區委員會) for two consecutive terms since 2016.

Ms. Lyu obtained a master's degree (correspondence course) in business administration from the Open University of Hong Kong (香港公開大學) (now Hong Kong Metropolitan University (香港都會大學)) in August 2018. Ms. Lyu further obtained a doctoral degree in business administration from The University of Information Technology and Management in Rzeszow in Poland in March 2022.

Ms. Lyu has not held directorship in any public companies the securities of which are listed in Hong Kong or overseas in the three years immediately preceding the date of this annual report.

Dr. Geng Lihong (耿麗紅), aged 56, has been an executive Director since March 28, 2021. She has also been the chief medical quality control officer of the Company since February 21, 2020. She is mainly responsible for guiding the implementation of clinical work and medical quality control. Prior to joining the Group, from July 2018 to January 2020, she served as the clinical director of the IVF Center of the First Affiliated Hospital of Chongqing Medical University (重慶醫科大學附屬第一醫院生殖醫學中心). From December 2009 to March 2018, she worked at the IVF Center of Chengdu Xinan Gynecological Hospital (成都西囡婦科醫院生殖醫學中心) and was responsible for clinical practice and management work. From May 1994 to August 2006, Dr. Geng worked at the Department of Obstetrics and Gynecology of the Second Affiliated Hospital of Xinjiang Medical University (新疆醫科大學第二附屬醫院) and was responsible for clinical practice, scientific research and teaching. From December 1991 to April 1994, Dr. Geng worked at the Department of Obstetrics and Gynecology of the Barkol People's Hospital, Barkol, Xinjiang, Uygur Autonomous Region (新疆維吾爾自治區巴里坤縣人民醫院).

Dr. Geng obtained a bachelor's degree in medicine from Xinjiang Medical School (新疆醫學院) (the predecessor of Xinjiang Medical University) in the PRC in July 1991 and a doctoral degree in medicine with a major in reproductive endocrinology and assisted reproductive technology from West China School of Medicine, Sichuan University (四川大學華西臨床醫學院) in the PRC in July 2009.

Dr. Geng has served as a member of the standing committee of the Reproductive Medicine and Reproductive Ethics Subcommittee of the China Healthy Birth Science Association (中國優生科學協會生殖醫學與生殖倫理學分會) since February 2019. Since October 2019, she has served as the vice chairman of the Reproductive Medicine Professional Committee of the Chongqing Medical Association (重慶市醫學會生殖醫學專業委員會). Since July 2018, she has served as a member of the first session of the Reproductive Immunology Sub-committee of the Chongqing Society of Immunology (重慶市免疫學會生殖免疫分會). Since September 2017, she has served as a member of the standing committee of the Reproductive Endocrinology Professional Committee of the China Medicine Education Association (中國醫藥教育協會生殖內分泌專業). Since July 2016, she has served as a member of the second session of the standing committee of the Reproductive Medicine Professional Committee of Sichuan Provincial Medical Association (四川省醫學會生殖醫學專業委員會). Dr. Geng was one of the main breeders of the first successful IVF in Tibet Autonomous Region and she was awarded “Excellent Expert with Outstanding Contributions” in Sichuan Province in 2018.

Dr. Geng has not held directorship in any other public companies the securities of which are listed in Hong Kong or overseas in the three years immediately preceding the date of this annual report.

Non-executive Directors

Mr. Zhong Yong (鍾勇), aged 53, is the Chairman of the Board and was an executive Director until his redesignation as a non-executive Director on March 28, 2025. He has joined the Group in June 2017 and was appointed as a Co-chief Executive Officer in September 2018. He was appointed as an executive Director and the Vice Chairman of the Board in June 2020, and has been appointed as the Chairman of the Board since March 2021. Before his redesignation, he was mainly responsible for the overall management of the Company’s daily operations and implementing mergers and acquisitions strategies. Mr. Zhong is currently responsible to oversee the overall strategies and development planning of the Group.

Mr. Zhong has over 20 years of experience in investment. Since April 2020, Mr. Zhong has been the chairman of the board of Sichuan Jincheng Industrial Development Co., Ltd. (四川錦城實業發展公司). From October 2016 to January 2019, Mr. Zhong was the general manager of Willsun AM and from October 2016 to December 2018, he was the chairman of Tibet Taisheng Venture Capital Co., Ltd. (西藏泰升創業投資管理有限公司). From October 2015 to September 2016, he was employed as the deputy general manager of Hainan Haide Industry Co., Ltd. (海南海德實業股份有限公司) (SZSE stock code: 000567), and from April 2013 to October 2015, he was the leader of the trust team of Sichuan Development Holding Co., Ltd. Furthermore, from March 2009 to April 2013, he served as the chairman of Sichuan Shuxiang Venture Capital Co., Ltd. (四川蜀祥創業投資有限公司).

From May 2004 to October 2005, he served as a member of preparatory team at Sichuan International Trust Investment Co., Ltd. (四川省國際信託投資公司). Previously, he was employed as a deputy general manager, then later served as the general manager of Chengdu Guoxin New Industry Investment Co., Ltd. (成都國信新產業投資公司) from May 1998 to May 2004. Earlier, Mr. Zhong worked as a manager of the investment banking department at Sichuan International Trust Investment Co., Ltd. between October 1996 and May 1998.

Mr. Zhong obtained a bachelor’s degree in economics from Southwestern University of Finance and Economics in the PRC in 1993 and a master’s degree in law from Sichuan University in the PRC in 2005. Mr. Zhong has been a member of the Sichuan Institute of Certified Public Accountants since August 2012 and was licensed by the Ministry of Justice of PRC to practice law in the PRC in February 2005.

Mr. Zhong has not held directorship in any other public companies the securities of which are listed in Hong Kong or overseas in the three years immediately preceding the date of this annual report.

Mr. Fang Min (方敏), aged 45, has been a non-executive Director of the Company since December 25, 2018. He is primarily responsible for providing guidance on financial management and business development to our Group. He has been a managing director at Warburg Pincus Asia LLC since July 2016 and is primarily responsible for investment and management consulting. Prior to joining Warburg Pincus Investment Consulting Company Limited (Shanghai Branch) in July 2011 as investment manager, he worked at Boston Consulting (Shanghai) Company Ltd. as a consultant between September 2001 and November 2006.

From January 2020 to October 2021, Mr. Fang served as a non-executive director of Hygeia Healthcare Holdings Co., Limited (HKEx stock code: 6078). From March 2015 to August 2016, Mr. Fang was a director of China Biologic Products Holdings, Inc. (NASDAQ stock code: CBPO).

Mr. Fang obtained a bachelor's degree in economics with a major in international finance from Fudan University (復旦大學) in the PRC in July 2001 and a master's degree in business administration from Stanford University in the United States in June 2007.

Except as disclosed above, Mr. Fang has not held directorship in any other public companies the securities of which are listed in Hong Kong or overseas in the three years immediately preceding the date of this annual report.

Ms. Hu Zhe (胡喆), aged 51, has been a non-executive Director of the Company since December 25, 2018. She is primarily responsible for providing guidance on corporate strategies and governance to our Group.

Ms. Hu has over 20 years of experience in the financial services industry, including commercial banking, equity investments, corporate finance and fund management. She has served in China Investment and Finance Limited (subsequently renamed CNCB (Hong Kong) Investment Limited) since November 2004 and has been its deputy general manager since August 2011. From August 1996 to November 2004, she served in various positions in the credit department and corporate business department of China CITIC Bank (中信銀行股份有限公司) (HKEx stock code: 0998) with her last positions being client manager and deputy director.

Ms. Hu obtained a bachelor's degree in investment economics from China Institute of Finance and Banking (中國金融學院) (subsequently merged with the University of International Business and Economics (對外經濟貿易大學)) in the PRC in July 1996 and a master's degree in economics from Central University of Finance and Economics (中央財經大學) in the PRC in September 2003.

Ms. Hu has not held directorship in any other public companies the securities of which are listed in Hong Kong or overseas in the three years immediately preceding the date of this annual report.

Ms. Yan Xiaoqing (嚴曉晴), aged 55, has been a non-executive Director since March 28, 2021. She has also been a senior vice president of the Company since September 12, 2018. Her main responsibilities include the overall management of the Group and overseeing operations and internal audit matters. She joined the Group in March 2010 and served as an executive Director from May 3, 2018 to June 29, 2020. From March 2010 to October 2015, she served as the finance director of Prior Chengdu Xinan Hospital and continued to be the finance director of Chengdu Xinan Clinic until October 2018. Between November 2006 and January 2010, Ms. Yan acted as the head of finance at Jinjiang District Maternity and Child Health Hospital and from February 2000 to January 2006, she was employed as an accountant. Prior to joining our Group, from January 1992 to January 2000, she worked at Luzhou Baoguang Pharmaceutical Company (瀘州寶光醫藥公司).

Ms. Yan obtained a college graduation certificate in law by way of distance learning from the correspondence college of Sichuan Province Party School of the Communist Party of China (中共四川省委黨校) in the PRC in June 2001 and a master's degree (correspondence course) in business administration from Open University of Hong Kong (香港公開大學) (now Hong Kong Metropolitan University (香港都會大學)) in November 2015.

Ms. Yan has not held directorship in any other public companies the securities of which are listed in Hong Kong or overseas in the three years immediately preceding the date of this annual report.

Independent Non-executive Directors

Dr. Chong Yat Keung (莊一強), aged 60, has been an independent non-executive Director of the Company since June 3, 2019. He is primarily responsible for supervising and providing independent judgment to the Board.

Dr. Chong has over 24 years of experience in the medical industry. From April 2015 to June 2020, he was an independent non-executive director of Wenzhou Kangning Hospital Co., Ltd. (HKEx stock code: 2120). From February 2012 to February 2015, Dr. Chong served as the deputy secretary-general of the Chinese Hospital Association (中國醫院協會). From January 2004 to January 2012 and since February 2015, he was the president of Guangzhou Ailibi Management Consulting Co., Ltd (廣州艾力比管理顧問有限公司), a company engaged in the provision of hospital consultation services. From November 1994 to May 2000, he held various positions at a number of pharmaceutical companies including AstraZeneca Pharmaceutical Co., Ltd (阿斯利康製藥有限公司) and Beijing Novartis Pharmaceuticals Co., Ltd (北京諾華製藥有限公司), where he was primarily responsible for the sales and marketing of pharmaceutical drugs.

Dr. Chong graduated with a bachelor's degree in medical science from Zhongshan Medical University (中山醫科大學), subsequently merged into Sun Yat-Sen University (中山大學) in Guangzhou in July 1986. He also obtained a master's degree in business administration degree from Northwestern University and Hong Kong University of Science and Technology in May 2004. He also graduated with a doctoral degree in management from ISCTE — University Institute of Lisbon in November 2013.

Except as disclosed above, Dr. Chong has not held directorship in any other public companies the securities of which are listed in Hong Kong or overseas in the three years immediately preceding the date of this annual report.

Mr. Li Jianwei (李建偉), aged 51, has been an independent non-executive Director since August 31, 2021. He is primarily responsible for supervising and providing independent judgment to the Board.

Mr. Li is a juris doctor and has been a professor of commercial law at China University of Political Science and Law and a supervisor for doctoral students since 2013. He also serves as the director of department of law and commerce at the business school, as well as the secretary general of the Commercial Law Research Society of China Law Society. His main research areas include, among others, civil and commercial law, corporate law, securities law, corporate governance, etc.

From 2013 to 2015, Mr. Li served as a visiting professor at the Law School of The Aoyama Gakuin University in Japan. Before that, between 2008 to 2009, he was a senior visiting scholar at the Law School of University of The New South Wales in Australia and from 2002 to 2004, he was a post-doctoral researcher at the Business School of the Renmin University of China. Furthermore, his past positions also include the executive director and secretary general of the Commercial Law Research Society of China Law Society, executive director of China Association of Business Law, member of the 1st, 2nd and 3rd Hong Kong and Macau Law Committee of Zhuhai Hengqin New Area, member of Expert Advisory Committee of courts such as Guangzhou Intermediate People's Court, and arbitrator of arbitration committees in Beijing, Fuzhou, Changsha, Guangzhou, Zibo, Beihai, Ordos and Zhuhai.

Mr. Li has been in charge of more than 10 national and provincial level projects, including chief specialist of significant projects under the National Social Science Fund of China, youth research project under the National Social Science Fund of China, the Humanities and Social Science Fund of the Ministry of Education, rule of law theory projects of the Ministry of Justice and social science projects under Beijing Social Science Fund. He was also in charge of the youth research innovation team project of Commercial Law in China University of Political Science and Law for six years from 2012 to 2018. Furthermore, Mr. Li has published more than 160 academic papers such as China Legal Science, Journal of Law and Xinhua Digest.

Mr. Li. has received several awards for research excellence such as the second prize in Dong Biwu Youth Law Achievement Award and the third prize in the 4th China Law Outstanding Achievement Award. As a legal expert, he has successively participated in expert argumentation of a number of legislative and judicial interpretation documents, including, among others, General Principles of Civil Law, Civil Code — Contracts, Company Law, Electronic Commerce Law and Company Law Interpretation (3), (4). He also received the Outstanding Teacher Award of 2011 and Excellent Teacher Award of 2007, 2009, 2010 and 2016, awarded by the China University of Political Science and Law.

Mr. Li obtained the independent director qualification from the Shanghai Stock Exchange in 2015, and is currently an independent director of Hanwang Technology Co., Ltd. (漢王科技股份有限公司) since April 2018, whose shares have been listed on the Shenzhen Stock Exchange (stock code: 002362), Linksus Digiwork Marketing Communication Co., Ltd. (靈思雲途營銷顧問股份有限公司) since May 2017, whose shares have been listed on the National Equities Exchange and Quotations (stock code: 838290), and China Quanjude (Group) Co., Ltd. (中國全聚德(集團)股份有限公司) since December 2018, whose shares are listed on the Shenzhen Stock Exchange (stock code: 002186). He also serves as the chairman of the board of Beijing Fangyuan Zhonghe Culture Communication Co., Ltd. (北京方圓眾合教育科技有限公司). In addition, Mr. Li is also an independent non-executive director of China Shangshui Cement Group Limited (中國山水水泥集團有限公司) since May 2018, whose shares have been listed on the Stock Exchange (stock code: 0691).

Except as disclosed above, Mr. Li has not held directorship in any other public companies the securities of which are listed in Hong Kong or overseas in the three years immediately preceding the date of this annual report.

Mr. Wang Xiaobo (王嘯波), aged 49, has been an independent non-executive Director of the Company since June 3, 2019. He is primarily responsible for supervising and providing independent judgment to the Board.

Mr. Wang has over 20 years of experience in the legal service industry with a focus on corporate law. In April 2000, Mr. Wang joined Duan & Duan Law Firm (段和段律師事務所) and is currently acting as the executive chairman, chief executive officer and partner. He has been an independent non-executive director of Shanghai Tunnel Engineering Co., Ltd. (上海隧道工程股份有限公司) (SSE stock code: 600820) since December 2018 and Juneyao Airlines Co., Ltd. (上海吉祥航空股份有限公司) (SSE stock code: 603885) since July 2017. He has been an independent director of Hengyi Biomedical Technology (Shanghai) Co Ltd (恒翼生物醫藥(上海)股份有限公司) since November 2021.

Mr. Wang received a bachelor's degree in literature from Shanghai International Studies University (上海外國語大學) in the PRC in January 1997 and another bachelor's degree in law from Shanghai University (上海大學) in the PRC in July 1999. Mr. Wang also graduated from the University of Oxford with a master's degree in law in the United Kingdom in October 2005. Mr. Wang received his PRC lawyer's practicing license issued by the Shanghai Bureau of Justice (上海市司法局) in January 2001.

Except as disclosed above, Mr. Wang has not held directorship in any other public companies the securities of which are listed in Hong Kong or overseas in the three years immediately preceding the date of this annual report.

Mr. Ye Changqing (葉長青), aged 54, has been an independent non-executive Director of the Company since June 3, 2019. He is primarily responsible for supervising and providing independent judgment to the Board.

Mr. Ye has over 25 years of experience in professional accounting, financial advisory and investment services. Mr. Ye was an independent director of NWTN Inc. (NASDAQ stock code: NWTN) from November 2022 to December 2024, and an independent director of VNET Group Limited (NASDAQ stock code: VNET) from August 2022 to October 2024. He has also been an independent non-executive director of Hygeia Healthcare Holdings Co., Limited (HKEx stock code: 6078) since September 2019, an independent non-executive director of Ascentage Pharma Group International (HKEx stock code: 6855) since June 2019, Luzhou Bank Co., Ltd. (HKEx stock code: 1983) between December 2018 and September 2022, Niu Technologies (NASDAQ stock code: NIU) since October 2018, and Baozun Inc. (NASDAQ stock code: BZUN and HKEx stock code: 9991) since May 2016. From February 2011 to December 2015, Mr. Ye worked at CITIC Private Equity Funds Management Co., Ltd. (中信產業投資基金管理有限公司), and his last positions there were managing director, chief financial officer and member of the investment committee. Prior to that, between April 1993 and January 2011, Mr. Ye worked at the China office of PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) (普華永道中天會計師事務所(特殊普通合夥)), with his last positions being service line leader of advisory services and leader of transaction services of Shanghai office.

Mr. Ye graduated with a bachelor's degree in journalism from Huazhong University of Science and Technology (華中理工大學, now renamed as 華中科技大學) in the PRC in July 1992 and a master's degree in business administration from University of Warwick in the United Kingdom in November 1999. Mr. Ye is currently a member of the Shanghai Institute of Certified Public Accountants.

Except as disclosed above, Mr. Ye has not held directorship in any other public companies the securities of which are listed in Hong Kong or overseas in the three years immediately preceding the date of this annual report.

Senior Management

Mr. Dong Yang, is an executive Director and chief executive officer of the Company. See "-Executive Directors" for details of his biography.

Ms. Lyu Rong, is an executive Director and co-chief executive officer of the Company. See "-Executive Directors" for details of her biography.

Dr. Li Yuan (李媛), aged 53, has been the chief medical officer of the Group since August 2021 and is primarily responsible for improving the quality of medical services, strengthening the scientific research and innovation, training medical professionals and employees and improving the customer-centric culture in the hospitals of the Group. Dr. Li has been working in the field of reproductive medicine since 1994. From 1999 to 2011, Dr. Li successively served as the laboratory director and assistant to the dean in the Affiliated Reproductive Medicine Hospital of Shandong University* (山東大學附屬生殖醫院) and established its standardized quality control system. Prior to that, from September 2011 to August 2021, she was employed as a director at the reproductive center of Beijing Chaoyang Hospital* (北京朝陽醫院). During her tenure, she significantly contributed to and as the founder of reproductive center, led the reproductive center of Beijing Chaoyang Hospital to become one of the top clinical centers in Beijing in terms of clinical operations, greatly recognized by the patients.

Dr. Li has made a series of academic achievements in the field of reproductive medicine. She owns more than 10 patents in relation to reproductive medicine and has published more than 130 academic articles. As a project director, she had also undertaken eight Chinese national and provincial projects, including the 973 Program* (國家973計劃課題) in 2011 and the project of the Natural National Science Foundation of China* (國家自然科學基金) in 2008 and 2014 respectively. Further, Dr. Li received second prize in the National Science and Technology Progress Award* (國家科技進步獎), first prize in the Ministry of Education* (教育部) and the first and second prize in the Provincial Science and Technology Progress Award* (省科技進步獎), respectively. Moreover, she was the chief editor of the guiding textbook Human Assisted Reproductive Laboratory Technology* (人類輔助生殖實驗技術) published in 2008.

Dr. Li obtained a bachelor's degree from the School of Medicine of the Shandong Medical University (山東大學醫學院) in June 1994 and a master's degree and a doctorate degree from the School of Medicine of the Shandong Medical University in June 1999.

Dr. Li has not held directorship in any other public companies the securities of which are listed in Hong Kong or overseas in the three years immediately preceding the date of this annual report.

Ms. Duan Hongmei (段紅梅), aged 44, has been the chief operating officer of the domestic market of the Company and the deputy general manager of Chengdu Jinxin Medical Investment Management Group Limited* (成都錦欣醫療投資管理集團有限公司) since March 2022 and December 2018, respectively. Ms. Duan has nearly 20 years of experience in the hospital industry. From April 2017 to November 2018, she served as the deputy general manager of Chengdu Jinxin Healthcare Hospital Management Co. Ltd.* (成都錦欣康養醫院管理有限公司). From October 2016 to March 2017, she served as the director of Chengdu Jinxin JiuJiuLeLing Healthcare Center (成都錦欣九九樂齡康養中心). From August 2015 to October 2016, she served as the deputy director of Chengdu Jinxin Obstetrics and Gynaecology Hospital (成都錦欣婦產科醫院). From September 2004 to July 2015, she was the director of Longzhou Road/Lianxin/Yanshikou Community Healthcare Center (成都錦江區龍舟路／蓮新路／鹽市口社區衛生服務中心) in Jinjiang District, Chengdu and the person in charge of Jinxin Love Angel Education Center (錦欣愛天使教育中心). From September 2003 to August 2004, she served as an inpatient gynaecology nurse at Chengdu Jinjiang District Obstetrics and Gynaecology Hospital (成都錦江區婦產科醫院) and also as a nursing department administrator.

Ms. Duan obtained a master's degree in business administration from Southwest University of Finance and Economics (西南財經大學) in November 2018.

Ms. Duan did not hold any directorships in any other public companies whose securities are listed in Hong Kong or overseas during the three years immediately preceding the date of this annual report.

The Board is pleased to present its annual report together with the audited consolidated financial statements of the Group for the Reporting Period.

PRINCIPAL ACTIVITIES

The Group principally engaged in providing IVF services in both China and the United States. Analysis of the principal activities of the Group during the year ended December 31, 2024 is set out in note 1 to the consolidated financial statements.

BUSINESS REVIEW

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of the Group's financial performance, an indication of likely future developments in the Group's business and the Group's key relationships with its stakeholders who have a significant impact on the Group and on which the Group's success depends, is set out in the section headed "Management Discussion and Analysis" of this annual report. These discussions form part of this annual report. Events affecting the Company that have occurred since the end of the financial year is set out in the section headed "Events After The Reporting Period" in this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

Save as disclosed in the section headed "Risks relating to the Contractual Arrangements" under "Continuing Connected Transactions" in this annual report, the following list is a summary of certain principal risks and uncertainties faced by the Group.

- The assisted reproductive medical facilities in our network conduct business in a strictly regulated industry. Any failure to comply with relevant laws and regulations may adversely affect the business and results of operations of the medical facilities in our network and, therefore, the Group.

- Any adverse change in the regulatory regime relating to the PRC healthcare industry may limit the ability to provide ARS by the medical facilities in our network and may have a material adverse effect on the business, results of operations and financial conditions of the assisted reproductive medical facilities in our network, and therefore, the Group.

- If the assisted reproductive medical facilities in our network are unable to attract and retain a sufficient number of qualified physicians, administrators and other medical personnel, the business, results of operations and financial results of such medical facilities and the Group could be materially and adversely affected.

- We derived and expect to derive a majority of our revenue from Sichuan and Guangdong in the PRC and California in the United States, and may be particularly sensitive to adverse developments with respect to local conditions and changes in these regions, such as with respect to their economy, laws and regulations, and any force majeure events, natural disasters or outbreaks of contagious diseases in these region.

- Any failure to obtain or maintain any license may subject the assisted reproductive medical facilities in our network to penalties and may affect the business of the assisted reproductive medical facilities in our network, and therefore, the Group.

Since the above is not an exhaustive list, investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

For more details of other risks and uncertainties faced by the Group, please refer to the Prospectus.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment and giving back to the community and achieving sustainable growth.

For more details, please refer to the 2024 Environmental, Social and Governance Report of the Company which will be published and made available at the same time as the publication of this annual report on the websites of the Stock Exchange and the Company.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Reporting Period, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

RESULTS

The results of the Group for the year ended December 31, 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 107 and 108 of this annual report.

FINAL DIVIDEND

The Board does not recommended payment of a final dividend for the year ended December 31, 2024 (for the year ended December 31, 2023: HK$5.95 cents per Share).

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last five financial years are set out on page 6 of this annual report. This summary does not form part of the audited consolidated financial statements.

USE OF PROCEEDS FROM LISTING

The total proceeds from the issue of new Shares by the Company in its Listing (after deducting the underwriting fees and related Listing expenses) amounted to approximately HK$2,808.1 million and the unutilized net proceeds were kept at the bank accounts of the Group as at December 31, 2024.

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 December 31, 2024:

Use of proceeds	Planned applications *(HK$ million)*	Percentage of total net proceed *(HK$ million)*	Actual usage up to December 31, 2024 *(HK$ million)*	Net proceeds brought forward for the Reporting Period *(HK$ million)*	Unutilized net proceeds as at December 31, 2024	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%	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%	233.2	167.4	47.5	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%	421.2	72.6	–	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%**	**2,760.6**	**240.0**	**47.5**	

Notes:

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

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

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

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

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

USE OF PROCEEDS FROM PLACING

On February 2, 2021, the Company entered into a placing agreement with Morgan Stanley & Co. International plc (the "**Placing Agent**"), pursuant to which the Placing Agent agreed to place 80,000,000 shares with an aggregate nominal value of US$800.00 (or, failing which, to purchase itself as principal) on a fully underwritten basis to not less than six independent investors (the "**Placing**"). The Placing price was HK$15.85 per share (the closing price of the Company as quoted on the Stock Exchange on February 2, 2021 was HK$16.95 per Share). The placees are professional, institutional, or other investors, and together with their ultimate beneficial owners, are third parties independent of the Company and any of its connected persons. The Placing would allow the Company to expedite its acquisition and growth strategy in order to take advantage of new business opportunities to further bolster its national network and expand its international presence.

The closing of the Placing took place on February 9, 2021. The net proceeds from the Placing were approximately HK$1,253.5 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 December 31, 2024:

	Planned applications *(HK$ million)*	Percentage of total net proceed	Actual usage up to December 31, 2024 *(HK$ million)*	Net proceeds brought forward for the Reporting Period *(HK$ million)*	Unutilized net proceeds as at December 31, 2024	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 Southeast Asia and other Asia pacific countries	188.0	15.0%	188.0	188.0	–	By June 2025
For general corporate and working capital purposes	62.7	5.0%	62.7	–	–	By June 2022
Total	**1,253.5**	**100%**	**1,253.5**	**188.0**	–	

Note:

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

USE OF PROCEEDS FROM TOP-UP PLACING

On January 5, 2023, the Company entered into a placing and subscription agreement with JINXIN Fertility Investment Group Limited 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 with an aggregate nominal value of US$1,750.00 at a price of HK$6.725 per Share (the closing price of the Company as quoted on the Stock Exchange on January 5, 2023 was HK$7.09 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 placees are professional, institutional and/or individual investors and together with their ultimate beneficial owners, are third parties independent of the Company and any of its connected persons. The Top-Up Placing would broaden the Company's Shareholder based and Capital base, strengthen the financial position of the Group and provide working capital to the Group.

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 December 31, 2024:

	Planned applications *(HK$ million)*	Percentage of total net proceed	Actual usage up to December 31, 2024 *(HK$ million)*	Net proceeds brought forward for the Reporting Period *(HK$ million)*	Unutilized net proceeds as at December 31, 2024	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	–	–	By June 2023
For the Group's working capital and general corporate purposes	174.35	15.0%	174.35	86.15	–	By December 2024
Total	**1,162.31**	**100%**	**1,162.31**	**86.15**	**–**	

Note:

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

MAJOR CUSTOMERS AND MAJOR SUPPLIERS

Major Customers

For the year ended December 31, 2024, the Group's sales to its five largest customers accounted for 23.8% (2023: 24.1%) of the Group's total revenue and our single largest customer accounted for 16.8% (2023: 15.9%) of the Group's total revenue.

Major Suppliers

For the year ended December 31, 2024, the Group's five largest suppliers accounted for 36.1% (2023: 37.4%) of the Group's total purchases and our single largest supplier accounted for 17.0% (2023: 19.5%) of the Group's total purchases.

During the Reporting Period, none of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the number of issued shares of the Company) had any interest in the Group's five largest customers and suppliers.

Relationship with Stakeholders

The Group recognizes that various stakeholders including employees, medical experts, patients, customers, suppliers and other business associates are key to the Group's success. The Group strives to achieve corporate sustainability through engaging, educating, collaborating, and cultivating strong relationships with them. The Group believes that it is vital to attract, recruit and retain quality employees. To maintain the quality, knowledge and skill levels of the Group's workforce, the Group provides the employees with periodic training, including introductory training for new employees, technical training, professional and management training and health and safety training. The Group believes that it maintains a good relationship with its employees and the Group did not experience any significant labor disputes or any difficulty in recruiting staff for its operations. The Group conducts academic marketing activities to establish and maintain relationships with key opinion leaders in the national medical system. The Group provides these experts with detailed information on its products and helps them make independent comparison among competing products in the market. The Group also maintains long-term cooperative relationships with medical experts to help raise the Group's profile, enhance awareness of Group's products in the medical community and among patients, provide it with valuable clinical data to improve the Group's products, and collect feedback from the real world clinical practices and support on the patients group and comply with physicians to manage the side effects. For details of an account of the Company's key relationships with its main stakeholders, please see the 2023 Environmental, Social and Governance Report of the Company.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the year ended December 31, 2024 are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year December 31, 2024 are set out in note 38 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended December 31, 2024 are set out on pages 111 to 113 in the consolidated statement of changes in equity and note 47 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As of December 31, 2024, the Company's reserves available for distribution, amounted to approximately RMB8,357.4 million (as of December 31, 2023: RMB8,593.4 million).

TAXATION

Tax position of the Company for the year ended December 31, 2024 is set forth in note 11 to the consolidated financial statements.

TAX RELIEF

The Directors are not aware of any tax relief available to the Shareholders by reason of their holding of the Company's securities.

BANK BORROWINGS

Particulars of bank borrowings of the Company and the Group as of December 31, 2024 are set out in note 37 to the consolidated financial statements.

DIRECTORS

The Directors during the Reporting Period and up to the date of this annual report are:

Executive Directors

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

Non-executive Directors

Mr. Zhong Yong *(Chairman) (redesignated on March 28, 2025)*
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

In accordance with article 84(1) of the Articles of Association, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, and shall be eligible for re-election at the AGM.

In accordance with article 83(3) of the Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of members after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election.

Accordingly, Mr. Dong Yang, Dr. John G. Wilcox, Ms. Lyu Rong and Mr. Fang Min shall retire by rotation as Directors at the AGM and, being eligible, will offer themselves for re-election at the AGM.

Details of the Directors to be re-elected at the AGM will be set out in the circular to the Shareholders to be despatched in due course.

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out on pages 34 to 42 of this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent during the Reporting Period.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the executive Directors has entered into a service contract with the Company, under which they agreed to act as executive Directors for an initial term of three years commencing from their respective date of appointment, which may be terminated by not less than one month's/three months' notice (as the case may be) in writing served by either the executive Director or the Company.

Each of the non-executive Directors and the independent non-executive Directors has signed an appointment letter with the Company for a term of three years with effect from their respective date of appointment. Under their respective appointment letters, each of the independent non-executive Directors is entitled to a fixed Director's fee while the non-executive Directors are not entitled to any remuneration as Directors.

The appointments are subject to the provisions of retirement and rotation of Directors under the Articles of Association and the applicable Listing Rules.

None of the Directors, including those to be re-elected at the forthcoming AGM, has entered into any service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section "Continuing Connected Transactions and One-Off Connected Transactions" below, none of the Directors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the Reporting Period.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

No contract of significance, including for the provision of services, has been entered into among the Company or any of its subsidiaries and the controlling Shareholders or any of their subsidiaries during the Reporting Period.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

EMOLUMENT POLICY

A remuneration committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group.

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of executive Directors are also determined with reference to the Company's performance and profitability, the prevailing market conditions and the performance or contribution of each executive Director. The remuneration for the executive Directors comprises salaries, allowances, benefits in kind, performance-related bonuses and pension scheme contributions. The remuneration policy for non-executive Directors and independent non-executive Directors is to ensure that non-executive Directors and independent non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in Board committees. The remuneration for the non-executive Directors and independent non-executive Directors mainly comprises Director's fee which is determined with reference to their duties and responsibilities by the Board. Individual Directors and senior management have not been involved in deciding their own remuneration.

No Director has waived or has agreed to waive any emoluments during the year ended December 31, 2024.

Details of the emoluments of the Directors and five highest paid individuals during the Reporting Period are set out in note 12 to the consolidated financial statements.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Company are set out in note 41 to the consolidated financial statements.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

Pursuant to Rule 13.51B of the Listing Rules, the changes in Directors' information after the publication of the 2024 interim report are set out below:

- Mr. Zhong Yong has been redesignated as a non-executive Director on March 28, 2025. Mr. Zhong will continue to act as the Chairman of the Board as well as the Chairman of the Nomination Committee and Strategic Decisions Committee of the Board, and contribute his valuable skills and experience to the overall corporate strategies and development planning of the Group. For details, please refer to the Company's announcement dated March 28, 2025.

Save as disclosed in this annual report, there was no change to information which is required to be disclosed and has been disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of rule 13.51(2) of the Listing Rules during the Reporting Period and up to the date of this annual report.

RISK MANAGEMENT

Currency Risk

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

Interest Rate Risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank borrowing. Its cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and bank borrowing. 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 fixed rate time deposit to be limited because the tenor of such instruments are short, which is within one year.

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.

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

As at December 31, 2024, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have 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:

Interest in Shares and Underlying Shares

Name of Directors	Capacity/ nature of interest	Number of Shares/ underlying Shares	Approximate percentage of shareholding in the Company[1]	Long position/ Short position/ Lending pool
Mr. Zhong Yong[2]	Beneficial owner	13,123,611	0.48%	Long position
Mr. Dong Yang[3]	Beneficial owner	12,097,318	0.44%	Long position
Ms. Lyu Rong[4]	Beneficial owner	11,977,318	0.43%	Long position
Dr. John G. Wilcox[5]	Beneficial owner	10,000,000	0.36%	Long position
Ms. Yan Xiaoqing	Beneficial owner	3,016,000	0.11%	Long position
Dr. Geng Lihong[5]	Beneficial owner	600,000	0.02%	Long position

Notes:

(1) The calculation is based on the total number of 2,757,706,043 Shares (including treasury Shares) in issue as at December 31, 2024.

(2) Includes (i) 6,500,000 Shares beneficially owned by Mr. Zhong Yong and (ii) Mr. Zhong Yong's entitlement to Restricted Shares equivalent to 6,623,611 Shares granted to him under the 2022 Share Award Scheme, subject to vesting conditions.

(3) Includes (i) 6,678,500 Shares beneficially owned by Mr. Dong Yang and (ii) Mr. Dong Yang's entitlement to Restricted Shares equivalent to 5,419,318 Shares granted to him under the 2022 Share Award Scheme, subject to vesting conditions.

(4) Includes (i) 6,558,000 Shares beneficially owned by Ms. Lyu Rong and (ii) Ms. Lyu Rong's entitlement to Restricted Shares equivalent to 5,419,318 Shares granted to her under the 2022 Share Award Scheme, subject to vesting conditions.

(5) Includes Dr. John G. Wilcox's entitlement to Restricted Shares equivalent to 10,000,000 Shares granted to him under the 2022 Share Award Scheme, subject to vesting conditions.

(6) Includes Dr. Geng Lihong's entitlement to Restricted Shares equivalent to 600,000 Shares granted to her under the 2022 Share Award Scheme, subject to vesting conditions.

(i) Interest in the Company's associated corporations

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

Notes:

(1) Ms. Lyu Rong, one of the Jinyi Hongkang Registered Shareholders, holds 51% of the equity interest in Jinyi Hongkang. Jinyi Hongkang is a subsidiary of the Company by virtue of the 2022 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 Xinan Clinic and Shenzhen Zhongshan Contractual Arrangements.

Save as disclosed above, as at December 31, 2024, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have 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 annual 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 at December 31, 2024, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholders	Capacity/ nature of interest	Number of Shares/ underlying Shares	Approximate percentage of shareholding in the Company[1]	Long position/ Short position/ Lending pool
Jinxin Fertility BVI[2]	Beneficial owner	319,471,061	11.58%	Long position
HRC Investment	Beneficial owner	288,580,005	10.46%	Long position

Notes:

(1) The calculation is based on the total number of 2,757,706,043 Shares (including treasury Shares) in issue as at December 31, 2024.

(2) 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 at December 31, 2024.

Save as disclosed above, as at December 31, 2024, 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**"), which has been terminated during the Reporting Period. As at December 31, 2024, no option was granted, and thus no option had been exercised, cancelled or lapsed pursuant to the Share Option Scheme and no more option will be granted under the Share Option Scheme following its termination. 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 "**Option Scheme Mandate Limit**") of the total issued shares as at the Listing Date, and representing approximately 8.67% of the Shares in issue (excluding treasury Shares) as at 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 Option Scheme Mandate Limit. The total number of options available for grant under the Share Option Scheme was 238,081,580 as at January 1, 2024. Given no option has been granted and no more option will be granted under the Share Option Scheme upon its termination, it is not applicable for the Company to set out the number of Shares that may be issued in respect of the options granted under the Share Option Scheme during the Reporting Period divided by the weighted average number of Shares of the relevant class in issue for the Reporting Period.

(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 Shares in issue (excluding treasury Shares) 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 would remain in force for a period of ten years commencing from the Adoption Date. Since the Company has no intention to make further grants under the Share Option Scheme, as at December 31, 2024, the Share Option Scheme was terminated and no further award would be granted under such scheme. In addition, no option was granted, and thus no option had been exercised, cancelled or lapsed pursuant to the Share Option Scheme.

PRE-IPO RSU SCHEME

The Pre-IPO RSU Scheme was approved and adopted by the Board on February 15, 2019 (the "**Pre-IPO RSU Adoption Date**"), which has been terminated during the Reporting Period. Following its termination, no more RSU will be granted under the Pre-IPO RSU Scheme. The following is a summary of the principal terms of the Pre-IPO RSU Scheme but does not form part of, nor was it intended to be, the Pre-IPO RSU Scheme nor should it be taken as affecting the interpretation of the rules of the Pre-IPO RSU Scheme:

(1) *Purpose of the Pre-IPO RSU Scheme*

The purposes of the Pre-IPO RSU Scheme are to (i) provide the selected participants of the Pre-IPO 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 Pre-IPO RSU Scheme*

Persons eligible to receive RSUs under the Pre-IPO 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 Pre-IPO RSU Scheme shall not exceed in 32,981,388 Shares, representing approximately 1.66% of the Company's issued share capital as of the Pre-IPO RSU Adoption Date (the "**RSU Scheme Limit**"), and representing approximately 1.20% of the Shares in issue (excluding treasury Shares) as at the date of this report. As at the date of this report, no further RSUs are available for grant.

(4) *Maximum entitlement of each Selected Participant*

The maximum entitlement of each participant under the Pre-IPO 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 Pre-IPO 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 Pre-IPO 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 Pre-IPO RSU Scheme*

The Pre-IPO RSU Scheme commences on the Pre-IPO RSU Adoption Date and would remain 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. Since the Company has no intention to make further grants under the Pre-IPO RSU Scheme, as at December 31, 2024, the Pre-IPO RSU Scheme was terminated and no further RSUs would be granted under such scheme, whilst the RSUs previously granted under the Pre-IPO RSU Scheme shall continue to be in full force and effect in accordance with the provisions thereof.

The total number of RSUs available for grant under the Pre-IPO RSU Scheme as at January 1, 2024 was 1,764,360 Shares. During the Reporting Period, 1,764,360 RSUs were granted under the Pre-IPO RSU Scheme. No further RSUs would be available for grant as at December 31, 2024.

The table below shows details of the RSUs granted under the Pre-IPO RSU Scheme during the Reporting Period which shall be satisfied by the issuance of new Shares:

Name of Participant or Category of Participant	Date of Grant	Vesting Period[1]	Closing price of Shares immediately before the date on which the award Shares were granted (HK$)	Number of unvested award Shares held at January 1, 2024	Number of award Shares granted during the Reporting Period	Number of award Shares lapsed and cancelled	Number of award Shares vested	Number of unvested award Shares held at December 31, 2024	Weighted average closing price of the Shares immediately before the dates on which the award Shares were vested (HK$)	Fair value of award Shares at the date of grant (HK$)
Directors, chief executive or substantial shareholders of the listed issuer, or their respective associates										
N/A										
Participant with options and awards granted and to be granted in excess of the 1% individual limit										
N/A										
Related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the relevant class of Shares in issue (excluding treasury Shares)										
Dr. John Matthew Norian	February 15, 2019	1–5 years	5.25	1,568,680	—	—	1,568,680	—	5.59	5.25
Other employee participants										
	January 6, 2020	1–3 years	10.82	200,001	—	—	200,001	—	6.39	11.01
	January 10, 2021	6 months–3 years	15.18	1,151,849	—	—	277,381	874,468	7.08	15.18
	June 1, 2021	8 months–3 years	21.25	312,500	—	—	187,500	125,000	5.50	21.25
	January 1, 2022	1 month–2 years	8.71	33,334	—	—	33,334	—	5.71	8.71
	March 1, 2022	10 months–3 years	8.89	66,667	—	—	33,333	33,334	4.72	8.94
	April 19, 2024	1–4 Years	2.31	—	1,764,360	—	—	1,764,360	—	2.27

Name of Participant or Category of Participant	Date of Grant	Vesting Period[1]	Closing price of Shares immediately before the date on which the award Shares were granted (HK$)	Number of unvested award Shares held at January 1, 2024	Number of award Shares granted during the Reporting Period	Number of award Shares lapsed and cancelled	Number of award Shares vested	Number of unvested award Shares held at December 31, 2024	Weighted average closing price of the Shares immediately before the dates on which the award Shares were vested (HK$)	Fair value of award Shares at the date of grant (HK$)
Other related entity participants										
	January 6, 2020	1–3 years	10.82	238,700	–	–	238,700	–	8.50	11.01
	January 10, 2021	6 months–3 years	15.18	418,050	–	–	139,350	278,700	4.76	15.18
	January 31, 2022	1 month–5 years	7.76	2,687,460	–	–	1,074,984	1,612,476	2.44	7.76
Other service providers										
					N/A					
Total				**6,677,241**	**1,764,360**	**–**	**3,753,263**	**4,688,338**		

Notes:

(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) The purchase price for the award Shares transferred or to be transferred to the Selected Participants upon vesting is nil.

(3) The number of Shares that may be issued in respect of the RSUs granted under the Pre-IPO RSU Scheme during the Reporting Period divided by the weighted average number of Shares of the relevant class in issue for the Reporting Period was 0.07%.

2022 SHARE AWARD SCHEME

The 2022 Share Award Scheme was approved and adopted by the Board on February 17, 2022 (the "**2022 Scheme Adoption Date**"), which has been amended on June 25, 2024 (the "**2022 Scheme Amendment Date**") to bring its terms in alignment with the amended Chapter 17 of the Listing Rules. The following is a summary of the principal terms of the 2022 Share Award Scheme but does not form part of, nor was it intended to be, the 2022 Share Award Scheme nor should it be taken as affecting the interpretation of the rules of the 2022 Share Award Scheme:

(1) Purpose of the 2022 Share Award Scheme

The purposes of the 2022 Share Award Scheme are to (i) provide the selected participants of the 2022 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) *Selected Participants of the 2022 Share Award Scheme*

Persons eligible to receive Restricted Shares under the 2022 Share Award Scheme comprise Employee Participants, Related Entity Participants and Service Providers (as defined in the 2022 Share Award Scheme). Please refer to the circular of the Company dated May 31, 2024 for further details of the eligible participants.

(3) *Total number of Shares to be granted*

The total number of the Restricted Shares which may be issued upon vesting of all grants made pursuant to the 2022 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 "**2022 Scheme Mandate Limit**"), and representing approximately 2.74% of the Shares in issue (excluding treasury Shares) as at the date of this report, provided that no account shall be taken into the calculation of the 2022 Scheme Mandate Limit of any Shares where the right to acquire such Shares has been released, lapsed or vested in accordance with the 2022 Share Award Scheme. The total number of Restricted Shares which may be issued upon vesting of all grants made to Service Providers pursuant to the 2022 Share Award Scheme shall not exceed 8,273,118 Shares (the "**2022 Service Provider Sublimit**"), representing approximately 0.3% of the total number of Shares in issue (excluding treasury Shares) as at the 2022 Scheme Amendment Date and as at the date of this report. As at the date of this report, (i) the total number of Shares available for issue under the 2022 Share Award Scheme is 9,374,273 Shares, representing approximately 0.3% of the Shares in issue (excluding treasury Shares) as at that date, and (ii) the total number of Shares available for issue to Service Providers under the 2022 Share Award Scheme is 8,273,118 Shares, representing 0.3% of the Shares in issue (excluding treasury Shares) as at that date.

(4) *Maximum entitlement of each Selected Participant*

The maximum entitlement of each participant under the 2022 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 Share Award Scheme*

Restricted Shares granted generally vest over a five-year period. The vesting schedule of the restricted Shares will usually 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, save as determined by the Board at its discretion.

(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 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 Share Award Scheme*

The 2022 Share Award Scheme commences on the 2022 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 at December 31, 2024, the remaining life of the 2022 Share Award Scheme is approximately seven years.

The total number of Restricted Shares available for grant to Award Selected Participants under the 2022 Share Award Scheme was 9,374,273 as at January 1, 2024 and December 31, 2024, and the total number of Restricted Shares available for grant to Service Providers under the 2022 Share Award Scheme was 8,273,118 Shares as at January 1, 2024 and December 31, 2024.

The table below shows details of the Restricted Shares granted under the 2022 Share Award Scheme during the Reporting Period which shall be satisfied by the issuance of new Shares:

Name of Participant or Category of Participant	Date of Grant	Vesting Period[1]	Closing price of Shares immediately before the date on which the Restricted Shares were granted (HK$)	Number of unvested Restricted Shares held at January 1, 2024	Number of Restricted Shares granted during the Reporting Period	Number of Restricted Shares lapsed	Number of Restricted Shares cancelled	Number of Restricted Shares vested	Number of unvested Restricted Shares held at December 31, 2024	Weighted average closing price of the Shares immediately before the dates on which the Restricted Shares were vested (HK$)	Fair value of Restricted Shares at the date of grant (HK$)
Directors, chief executive or substantial shareholders of the listed issuer, or their respective associates											
Dr. John G. Wilcox	March 27, 2023	1 year–5 years	5.38	10,000,000	–	–	5,000,000	1,000,000	4,000,000	2.37	5.40
Mr. Zhong Yong	March 27, 2023	1 year–5 years	5.38	6,623,611	–	–	–	1,304,268	5,319,343	2.75	5.40
Mr. Dong Yang	March 27, 2023	1 year–5 years	5.38	5,419,318	–	–	–	–	5,419,318	–	5.40
Ms. Lyu Rong	March 27, 2023	1 year–5 years	5.38	5,419,318	–	–	–	1,083,864	4,335,454	2.75	5.40
Dr. Geng Lihong	March 27, 2023	1 year–5 years	5.38	600,000	–	–	–	120,000	480,000	2.37	5.40
Participant with options and awards granted and to be granted in excess of the 1% individual limit											
N/A											
Related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the relevant class of Shares in issue (excluding treasury Shares)											
N/A											
Other employee participants											
	January 18, 2023	1 year–5 years	7.34	28,060,994	–	–	–	3,942,296	24,118,698	2.37	7.34
	March 27, 2023	1 year–5 years	5.38	8,730,000	–	–	–	2,628,039	6,101,961	2.37	5.40
Other related entity participants											
	January 18, 2023	1 year–5 years	7.34	1,000,000	–	–	–	183,019	816,981	2.37	7.34
Other service providers											
N/A											
Total				**65,853,241**	**–**	**–**	**5,000,000**	**10,261,486**	**50,591,755**		

Notes:

(1) 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.

(2) The purchase price for the Restricted Shares transferred or to be transferred to the Award Selected Participants upon vesting is nil.

(3) As no new Shares were issued during the Reporting Period in respect of the Restricted Shares granted under the 2022 Share Award Scheme, it is not applicable for the Company to set out the number of Shares that may be issued in respect of the Restricted Shares granted under the 2022 Share Award Scheme during the Reporting Period divided by the weighted average number of Shares of the relevant class in issue for the Reporting Period.

The table below shows details of the Restricted Shares granted under the 2022 Share Award Scheme during the Reporting Period which shall be satisfied by existing shares acquired by trustee(s) of the Company:

Name of Participant or Category of Participant	Date of Grant	Vesting Period(1)	Closing price of Shares immediately before the date on which the Restricted Shares were granted (HK$)	Number of unvested Restricted Shares held at January 1, 2024	Number of Restricted Shares granted during the Reporting Period	Number of Restricted Shares lapsed	Number of Restricted Shares cancelled	Number of Restricted Shares vested	Number of unvested Restricted Shares held at December 31, 2024	Weighted average closing price of the Shares immediately before the dates on which the Restricted Shares were vested (HK$)	Fair value of Restricted Shares at the date of grant (HK$)
Directors of the listed issuer											
				N/A							
Five highest paid individuals in aggregate (excluding Directors)											
				N/A							
Related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% individual limit											
				N/A							
Other grantees in aggregate											
Other Employee Participant	April 19, 2024	1 year – 5 years	2.31	–	5,000,000	–	–	1,000,000	4,000,000	2.73	2.27
Total				**–**	**5,000,000**	**–**	**–**	**1,000,000**	**4,000,000**		

Notes:

(1) The vesting schedule of the Restricted Shares will be over the vesting period for each corresponding grantee upon satisfaction of the relevant performance targets determined by the Board.

(2) The purchase price for the Restricted Shares transferred or to be transferred to the Award Selected Participants upon vesting is nil.

(3) As at December 31, 2024, the trustee of the 2022 Share Award Scheme, pursuant to the rules of the 2022 Share Award Scheme, held 4,000,000 Shares it purchased from the secondary market for the purpose of satisfying grants of the Restricted Shares.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report, there was no equity-linked agreement entered into by the Company or any of its subsidiaries during the Reporting Period.

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

During the Reporting Period, the Company had repurchased, a total of 13,000,000 Shares on the Stock Exchange at an aggregate purchase price of approximately HK$31.4 million. The reason for purchase is to demonstrate the Company's confidence in its own business outlook and prospects as the Company believes that the current trading price of the Shares does not reflect their intrinsic value or the actual prospects of the Company.

Details of the Shares repurchased during the year ended December 31, 2024 are set out as follows:

		Price per Share paid		
Month of repurchases	**Number of Shares repurchased on the Stock Exchange**	**Highest** *(HK$)*	**Lowest** *(HK$)*	**Aggregate purchase price** *(HK$ million)*
July 2024	9,000,000	2.47	2.37	21.87
August 2024	4,000,000	2.40	2.36	9.56

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including any sale of treasury Shares) during the Reporting Period. As at December 31, 2024, the Company held 13,000,000 treasury Shares as defined under the Listing Rules.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands that would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Save as disclosed in this annual report, as of December 31, 2024, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

CONTINUING CONNECTED TRANSACTIONS AND ONE-OFF CONNECTED TRANSACTIONS

For the year ended December 31, 2024, the Group had entered into certain non-exempt continuing connected transactions and one-off connected transaction as set out below. For detailed terms of such non-exempt continuing connected transactions, please refer to the section headed "Connected Transactions" of the Prospectus and the announcements of the Company dated November 26, 2021, April 12, 2022, July 13, 2022, August 26, 2022, November 7, 2022 and December 30, 2022, respectively.

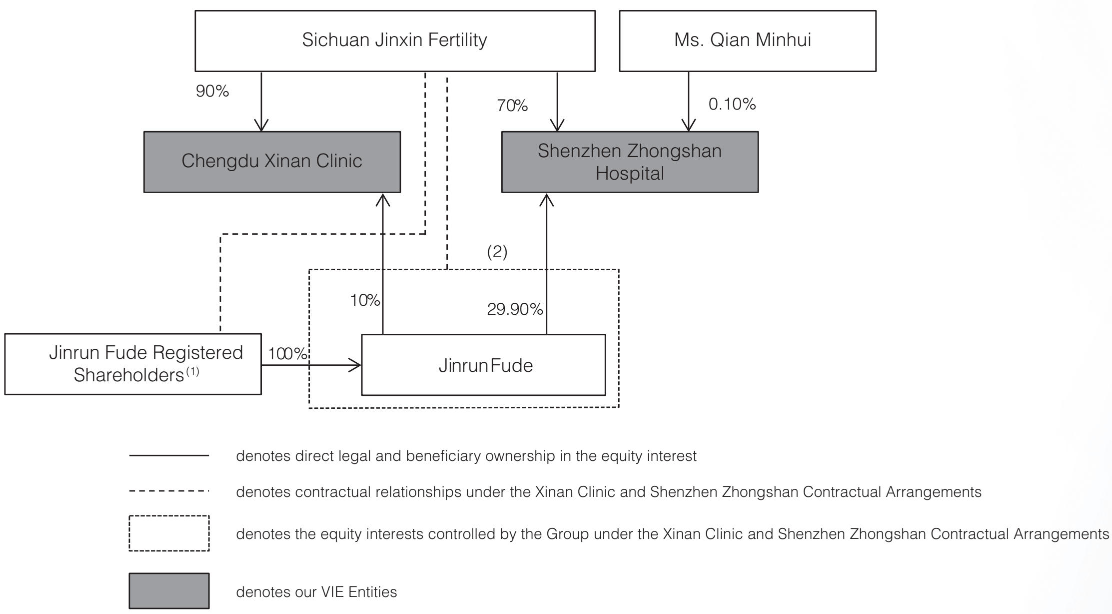
Non-exempt Continuing Connected Transactions

1. *Contractual Arrangements*

As foreign investment in certain areas of the industry in which the Group currently operates in is subject to restrictions under current PRC laws and regulations as outlined below, the Company does not own 100% equity interest in the VIE Entities. The Company has entered a series of contractual arrangements which apply to the (i) 10.00%, (ii) 29.90%, (iii) 30.00% and (iv) 100.00% equity interests in (a) Chengdu Xinan Clinic, (b) Shenzhen Zhongshan Hospital, (c) Jiuzhou Hospital and Hewanjia Hospital and (d) Sichuan Jinxin Xinan Hospital, respectively.

a. *Xinan Clinic and Shenzhen Zhongshan Contractual Arrangements*

The following simplified diagram illustrates the flow of economic benefits from Chengdu Xinan Clinic and Shenzhen Zhongshan Hospital to the Group as stipulated under the Xinan Clinic and Shenzhen Zhongshan Contractual Arrangements:



Notes:

(1) The Jinrun Fude Registered Shareholders are Ms. Yan Xiaoqing and Ms. Zhu Yujuan, who holds 51% and 49% of the equity interests in Jinrun Fude, respectively.

(2) The Xinan Clinic and Shenzhen Zhongshan Exclusive Operation Services Agreements, Xinan Clinic and Shenzhen Zhongshan Exclusive Option Agreements, Xinan Clinic and Shenzhen Zhongshan Powers of Attorney, Xinan Clinic and Shenzhen Zhongshan Equity Pledge Agreements and Spouse Undertakings together form the legal relationship under the Xinan Clinic and Shenzhen Zhongshan Contractual Arrangements.

A brief description of the specific agreements that comprise the Xinan Clinic and Shenzhen Zhongshan Contractual Arrangements is set out below. For details of the specific agreements, please refer to the section headed "Contractual Arrangements" of the Prospectus and the announcements of the Company dated January 27, 2022 and April 13, 2022.

(1) Xinan Clinic and Shenzhen Zhongshan Exclusive Operation Services Agreements

The Jinrun Fude Registered Shareholders, Jinrun Fude and Chengdu Xinan Clinic and Shenzhen Zhongshan Hospital have entered into the Xinan Clinic and Shenzhen Zhongshan Exclusive Operation Services Agreements with Sichuan Jinxin Fertility on December 23, 2018, February 2, 2019, April 12, 2022 and August 26, 2022, pursuant to which, Chengdu Xinan Clinic and Shenzhen Zhongshan Hospital and Jinrun Fude agreed to engage Sichuan Jinxin Fertility as their exclusive provider of technical support, consulting services and other services in exchange for a service fee.

Under the Xinan Clinic and Shenzhen Zhongshan Exclusive Operation Services Agreements, the services to be provided include but are not limited to (i) business, financing and investment, (ii) medical technology related consultation, medical resources sharing and medical professionals training, (iii) human resources management, (iv) market research, (v) strategies for marketing and business expansion, (vi) supplier and inventory management, (vii) operation and marketing strategy formulation and monitoring, (viii) medical service quality control, (ix) internal management and (x) other services relating to management and operation of medical institutions and shareholder's rights. Sichuan Jinxin Fertility has proprietary rights to all the intellectual properties developed or created by itself from the performance of these services. During the term of the Xinan Clinic and Shenzhen Zhongshan Exclusive Operation Services Agreements, Sichuan Jinxin Fertility may use the intellectual property rights owned by Jinrun Fude and Chengdu Xinan Clinic and Shenzhen Zhongshan Hospital free of charge and without any conditions. Jinrun Fude and Chengdu Xinan Clinic and Shenzhen Zhongshan Hospital may also use the intellectual property work created by Sichuan Jinxin Fertility from the services performed by Sichuan Jinxin Fertility in accordance with the Xinan Clinic and Shenzhen Zhongshan Exclusive Operation Services Agreements.

Under the Xinan Clinic and Shenzhen Zhongshan Exclusive Operation Services Agreements, the service fee shall be an amount equal to 10% of the distributable net profit of Chengdu Xinan Clinic and 29.90% of the distributable net profit of Shenzhen Zhongshan Hospital of a given audited financial year, after deducting losses from the previous financial years (if any) and any statutory provident fund (if applicable). Apart from the service fees, Jinrun Fude and Chengdu Xinan Clinic and Shenzhen Zhongshan Hospital shall reimburse all reasonable costs, reimbursed payments and out-of-pocket expenses incurred by Sichuan Jinxin Fertility in connection with the performance of the 2019 Exclusive Operation Services Agreements and provision of services. For the year ended December 31, 2024, the service fee in relation to 10% of the distributable net profit of Chengdu Xinan Clinic is RMB4,281,000. In relation to Shenzhen Zhongshan Hospital, the service fee in relation to 29.90% of its distributable net profit for the year ended December 31, 2024 is RMB31,412,000.

(2) Xinan Clinic and Shenzhen Zhongshan Exclusive Option Agreements

On December 23, 2018, February 2, 2019, April 12, 2022 and August 26, 2022, Sichuan Jinxin Fertility, the Jinrun Fude Registered Shareholders, Jinrun Fude, Mr. Zeng Yong and Chengdu Xinan Clinic and Shenzhen Zhongshan Hospital entered the Xinan Clinic and Shenzhen Zhongshan Exclusive Option Agreements.

Pursuant to the Xinan Clinic and Shenzhen Zhongshan Exclusive Option Agreements, (i) each of the Jinrun Fude Registered Shareholders irrevocably and unconditionally grants an exclusive option to Sichuan Jinxin Fertility which entitles Sichuan Jinxin Fertility to elect to purchase at any time, when permitted by the then applicable PRC laws, all or any part of the equity interest in Jinrun Fude itself or through its designated person(s), (ii) Jinrun Fude irrevocably and unconditionally grants an exclusive option to Sichuan Jinxin Fertility which entitles Sichuan Jinxin Fertility to elect to purchase at any time, when permitted by the then applicable PRC laws, all or part of the assets of Jinrun Fude itself or through its designated person(s), (iii) Jinrun Fude irrevocably and unconditionally grants an exclusive option to Sichuan Jinxin Fertility which entitles Sichuan Jinxin Fertility to elect to purchase at any time, when permitted by the then applicable PRC laws, all or any part of the equity interests in Chengdu Xinan Clinic and Shenzhen Zhongshan Hospital from Jinrun Fude itself or through its designated person(s), (iv) Chengdu Xinan Clinic and Shenzhen Zhongshan Hospital irrevocably and unconditionally grant an exclusive option to Sichuan Jinxin Fertility which entitles Sichuan Jinxin Fertility to elect to purchase at any time, when permitted by the then applicable PRC laws, all or part of the assets of Chengdu Xinan Clinic and Shenzhen Zhongshan Hospital attributable to Jinrun Fude from Chengdu Xinan Clinic and Shenzhen Zhongshan Hospital themselves or through their designated person(s),(v) Shenzhen Zhongshan Hospital irrevocably and unconditionally grant an exclusive option to Sichuan Jinxin Fertility which entitles Sichuan Jinxin Fertility to elect to purchase at any time, when permitted by the then applicable PRC laws, 50% of all or part of the assets of Shenzhen Zhongshan Hospital attributable to Mr. Zeng Yong from Shenzhen Zhongshan Hospital itself or through its designated person(s), Sichuan Jinxin Fertility may appoint designated person(s) in its sole discretion when exercising its option. The transfer price of the relevant equity interests and assets shall be the minimum purchase price permitted under PRC law, and each of the Jinrun Fude Registered Shareholders, Jinrun Fude, Chengdu Xinan Clinic and Shenzhen Zhongshan Hospital will undertake that he/she/it will, subject to applicable PRC laws, return in full the consideration received in relation to such transfer of equity interests or assets to Sichuan Jinxin Fertility.

(3) Xinan Clinic and Shenzhen Zhongshan Shareholders' Rights Entrustment Agreements and Xinan Clinic and Shenzhen Zhongshan Powers of Attorney

On December 23, 2018, February 2, 2019, April 12, 2022 and August 26, 2022, Sichuan Jinxin Fertility, Jinrun Fude and the Jinrun Fude Registered Shareholders and Chengdu Xinan Clinic and Shenzhen Zhongshan Hospital entered into the Xinan Clinic and Shenzhen Zhongshan Shareholders' Rights Entrustment Agreement and the 2019 Powers of Attorney executed by the Jinrun Fude Registered Shareholders and Jinrun Fude in favor of Sichuan Jinxin Fertility (and its successors or liquidators) or a natural person designated by Sichuan Jinxin Fertility (the "**Xinan Clinic and Shenzhen Zhongshan Attorney**").

Pursuant to the Xinan Clinic and Shenzhen Zhongshan Shareholders' Rights Entrustment Agreements and the Xinan Clinic and Shenzhen Zhongshan Powers of Attorney, (i) the Jinrun Fude Registered Shareholders irrevocably agree to authorize the Attorney to exercise all of its rights and powers as a shareholder of Jinrun Fude (as applicable) and (ii) Jinrun Fude irrevocably agrees to authorize the Attorney to exercise all of its rights and powers of a shareholder of Chengdu Xinan Clinic with 10% equity interests and Shenzhen Zhongshan Hospital with 29.90% equity interests. As Sichuan Jinxin Fertility is a subsidiary of the Company, the terms of the Xinan Clinic and Shenzhen Zhongshan Shareholders' Rights Entrustment Agreements and the Xinan Clinic and Shenzhen Zhongshan Powers of Attorney will give the Company control over all corporate decisions of Chengdu Xinan Clinic and Shenzhen Zhongshan Hospital, 100% equity interests of Jinrun Fude and Chengdu Xinan Clinic, and 99.90% equity interests of Shenzhen Zhongshan Hospital.

(4) Xinan Clinic and Shenzhen Zhongshan Equity Pledge Agreements

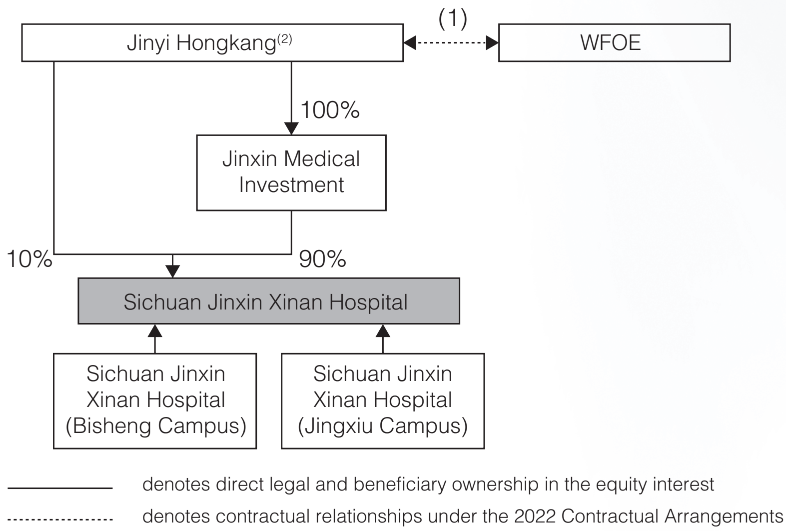
On December 23, 2018, February 2, 2019, April 12, 2022 and August 26, 2022, Jinrun Fude, Sichuan Jinxin Fertility, the Jinrun Fude Registered Shareholders and Chengdu Xinan Clinic and Shenzhen Zhongshan Hospital entered into the Xinan Clinic and Shenzhen Zhongshan Equity Pledge Agreements. Pursuant to the Xinan Clinic and Shenzhen Zhongshan Equity Pledge Agreements, (i) the Jinrun Fude Registered Shareholders agree to pledge all of their respective equity interests in Jinrun Fude and (ii) Jinrun Fude agrees to pledge all of its equity interests in Chengdu Xinan Clinic and Shenzhen Zhongshan Hospital to Sichuan Jinxin Fertility to secure performance of all their obligations and the obligations of Chengdu Xinan Clinic and Shenzhen Zhongshan Hospital under the Xinan Clinic and Shenzhen Zhongshan Exclusive Option Agreements, the Xinan Clinic and Shenzhen Zhongshan Powers of Attorney and the Xinan Clinic and Shenzhen Zhongshan Equity Pledge Agreements underlying the Xinan Clinic and Shenzhen Zhongshan Contractual Arrangements.

(5) Spouse Undertakings

The spouses of each of the Jinrun Fude Registered Shareholders (as applicable) has signed an spouse undertakings to the effect that (i) the respective interests of the Jinrun Fude Registered Shareholders in Jinrun Fude (together with any other interests therein) do not fall within the scope of joint possession, and (ii) each of the spouses has no right to or control over such interests of the respective persons and will not have any claim on such interests.

b. 2022 Contractual Arrangements

The following simplified diagram illustrates the flow of economic benefits from Sichuan Jinxin Xinan Hospital to the Group as stipulated under the 2022 Contractual Arrangements:



Notes:

(1) The 2022 Exclusive Operation Services Agreement, 2022 Exclusive Option Agreements, 2022 Powers of Attorney, 2022 Equity Pledge Agreements and Spouse Undertakings together form the legal relationship under the 2022 contractual Arrangements.

(2) Jinyi Hongkang is owned by the Jinyi Hongkang Registered Shareholders, Ms. Lyu Rong and Mr. Xu Jun, as to 51% and 49%, respectively.

A brief description of the specific agreements that comprise the 2022 Contractual Arrangements is set out below. For details of the specific agreements, please refer to the Company's announcement dated November 7, 2022.

(1) 2022 Exclusive Operation Services Agreement

On December 30, 2022, Sichuan Jinxin Xinan Hospital entered into the 2022 Exclusive Operation Services Agreement with the Jinyi Hongkang Registered Shareholders, Jinyi Hongkang, Jinxin Medical Investment and Sichuan Jinxin Medical Management, pursuant to which, Sichuan Jinxin Xinan Hospital, Jinxin Medical Investment and Jinyi Hongkang each agreed to engage Sichuan Jinxin Medical Management as their exclusive provider of technical support, consulting services and other services in exchange for a service fee.

Under the 2022 Exclusive Operation Services Agreement, the services to be provided include but are not limited to (i) business, financing and investment; (ii) medical technology related consultation, medical resources sharing and medical professionals training; (iii) human resources management; (iv) market research; (v) strategies for marketing and business expansion; (vi) supplier and inventory management; (vii) operation and marketing strategy formulation and monitoring; (viii) medical service quality control; (ix) internal management; and (x) other services relating to management and operation of medical institutions and shareholder's rights. Sichuan Jinxin Medical Management has proprietary rights to all the intellectual properties developed or created by itself from the performance of these services. During the term of the 2022 Exclusive Operation Services Agreement, Sichuan Jinxin Medical Management may use the intellectual property rights owned by Jinyi Hongkang, Jinxin Medical Investment and Sichuan Jinxin Xinan Hospital free of charge and without any conditions. Jinyi Hongkang, Jinxin Medical Investment and Sichuan Jinxin Xinan Hospital may also use the intellectual property work created by Sichuan Jinxin Medical Management from the services performed by Sichuan Jinxin Medical Management in accordance with the 2022 Exclusive Operation Services Agreement.

Under the 2022 Exclusive Operation Services Agreement, the service fee shall be an amount equal to 100% of the distributable net profit of each Sichuan Jinxin Xinan Hospital of a given audited financial year, after deducting losses from the previous financial years (if any) and any statutory provident fund (if applicable). Apart from the service fees, Jinyi Hongkang, Jinxin Medical Investment and Sichuan Jinxin Xinan Hospital shall reimburse all reasonable costs, reimbursed payments and out-of-pocket expenses incurred by Sichuan Jinxin Medical Management in connection with the performance of the 2022 Exclusive Operation Services Agreement and provision of services. For the year ended December 31, 2024, the service fee in relation to 100% of the distributable net profit of Sichuan Jinxin Xinan Hospital is RMB374,790,000.

In addition, absence of a prior written consent of Sichuan Jinxin Medical Management, during the term of the 2022 Exclusive Operation Services Agreement, the Jinyi Hongkang Registered Shareholders, Jinyi Hongkang, Jinxin Medical Investment and Sichuan Jinxin Xinan Hospital shall not directly or indirectly accept the same or any similar services provided by any third party and shall not establish similar cooperation relationships with any third party. Sichuan Jinxin Medical Management has the right to appoint any third party to provide any or all of the services, or to fulfill its obligations under the 2022 Exclusive Operation Services Agreement.

(2) 2022 Exclusive Option Agreements

On December 30, 2022, Sichuan Jinxin Medical Management have entered into the 2022 Exclusive Option Agreements with the Jinyi Hongkang Registered Shareholders, Jinyi Hongkang, Jinxin Medical Investment and Sichuan Jinxin Xinan Hospital.

Pursuant to the 2022 Exclusive Option Agreements, (i) each of the Jinyi Hongkang Registered Shareholders irrevocably and unconditionally grants an exclusive option to Sichuan Jinxin Medical Management which entitles Sichuan Jinxin Medical Management to elect to purchase at any time, when permitted by the then applicable PRC laws, all or any part of the equity interest in Jinyi Hongkang itself or through its designated person(s); (ii) Jinyi Hongkang irrevocably and unconditionally grants an exclusive option to Sichuan Jinxin Medical Management which entitles Sichuan Jinxin Medical Management to elect to purchase at any time, when permitted by the then applicable PRC laws, all or part of the assets of Jinyi Hongkang itself or through its designated person(s); (iii) Jinyi Hongkang and Jinxin Medical Investment irrevocably and unconditionally grant an exclusive option to Sichuan Jinxin Medical Management which entitles Sichuan Jinxin Medical Management to elect to purchase at any time, when permitted by the then applicable PRC laws, all or any part of the equity interest in Sichuan Jinxin Xinan Hospital from Jinyi Hongkang and Jinxin Medical Investment itself or through its designated person(s); and (iv) Sichuan Jinxin Xinan Hospital irrevocably and unconditionally grants an exclusive option to Sichuan Jinxin Medical Management which entitles Sichuan Jinxin Medical Management to elect to purchase at any time, when permitted by the then applicable PRC laws, all or part of the assets of Sichuan Jinxin Xinan Hospital attributable to Jinyi Hongkang and Jinxin Medical Investment from Sichuan Jinxin Xinan Hospital itself or through its designated person(s). The transfer price of the relevant equity interest and assets shall be the minimum purchase price permitted under PRC law, and each of the Jinyi Hongkang Registered Shareholders, Jinyi Hongkang, Jinxin Medical Investment and Sichuan Jinxin Xinan Hospital will undertake that he/she/it will, subject to applicable PRC laws, return in full the consideration received in relation to such transfer of equity interest or assets to Sichuan Jinxin Medical Management.

(3) 2022 Shareholders' Rights Entrustment Agreements and 2022 Powers of Attorney

On December 30, 2022, Sichuan Jinxin Medical Management have entered into the 2022 Shareholders' Rights Entrustment Agreements with Sichuan Jinxin Xinan Hospital, Jinyi Hongkang, Jinxin Medical Investment and the Jinyi Hongkang Registered Shareholders and the 2022 Powers of Attorney executed by the Jinyi Hongkang Registered Shareholders, Jinyi Hongkang and Jinxin Medical Investment in favor of Sichuan Jinxin Medical Management (and its successors or liquidators) or a natural person designated by Sichuan Jinxin Medical Management (the "**2022 Attorney**").

Pursuant to the 2022 Shareholders' Rights Entrustment Agreements and the 2022 Powers of Attorney, (i) the Jinyi Hongkang Registered Shareholders irrevocably agree to authorize the 2022 Attorney to exercise all of their rights and powers as a shareholder of Jinyi Hongkang (as applicable); and (ii) Jinyi Hongkang and Jinxin Medical Investment irrevocably agree to authorize the 2022 Attorney to exercise all of its rights and powers of a shareholder in Sichuan Jinxin Xinan Hospital with 100% equity interest, including the rights to vote in a shareholders' meeting, sign minutes, and file documents with the relevant companies registry. As Sichuan Jinxin Medical Management is a subsidiary of the Company, the terms of the 2022 Shareholders' Rights Entrustment Agreements and the 2022 Powers of Attorney will give the Company control over all corporate decisions in Sichuan Jinxin Xinan Hospital and 100% effective shareholding interest in Sichuan Jinxin Xinan Hospital.

(4) 2022 Equity Pledge Agreements

On December 30, 2022, Sichuan Jinxin Medical Management have entered into the 2022 Equity Pledge Agreements with Sichuan Jinxin Xinan Hospital, the Jinyi Hongkang Registered Shareholders, Jinyi Hongkang and Jinxin Medical Investment. Pursuant to the 2022 Equity Pledge Agreements, (i) the Jinyi Hongkang Registered Shareholders agree to pledge all of their respective equity interest in Jinyi Hongkang; and (ii) Jinyi Hongkang and Jinxin Medical Investment agree to pledge all of its equity interest in Sichuan Jinxin Xinan Hospital to Sichuan Jinxin Medical Management to secure performance of all their obligations and the obligations in Sichuan Jinxin Xinan Hospital under the 2022 Exclusive Option Agreements, the 2022 Powers of Attorney and the 2022 Equity Pledge Agreements underlying the 2022 New Contractual Arrangements.

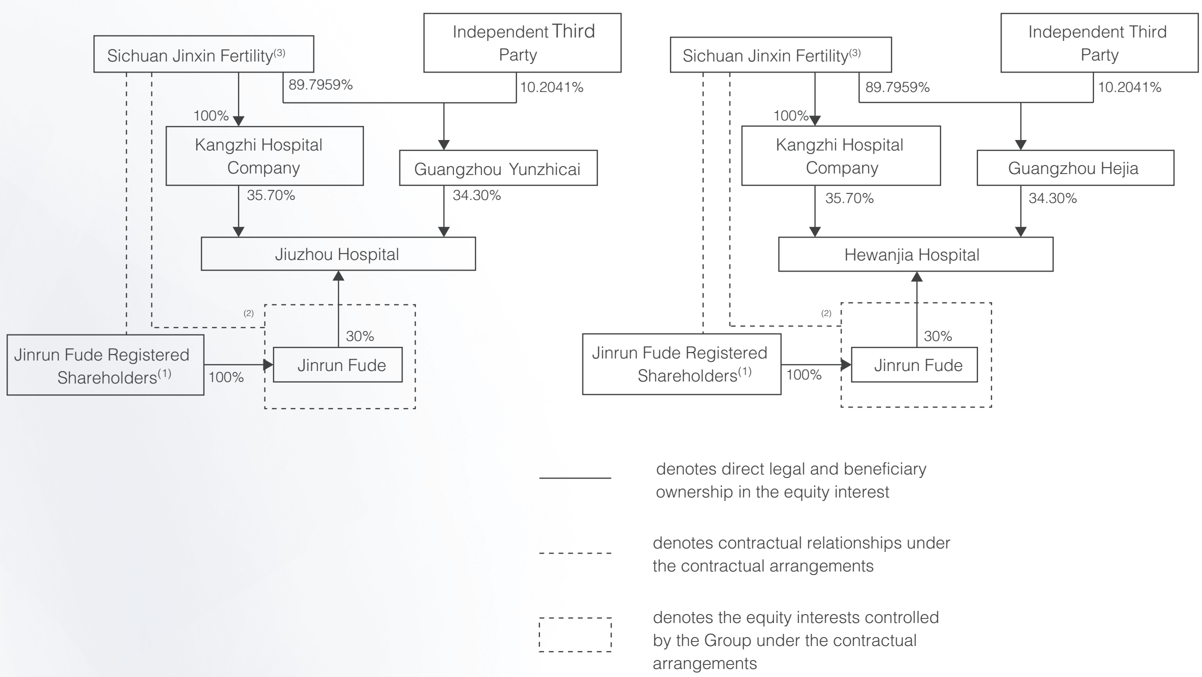
(5) 2022 Spouse Undertakings

The spouses of each of the Jinyi Hongkang Registered Shareholders will sign an undertaking to the effect that the respective interests of the Jinyi Hongkang Registered Shareholders in Jinyi Hongkang (together with any other interests therein) do not fall within the scope of joint possession, and each of the spouses has no right to or control over such interests of the respective persons and will not have any claim on such interests.

c. *Jiuzhou Hospital and Hewanjia Hospital Contractual Arrangements*

The following simplified diagram illustrates the flow of economic benefits from Jiuzhou Hospital and Hewanjia Hospital to the Group as stipulated under the Jiuzhou Hospital and Hewanjia Hospital Contractual Arrangements:

Jiuzhou Hospital ***Hewanjia Hospital***



Notes:

1) The Jinrun Fude Registered Shareholders are Ms. Yan Xiaoqing and Ms. Zhu Yujuan, who holds 51% and 49% of the equity interests in Jinrun Fude, respectively.

2) The Jiuzhou Hospital and Hewanjia Hospital Exclusive Operations Service Agreement, Jiuzhou Hospital and Hewanjia Hospital Exclusive Option Agreement, Jiuzhou Hospital and Hewanjia Hospital Powers of Attorney, Jiuzhou Hospital and Hewanjia Hospital Equity Pledge Agreement and Spouse Undertaking together form the legal relationship under the Jiuzhou Hospital and Hewanjia Hospital Contractual Arrangements.

3) Sichuan Jinxin Fertility may hold the equity rights in Kangzhi Hospital Company directly and/or indirectly through its subsidiaries or entities controlled by it.

A brief description of the specific agreements that comprise the Jiuzhou Hospital and Hewanjia Hospital Contractual Arrangements is set out below. For details of the specific agreements, please refer to the Company's announcement dated July 13, 2022.

(1) Jiuzhou Hospital and Hewanjia Hospital Exclusive Operation Services Agreement

On July 13, 2022, each of Jiuzhou Hospital and Hewanjia Hospital have, respectively, entered into an exclusive operation services agreement with the Jinrun Fude Registered Shareholders, Jinrun Fude and Sichuan Jinxin Fertility (the "**Jiuzhou Hospital and Hewanjia Hospital Exclusive Operation Services Agreements**"), pursuant to which, Jiuzhou Hospital, Hewanjia Hospital and Jinrun Fude each agreed to engage Sichuan Jinxin Fertility as their exclusive provider of technical support, consulting services and other services in exchange for a service fee.

Under the Jiuzhou Hospital and Hewanjia Hospital Exclusive Operation Services Agreements, the services to be provided include but are not limited to (i) business, financing and investment; (ii) medical technology related consultation, medical resources sharing and medical professionals training; (iii) human resources management; (iv) market research; (v) strategies for marketing and business expansion; (vi) supplier and inventory management; (vii) operation and marketing strategy formulation and monitoring; (viii) medical service quality control; (ix) internal management; and (x) other services relating to management and operation of medical institutions and shareholder's rights. Sichuan Jinxin Fertility has proprietary rights to all the intellectual properties developed or created by itself from the performance of these services. During the term of the Jiuzhou Hospital and Hewanjia Hospital Exclusive Operation Service Agreements, Sichuan Jinxin Fertility may use the intellectual property rights owned by Jinrun Fude, Jiuzhou Hospital and Hewanjia Hospital free of charge and without any conditions. Jinrun Fude, Jiuzhou Hospital and Hewanjia Hospital may also use the intellectual property work created by Sichuan Jinxin Fertility from the services performed by Sichuan Jinxin Fertility in accordance with the Jiuzhou Hospital and Hewanjia Hospital Exclusive Operation Service Agreements.

Under the Jiuzhou Hospital and Hewanjia Hospital Exclusive Operation Services Agreements, the service fee shall be an amount equal to 30.00% of the distributable net profit of each Jiuzhou Hospital and Hewanjia Hospital of a given audited financial year, after deducting losses from the previous financial years (if any) and any statutory provident fund (if applicable). Apart from the service fees, Jinrun Fude, Jiuzhou Hospital and Hewanjia Hospital shall reimburse all reasonable costs, reimbursed payments and out-of pocket expenses incurred by Sichuan Jinxin Fertility in connection with the performance of the Jiuzhou Hospital and Hewanjia Hospital Exclusive Operation Services Agreements and provision of services. For the year ended December 31, 2024, the service fee in relation to 30% of the distributable net profit of each Jiuzhou Hospital and Hewanjia Hospital is RMB2,575,000.

(2) Jiuzhou Hospital and Hewanjia Hospital Exclusive Option Agreements

On July 13, 2022, each of Jiuzhou Hospital and Hewanjia Hospital have, respectively, entered into exclusive option agreements (the "**Jiuzhou Hospital and Hewanjia Hospital Exclusive Option Agreements**") with Sichuan Jinxin Fertility, the Jinrun Fude Registered Shareholders and Jinrun Fude.

Pursuant to the Jiuzhou Hospital and Hewanjia Hospital Exclusive Option Agreements, (i) each of the Jinrun Fude Registered Shareholders irrevocably and unconditionally grants an exclusive option to Sichuan Jinxin Fertility which entitles Sichuan Jinxin Fertility to elect to purchase at any time, when permitted by the then applicable PRC laws, all or any part of the equity interest in Jinrun Fude itself or through its designated person(s); (ii) Jinrun Fude irrevocably and unconditionally grants an exclusive option to Sichuan Jinxin Fertility which entitles Sichuan Jinxin Fertility to elect to purchase at any time, when permitted by the then applicable PRC laws, all or part of the assets of Jinrun Fude itself or through its designated person(s); (iii) Jinrun Fude irrevocably and unconditionally grants an exclusive option to Sichuan Jinxin Fertility which entitles Sichuan Jinxin Fertility to elect to purchase at any time, when permitted by the then applicable PRC laws, all or any part of the equity interest in Jiuzhou Hospital and Hewanjia Hospital from Jinrun Fude itself or through its designated person(s); and (iv) each of Jiuzhou Hospital and Hewanjia Hospital irrevocably and unconditionally grants an exclusive option to Sichuan Jinxin Fertility which entitles Sichuan Jinxin Fertility to elect to purchase at any time, when permitted by the then applicable PRC laws, all or part of the assets of Jiuzhou Hospital and Hewanjia Hospital attributable to Jinrun Fude from Jiuzhou Hospital and Hewanjia Hospital itself or through its designated person(s). The transfer price of the relevant equity interest and assets shall be the minimum purchase price permitted under PRC law, and each of the Jinrun Fude Registered Shareholders, Jinrun Fude, Jiuzhou Hospital and Hewanjia Hospital will undertake that he/she/it will, subject to applicable PRC laws, return in full the consideration received in relation to such transfer of equity interest or assets to Sichuan Jinxin Fertility.

(3) Jiuzhou Hospital and Hewanjia Hospital Shareholders' Rights Entrustment Agreements and Jiuzhou Hospital and Hewanjia Hospital Powers of Attorney

On July 13, 2022, each of Jiuzhou Hospital and Hewanjia Hospital have, respectively, entered into the shareholders' rights entrustment agreements (the "**Jiuzhou Hospital and Hewanjia Hospital Shareholders' Rights Entrustment Agreements**") with Sichuan Jinxin Fertility, Jinrun Fude and/or the Jinrun Fude Registered Shareholders and the powers of attorney executed by the Jinrun Fude Registered Shareholders and Jinrun Fude (the "**Jiuzhou Hospital and Hewanjia Hospital Powers of Attorney**") in favor of Sichuan Jinxin Fertility (and its successors or liquidators) or a natural person designated by Sichuan Jinxin Fertility (the "**Jiuzhou Hospital and Hewanjia Hospital Attorney**").

Pursuant to the Jiuzhou Hospital and Hewanjia Hospital Shareholders' Rights Entrustment Agreements and the Jiuzhou Hospital and Hewanjia Hospital Powers of Attorney, (i) the Jinrun Fude Registered Shareholders irrevocably agree to authorize the Attorney to exercise all of their rights and powers as a shareholder of Jinrun Fude (as applicable); and (ii) Jinrun Fude irrevocably agrees to authorize the Attorney to exercise all of its rights and powers of a shareholder in each of Jiuzhou Hospital and Hewanjia Hospital with 30.00% equity interest, including the rights to vote in a shareholders' meeting, sign minutes, and file documents with the relevant companies registry. As Sichuan Jinxin Fertility is a subsidiary of the Company, the terms of the Jiuzhou Hospital and Hewanjia Hospital Shareholders' Rights Entrustment Agreements and the Jiuzhou Hospital and Hewanjia Hospital Powers of Attorney will give the Company control over all corporate decisions in each of the Target Hospitals and 96.50% effective shareholding interest in each of Jiuzhou Hospital and Hewanjia Hospital.

(4) Jiuzhou Hospital and Hewanjia Hospital Equity Pledge Agreements

On July 13, 2022, each of Jiuzhou Hospital and Hewanjia Hospital have, respectively, entered into the equity pledge agreements (the "**Jiuzhou Hospital and Hewanjia Hospital Equity Pledge Agreements**") with Sichuan Jinxin Fertility, the Jinrun Fude Registered Shareholders and Jinrun Fude. Pursuant to the Equity Pledge Agreements, (i) the Jinrun Fude Registered Shareholders agree to pledge all of their respective equity interest in Jinrun Fude; and (ii) Jinrun Fude agrees to pledge all of its equity interest in Jiuzhou Hospital and Hewanjia Hospital to Sichuan Jinxin Fertility to secure performance of all their obligations and the obligations in each of Jiuzhou Hospital and Hewanjia Hospital under the Jiuzhou Hospital and Hewanjia Hospital Exclusive Option Agreements, the Jiuzhou Hospital and Hewanjia Hospital Powers of Attorney and the Jiuzhou Hospital and Hewanjia Hospital Equity Pledge Agreements underlying the Jiuzhou Hospital and Hewanjia Hospital Contractual Arrangements.

(5) Jiuzhou Hospital and Hewanjia Hospital Spouse Undertaking

The spouses of each of the Jinrun Fude Registered Shareholders has signed an undertaking to the effect that the respective interests of the Jinrun Fude Registered Shareholders in Jinrun Fude (together with any other interests therein) do not fall within the scope of joint possession, and each of the spouses has no right to or control over such interests of the respective persons and will not have any claim on such interests.

The Foreign Investment Law

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**FIL**"), which was adopted at the Second Session of the Thirteenth National People's Congress of the PRC on March 15, 2019 and came into force as of January 1, 2020, which has replaced the law on Sino-Foreign Equity Joint Ventures (《中外合資經營企業法》), the law on Sino-Foreign Contractual Joint Ventures (《中外合作經營企業法》) and the law on Foreign Capital Enterprises (《外資企業法》) to become the legal foundation for foreign Investment in the PRC. The FIL explicitly stipulates three forms of foreign investment, but does not explicitly stipulate the contractual arrangements as a form of foreign investment.

Conducting operations through contractual arrangements has been adopted by many PRC-based companies, and has been adopted by our Company in the form of the Contractual Arrangements, to establish control of our VIE Entities, through which we operate our business in the PRC. As advised by the PRC Legal Advisors, since the definition of "actual control" and "variable interest entities" are not explicitly provided in the FIL, nor does it explicitly stipulate that obtaining control over or holding interests in domestic enterprises through contractual arrangements is a form of foreign investment, if after the current FIL comes into effect, none of the laws, regulations, rules, normative documents or regulatory practice explicitly stipulate that contractual arrangements as a form of foreign investment, then the possibility that the legal effectiveness of the Contractual Arrangements become materially adversely affected due to violation of the entry requirements under the FIL is relatively low.

Notwithstanding the above, the FIL stipulates that foreign investment includes "Foreign Investors, directly or indirectly, invest in China through many other methods under laws, administrative regulations or provisions prescribed by the State Council". There are possibilities that future laws, administrative regulations or provisions prescribed by the State Council may regard Contractual Arrangements as a form of foreign investment, at which time it will be uncertain whether the Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how the above-mentioned Contractual Arrangements will be handled. Therefore, there is no guarantee that the Contractual Arrangements and the business of the VIE Entities will not be materially and adversely affected in the future due to changes in PRC laws and regulations. In the event that such measures are not complied with, the Stock Exchange may take enforcement actions against the Company which may have a material adverse effect on the trading of the Shares.

Save as disclosed above, there were no other new contractual arrangements entered into, renewed and/or reproduced between the Group and Jinrun Fude, Jinyi Hongkang and/or the VIE Entities during the Reporting Period. There was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted during the Reporting Period.

During the Reporting Period, none of the Contractual Arrangements had been unwound on the basis that none of the restrictions that led to the adoption of the Contractual Arrangements had been removed. As at December 31, 2024, the Company had not encountered interference or encumbrance from any PRC governing bodies in operating its businesses through its VIE Entities under the Contractual Arrangements.

Reasons for Adopting the Contractual Arrangements

The Company is primarily engaged in the provision of ARS at its medical institutions in China. According to the applicable Catalogue and relevant treaties between China and Hong Kong, medical institutions fall within the "restricted" investment category, and therefore may not be held 100% by foreign investments. Foreign investments are also restricted to the form of sino-foreign equity joint venture or cooperative joint venture, except for investments by qualified service providers as defined under Notice of Expanding the Territorial Scope for Hong Kong and Macao Service Suppliers to Establish Wholly-Owned Hospitals in the Mainland (關於擴大香港和澳門服務提供者在內地設立獨資醫院地域範圍的通知), the Mainland and Hong Kong Closer Economic Partnership Arrangement and its supplemental Agreements (內地與香港關於建立更緊密經貿關係的安排及其補充協議), Interim Measures for the Administration of Hong Kong and Macao Service Providers' Establishment of Sole Proprietorship Hospitals in the Mainland (香港和澳門服務提供者在內地設立獨資醫院管理暫行辦法), and Notice Concerning Establishment of Medical Institutions in the Mainland by Hong Kong and Macao Service Providers (關於香港和澳門服務提供者在內地設立醫療機構有關問題的通知). Furthermore, as advised by the PRC Legal Advisors, the Company, as a foreign entity, shall not hold more than 90.00%, 70.00% and 70.00% of the equity interests in any medical institution in Chengdu, Shenzhen and Kunming, respectively, and not hold any equity interest in medical institutions offering Genetics Molecular Services in the PRC (the "**Foreign Ownership Restriction**"). As such, the Company, through Sichuan Jinxin Fertility and Jinxin Medical Investment, currently holds 90.00%, 70.00%, 66.50% and nil equity interests in (i) Chengdu Xinan Clinic, (ii) Shenzhen Zhongshan Hospital (iii) Jiuzhou Hospital and Hewanjia Hospital and (iv) Sichuan Jinxin Xinan Hospital, respectively. Jinrun Fude holds 10.00% equity interests in Chengdu Xinan Clinic, 29.90% in Shenzhen Zhongshan Hospital and 30.00% equity interest in Jiuzhou Hospital and Hewanjia Hospital. Ms. Qian Minhui holds the remaining 0.1% equity interests in Shenzhen Zhongshan Hospital. Jinyi Hongkang holds 100% equity interests in Sichuan Jinxin Xinan Hospital. For details, please refer to the section headed "Regulatory Overview — Relevant Regulations on Foreign Investment in China" of the Prospectus.

Risks Relating to the Contractual Arrangements

There are the certain risks that are associated with the Contractual Arrangements, including:

- If the PRC government deems that the Contractual Arrangements do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, the Group could be subject to severe penalties or be forced to relinquish the Group's interests in those operations.

- The Contractual Arrangements may result in adverse tax consequences to the Group.

- The shareholders of the Company's VIE Entities may have potential conflicts of interest with the Group, which may materially and adversely affect the Group's business and financial condition.

- The PRC regulation of loans to, and direct investment in, PRC entities by offshore holding companies and governmental control of currency conversion may restrict or prevent the Company from using the proceeds of this offering to make loans to its PRC subsidiaries, or to make additional capital contributions to its PRC subsidiaries.

- If the Group exercise the option to acquire equity ownership of Jinrun Fude and/or Jinyi Hongkang, the ownership transfer may subject the Group to certain limitations and substantial costs.

- The Contractual Arrangements may not be as effective in providing operational control as direct ownership. Jinrun Fude, Jinyi Hongkang, Jinrun Fude Registered Shareholders and Jinyi Hongkang Registered Shareholders may fail to perform their obligations under the New Contractual Arrangements.

For details, please refer to the section headed “Risk Factors — Risks Relating to Our Corporate Structure” of the Prospectus and the section headed “Risks Relating to the New Contractual Arrangements” in the Company’s announcement dated November 26, 2021.

Compliance with the Contractual Arrangements

The Group has adopted the following measures to ensure the effective operation of the Group with the implementation and compliance of the Contractual Arrangements:

(a) major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to the Board, if necessary, for review and discussion on an occurrence basis;

(b) the Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;

(c) the Company will disclose the overall performance of and compliance with the Contractual Arrangements in its annual reports and interim reports to update the Shareholders and potential investors; and

(d) the Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Contractual Arrangements and the legal compliance of Sichuan Jinxin Fertility, Jinxin Medical Investment, Jinrun Fude, Jinyi Hongkang and the VIE Entities to deal with specific issues or matters arising from the Contractual Arrangements.

Listing Rules Implications and Waivers from the Stock Exchange under the Contractual Arrangements

Ms. Yan Xiaoqing, a non-executive Director and Ms. Lyu Rong, an executive Director, are connected persons of the Company pursuant to Rule 14A.07(1) of the Listing Rules. Therefore, the transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of the Company under the Listing Rules.

In respect of the Contractual Arrangements, the Stock Exchange has granted a waiver from strict compliance with (i) the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules, (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange subject however to the following conditions:

(a) There shall be no change without independent non-executive Directors' approval;

(b) There shall be no change without independent Shareholders' approval;

(c) The Contractual Arrangements shall continue to enable the Group to receive the economic benefits derived from the VIE Entities;

(d) The Contractual Arrangements may be renewed and/or reproduce (i) upon expiry or (ii) in relation to any existing, newly established or acquired wholly foreign-owned enterprise or operating company (including a branch company), engaging in the same business as that of the Group, without obtaining Shareholders' approval, on substantially the same terms and conditions as the Contractual Arrangements; and

(e) The Group shall disclose details relating to the Contractual Arrangements on an ongoing basis.

As long as the Contractual Arrangements subsist, Jinrun Fude and Jinyi Hongkang will be treated as our subsidiary and the directors, chief executive or substantial shareholders of Jinrun Fude and Jinyi Hongkang and their respective associates will be treated as connected persons of our Company (excluding for this purpose, Jinrun Fude and Jinyi Hongkang), and transactions between these connected persons and the Group (including for this purpose, Jinrun Fude and Jinyi Hongkang), other than those under the Contractual Arrangements, will be subject to the requirements under Chapter 14A of the Listing Rules.

Annual Review by the Independent Non-executive Directors and the Auditor

The independent non-executive Directors and the auditor of the Company, upon review of the overall performance of and compliance with the Contractual Arrangements, confirmed that:

(a) the transactions carried out during the Reporting Period have been entered into in accordance with the relevant provisions of the Contractual Arrangements;

(b) no dividends or other distributions have been made by the VIE Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group;

(c) no dividends or other distributions have been made by each of Jinrun Fude and Jinyi Hongkang to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group; and

(d) any new contracts entered into, renewed or reproduced between the Group and the VIE Entities during the Reporting Period are fair and reasonable, or advantageous to the Shareholders, so far the Group is concerned and in the interests of the Shareholders as a whole.

Further, each of Jinrun Fude and Jinyi Hongkang has undertaken that, for so long as the Shares are listed on the Stock Exchange, they will provide the Group's management and the Company's auditor full access to its relevant records for the purpose of their review of the continuing connected transactions under Chapter 14A of the Listing Rules.

2. *HRC MSA and Ancillary Arrangements*

On January 22, 2019, HRC Management entered into the HRC MSA together with the Ancillary Agreements (as defined below) with HRC Medical, pursuant to which HRC Medical engages HRC Management as its provider of certain management services, including but without limitation, office space, equipment, personnel, book-keeping, accounting services, information technology and network services, records maintenance, billing and collection activities and other non-medical services necessary to operate the medical practice of HRC Medical. The HRC MSA has been effective from January 1, 2019 for an initial term of 20 years, and such term shall be automatically extended for one additional year upon each anniversary, until and unless the HRC MSA is terminated in accordance with its terms.

Apart from the HRC MSA, HRC Management and HRC Medical entered into a consulting agreement on January 22, 2019 with three Physician Shareholders (the "**Consulting Agreement**") pursuant to which HRC Management will appoint such Physician Shareholders to assist HRC Management with physician management activities for an initial term of two years and will be automatically renewed upon its expiry subject to negotiation among the parties, and that such Physician Shareholders will each provide to HRC Management strategic advice regarding the operations, staffing, budget and capital improvement planning for HRC Management. For the year ended December 31, 2024, the service fee payable by HRC Medical under the HRC MSA and the consulting fee payable to the Physician Shareholders under the Consulting Agreement is US$60,232,000 and US$1,000 per Physician Shareholders, respectively.

HRC Management also entered into an amended and restated succession and indemnification agreements with each Physician Shareholder dated January 22, 2019 (the "**Succession and Indemnification Agreement**", together with the HRC MSA and Consulting Agreement, the "**HRC MSA and Ancillary Agreements**"). Under each Succession and Indemnification Agreement, the Physician Shareholder may be required to transfer his or her share of common stock of HRC Medical upon the occurrence of a succession event stated below to maintain an orderly transition of ownership and management. For details, please refer to the section headed "Business — Our Management Agreements — Management Services Agreement" of the Prospectus.

Listing Rules Implications and Waivers from the Stock Exchange under the HRC MSA and Ancillary Agreements

HRC Medical is jointly-owned by Dr. Bradford A. Kolb (33.3%), Dr. Robert Boostanfar (33.3%) and Dr. John G. Wilcox (33.3%). Pursuant to Rule 14A.07 of the Listing Rules, HRC Medical is an associate of the Physician Shareholders, which are the substantial shareholders of the Company and thereby a connected person of the Company. Therefore, the transactions contemplated under the HRC MSA and Ancillary Agreements constitutes continuing connected transactions of the Company under the Listing Rules.

In consideration of the importance of the HRC MSA and Ancillary Agreements to the Company's business and operations and the significant revenue contribution to the Group, the Directors (including the independent non-executive Directors) are of the view that the HRC MSA and Ancillary Agreements and the transactions contemplated thereunder (including the term thereof) are fundamental to the legal structure and business of the Group which allow us to enjoy the economic benefits derived from HRC Medical, while preventing possible leakages of assets and values of HRC Medical on an uninterrupted basis, and that such transactions have been, and will be, entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better and fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

In respect of the HRC MSA and Ancillary Agreements, the Stock Exchange has granted a waiver from strict compliance with (i) the announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the HRC MSA and Ancillary Agreements pursuant to Rule 14A.105 of the Listing Rules; (ii) the requirement of setting an annual cap for the transactions under the HRC MSA and Ancillary Agreements under Rule 14A.53 of the Listing Rules; and (iii) the requirement of limiting the term of the HRC MSA and Ancillary Agreements to three years or less under Rule 14A.52 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange subject however to the following conditions:

(a) There shall be no change or waiver of management service fee without the independent non-executive Directors' approval;

(b) There shall be no change to the HRC MSA and Ancillary Agreements without the independent Shareholders' approval;

(c) The Company shall comply with the requirements under Chapter 14 and Chapter 14A of the Listing Rules if it makes any principal advances to HRC Medical pursuant to the HRC MSA and Ancillary Agreements;

(d) The HRC MSA and Ancillary Agreements shall continue to enable the Group to receive a substantial portion of the economic benefits derived by HRC Medical through the business structure under which a fixed percentage of the gross revenue of HRC Medical will be paid to the Group as management service fees, subject to review by the Company and HRC Medical on an annual basis to ensure that the total compensation paid to HRC Management shall be commensurate with the fair market value for the services rendered;

(e) The HRC MSA and Ancillary Agreements shall automatically be extended one additional year upon each anniversary in accordance with the terms thereof until and unless the HRC MSA is terminated in accordance with its terms, subject to compliance with California law and federal law of the United States; and

(f) The Group shall disclose details relating to the HRC MSA and Ancillary Agreements on an ongoing basis.

Annual Review by the Independent Non-executive Directors and the Auditors

The independent non-executive Directors and the auditor of the Company, upon review of the HRC MSA and Ancillary Agreements, confirmed that:

(a) The transactions carried out during the year ended December 31, 2024 have been entered into in accordance with the relevant provisions of the HRC MSA and Ancillary Agreements, and have been operated in a manner so that a fixed percentage of the gross revenue of HRC Medical will be payable to HRC Management as management service fee, subject to review by the Company and HRC Medical and approval by the independent non-executive Directors on an annual basis, plus a discretionary bonus incentive;

(b) The HRC MSA and Ancillary Agreements during the year ended December 31, 2024 were carried on in the ordinary course of business of the Group, on normal commercial terms or better and fair and reasonable, and in the interests of the Company and the Shareholders as a whole; and

(c) The management fee received by the Company for the year ended December 31, 2024 had been duly reviewed and approved by the Board (including the independent non-executive Directors).

Annual Review and Confirmation by the Auditor of the Company

Deloitte Touche Tohmatsu, the Company's auditor, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Deloitte Touche Tohmatsu has issued its unqualified letter containing their findings and conclusions in respect of the continuing connected transactions for the year ended December 31, 2024 in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided to the Board of Directors.

Save as disclosed above, the related party transactions as disclosed in note 42 to the consolidated financial statements do not constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

Save as disclosed in this annual report, and except the continuing connected transactions and connected transaction that were granted full exemptions on the requirements under Chapter 14A of the Listing Rules by the Stock Exchange, there were no connected transactions or continuing connected transactions which are required to be disclosed by the Company during the Reporting Period in accordance with the provisions concerning the disclosure of connected transactions under Chapter 14A of the Listing Rules. In respect of the connected transaction and the continuing connected transactions entered into by the Company during the year of 2024, the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules (as amended from time to time).

DONATIONS

For the year ended December 31, 2024, the Group made nil charitable donation.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended December 31, 2024, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatening against the Company.

PERMITTED INDEMNITY PROVISION

Under the Articles of Association, every Director or other officers of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified against all actions, costs, charges, losses, damages and expenses which he or she may incur or sustain in or about the execution of his or her duties in his or her office; be indemnified and secured harmless out of the assets of the Company; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty.

The Company has arranged appropriate insurance cover in respect of legal action against its Directors and officers.

POST BALANCE SHEET EVENTS

Save as disclosed in this annual report and as at the date of this annual report, there were no material post balance sheet events.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee of the Company had jointly reviewed with the management the accounting principles and policies adopted by the Group and discussed internal control and financial reporting matters (including the review of the audited consolidated financial statements of the Group for the year ended December 31, 2024).

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 85 to 101 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the total issued Shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, was held by the public at all times during the Reporting Period and as of the date of this annual report.

AUDITOR

Deloitte Touche Tohmatsu was appointed as the auditor of the Company for the year ended December 31, 2024. The accompanying financial statements prepared in accordance with IFRSs have been audited by Deloitte Touche Tohmatsu.

There was no change in the auditor of the Company since the Listing Date.

On behalf of the Board

Dong Yang
Chief Executive Officer and Executive Director

Hong Kong, March 28, 2025

The Board is pleased to present the corporate governance report of the Company for the year ended December 31, 2024.

CORPORATE GOVERNANCE PRACTICES

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 C1 of the Listing Rules as its own code of corporate governance. The Company has complied with all applicable code provisions as set out in Part 2 of the CG Code during the year ended December 31, 2024 to enable the Shareholders to evaluate how the principles of corporate governance have been applied.

The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

THE BOARD

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for the overall leadership of the Group, overseeing the Group's strategic decisions and monitoring business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established five Board committees including the Audit and Risk Management Committee, the Remuneration Committee, the Nomination Committee, the Strategic Decisions Committee and the Medical Quality Control and R&D Committee (together, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors have carried out duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the Shareholders at all times.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the senior management of the Group. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

The Company has arranged appropriate liability insurance in respect of legal action against the Directors. The insurance coverage will be reviewed on an annual basis.

Board Composition

During the Reporting Period and up to the date of this annual report, the Board comprises following Directors:

Executive Directors

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

Non-executive Directors

Mr. Zhong Yong *(Chairman) (redesignated on March 28, 2025)*
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

The biographies of the Directors are set out under the section headed "Directors and Senior Management" of this annual report.

Save as disclosed in the Directors' biographies set out in the section headed "Directors and Senior Management" in this annual report, none of the Directors have any personal relationship (including financial, business, family or other material or relevant relationship) with any other Director and chief executive.

During the year ended December 31, 2024, the Board has at all times met the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise.

During the year ended December 31, 2024, the Company has also complied with Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

As each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules, the Company considers all of them to be independent parties.

As part of our corporate governance practice to provide transparency to the investor community and in compliance with the Listing Rules and the CG Code, independent non-executive Directors are identified as such in all corporate communications containing the names of the Directors. In addition, an updated list of Directors identifying the independent non-executive Directors and the roles and functions of the directors is maintained on the Company's website and the Stock Exchange's website.

Board Independence

During the Reporting Period, the Company has in place various measures and mechanisms underpinning a strong independent Board and that independent views and input are conveyed to the Board. The measures and mechanisms are kept under annual review to ensure their effectiveness and to uphold good corporate governance. The Board reviewed and considered that such mechanisms were properly implemented during 2023 and were effective, they are as follows:

- **Board and Committees' structure.** The Company has been steered by a Board, comprising a majority of non-executive Directors. The Board comprises 12 members, with a majority of non-executive Directors and independent non-executive Directors. There are 4 executive Directors, including the Chief Executive Officer and Co-Chief Executive Officer, the Chief Executive Officer is the only executive Director on the Board, and all the remaining 8 Directors are non-executive Directors or independent non-executive Directors. Separation of the role of the Chairman and the Chief Executive Officer ensures that there is a balance of power and authority. Members of all governance related committees are non-executive Directors or independent non-executive Directors.

- **Appointment of Directors.** In assessing suitability of the candidates, the Nomination Committee will review their character and integrity; qualifications including professional experience, skills and knowledge; diversity in all aspects, including but not limited to gender, age, cultural and educational background; having regard to the Board's composition, the selection criteria approved by the Board, the nomination policy and the board diversity policy.

- **Annual review of Directors' commitment and independence.** The Nomination Committee reviews annually each Director's time commitment to the Group's business. Each independent non-executive Director is required to inform the Stock Exchange as soon as practicable if there is any change in his or her personal particulars that may affect his or her independence. No such notification was received during the year ended December 31, 2024. The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

- **Conflict management.** A Director who has a material interest in any transaction, contract or arrangement shall not vote (nor shall be counted in the quorum) on any Board resolution approving the same.

- **Professional advice.** To facilitate proper discharge of their duties, all Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances at the Company's expenses.

- **Board evaluation.** The quality and efficiency of discussions at Board meetings are assessed during the annual evaluation of the Board's performance.

Board Diversity Policy

The Company has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the objective and approach to achieve and maintain diversity of the Board in order to enhance the effectiveness of the Board. Pursuant to the Board Diversity Policy, the Company seeks to achieve diversity of the Board through the consideration of a number of factors when selecting candidates to the Board, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service.

The Directors have a balanced mix of knowledge and skills, including in management, strategic development, business development, sales, research and development, medical research, investment management, finance, risk management, science, medical and the ARS industry. They obtained degrees in various areas including economics, business administration, medicine, law, bioengineering, international finance, management, computer science, literature and journalism. The age of the Directors range from 38 years old to 62 years old.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee.

As at December 31, 2024, the Board was comprised of four female Directors and eight male Directors. The Board is of the view that the existing gender diversity in respect of the Board is sufficient. The Company will continue to devote efforts in integrating the principle of gender diversity into its recruitment processes and maintaining at least one-third of the Group's management roles be held by women, with a view to create a promising career path for the Group's outstanding female management personnel and to nurture potential female successors to the Board in the future.

As at December 31, 2024, we had a total of 3,198 employees and the share of female employees (including senior management) and male employees at the Group is 81% and 19%, respectively. Accordingly, the Company considers that gender diversity is also achieved in its workforce in a satisfactory manner.

The Nomination Committee will monitor the implementation of the Board Diversity Policy and review the Board Diversity Policy annually to ensure its continued effectiveness.

Nomination Policy

The Board has adopted a nomination policy which sets out an approach to guide the Nomination Committee in relation to the selection, appointment and re-appointment of the Directors and ensures that the Board has a balance of skills, experience, knowledge and diversity of perspectives appropriate to the requirements of the Company's business. The nomination policy sets out the criteria for the selection of a candidate, including but not limited to skills, qualifications and experiences, independence from the Company and its subsidiaries, reputation and integrity.

The nomination policy also sets out criteria for the evaluation and recommendation to the Board on the re-appointment of retiring Director(s), the position(s) of the independent non-executive Directors, and the process and procedures for the nomination of Directors. After receiving recommendations regarding the appointment of new directors or re-appointment of retiring directors, the chairman of the Nomination Committee will convene a Nomination Committee meeting to perform sufficient due diligence. Upon review by and approval from the Nomination Committee, the Company will convene a Board meeting where recommendations will be made to the Board for consideration and approval. As considered and approved by the Board, the proposed retiring directors will be subject to re-election at a general meeting.

The Nomination Committee will review the nomination policy, as appropriate, to ensure its effectiveness.

Induction and Continuous Professional Development

Each newly appointed Director is provided with necessary induction information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statutes, laws, rules and regulations. The Company also arranges regular seminars to provide Directors with updates on the latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The company secretary of the Company has from time to time updated and provided written training materials relating to the roles, functions and duties of a Director.

According to the information provided by the Directors, a summary of training received by the Directors during the year ended December 31, 2024 is as follows:

Name of Directors	**Nature of Continuous Professional Development Programme**[1]
Executive Directors	
Dr. John G. Wilcox	A&B
Mr. Dong Yang *(Chief Executive Officer)*	A&B
Ms. Lyu Rong *(Co-chief Executive Officer)*	A&B
Dr. Geng Lihong	A&B
Non-executive Directors	
Mr. Zhong Yong *(Chairman) (redesignated on March 28, 2025)*	A&B
Mr. Fang Min	A&B
Ms. Hu Zhe	A&B
Ms. Yan Xiaoqing	A&B
Independent Non-executive Directors	
Dr. Chong Yat Keung	A&B
Mr. Li Jianwei	A&B
Mr. Wang Xiaobo	A&B
Mr. Ye Changqing	A&B

Note:

(1) Nature of Continuous Professional Development Programme:

A: Attending training relevant to the Company's business conducted by lawyers

B: Reading materials relevant to corporate governance, director's duties and responsibilities, listing rules and other relevant ordinances

Chairman and Chief Executive Officer

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals.

During the Reporting Period, the Chairman of the Board was Mr. Zhong Yong and the offices of the chief executive officers were separately co-held by Mr. Dong Yang and Ms. Lyu Rong with clear distinction in responsibilities with the Chairman. The Chairman of the Board is responsible for providing strategic advice and guidance on the business development of the Group, while the chief executive officers of the Group are responsible for the day-to-day operations of the Group.

Appointment and Re-election of Directors

Each of the executive Directors has entered into a service contract with the Company, under which they agreed to act as executive Directors for an initial term of three years commencing from their respective date of appointment, which may be terminated by not less than one month's/three months' notice (as the case may be) in writing served by either the executive Director or the Company. The appointments of the executive Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association and the applicable Listing Rules.

Each of the non-executive Directors and the independent non-executive Directors has signed an appointment letter with the Company for a term of one year with effect from their respective date of appointment. The appointments of non-executive Directors and independent non-executive Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association and the applicable Listing Rules.

None of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition and making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors.

Board Meetings

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board and Board Committee meetings, reasonable notice is generally given. The agenda and accompanying board papers are dispatched to the Directors or Board Committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When Directors or Board Committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. Minutes of meetings are kept by the joint company secretaries with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board Committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors.

During the Reporting Period, four Board meetings and two general meetings were held, the attendance of each Director at the Board meetings and the general meeting is set out in the table below:

Directors	**Attended/Eligible to attend the Board meeting(s)**	**Attended/Eligible to attend the general meeting**
Executive Directors		
Dr. John G. Wilcox	4/4	2/2
Mr. Dong Yang *(Chief Executive Officer)*	4/4	2/2
Ms. Lyu Rong *(Co-chief Executive Officer)*	4/4	2/2
Dr. Geng Lihong	4/4	2/2
Non-executive Directors		
Mr. Zhong Yong *(Chairman) (redesignated on March 28,2025)*	4/4	2/2
Mr. Fang Min	4/4	2/2
Ms. Hu Zhe	4/4	2/2
Ms. Yan Xiaoqing	4/4	2/2
Independent Non-executive Directors		
Dr. Chong Yat Keung	4/4	2/2
Mr. Li Jianwei	4/4	2/2
Mr. Wang Xiaobo	4/4	2/2
Mr. Ye Changqing	4/4	2/2

Model Code for Securities Transactions

The Company has adopted the Model Code as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Model Code.

Specific enquiry has been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Model Code during the Reporting Period.

The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are subject to the Model Code. No incident of non-compliance of the Model Code by the employees was noted by the Company during the Reporting Period.

Delegation by the Board

The Board reserves for its decision all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could request to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

Corporate Governance Function

The Board recognizes that corporate governance should be the collective responsibility of the Directors which includes but not limited to the following:

1. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

2. to review and monitor the training and continuous professional development of Directors and senior management;

3. to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors;

4. to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board and report to the Board on matters;

5. to review the Company's compliance with the CG Code and disclosure in the corporate governance report; and

6. to review and monitor the Company's compliance with the Company's whistleblowing policy.

BOARD COMMITTEES

Audit and Risk Management Committee

During the Reporting Period, the Audit and Risk Management Committee comprises five members and 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 principal duties of the Audit and Risk Management Committee include the following:

1. reviewing the relationship with the Company's auditor by reference to the work performed by them, their remuneration and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of the Company's auditor;

2. reviewing the financial statements and reports and considering any significant or unusual items raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or the Company's auditor before submission to the Board; and

3. reviewing the adequacy and effectiveness of the Company's financial controls, risk management and internal control systems and associated procedures, including the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

The written terms of reference of the Audit and Risk Management Committee are available on the websites of the Stock Exchange and the Company.

During the year ended December 31, 2024, two meetings of the Audit and Risk Management Committee were held to discuss and consider the following matters:

- reviewed annual results of the Company and its subsidiaries for the year ended December 31, 2024;

- reviewed interim results of the Company and its subsidiaries for the six months ended June 30, 2024; and

- reviewed the financial reporting system, compliance procedures, internal control (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting function), risk management systems and processes and the re-appointment of the Company's auditor, with respect to which the Board had not deviated from any recommendation given by the Audit and Risk Management Committee on the selection, appointment, resignation or dismissal of the Company's auditor.

Attendance of each Audit and Risk Management Committee member is set out in the table below:

Directors	**Attended/Eligible to attend**
Mr. Ye Changqing *(Chairman)*	2/2
Dr. Chong Yat Keung	2/2
Mr. Fang Min	2/2
Ms. Hu Zhe	2/2
Mr. Wang Xiaobo	2/2

Nomination Committee

During the Reporting Period, the Nomination Committee comprises five members and is chaired by a non-executive Director, Mr. Zhong Yong, and consists of three independent non-executive Directors, Dr. Chong Yat Keung, Mr. Wang Xiaobo and Mr. Ye Changqing, and an executive Director, Dr. John G. Wilcox.

The principal duties of the Nomination Committee include the following:

1. reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

2. identifying individuals suitably qualified to become Directors and senior management and selecting or making recommendations to the Board on the selection of individuals nominated for directorships or senior management positions;

3. assessing the independence of the independent non-executive Directors;

4. making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive officer;

5. developing criteria for identifying and assessing the qualifications of and evaluating candidates for directorship, including but not limited the balance of skills, knowledge and board experience, and in the light of this evaluation preparing a description of the role and capabilities required for a particular appointment; and

6. performing other duties determined by the Board and stipulated in the Listing Rules or regulatory rules of the place where the shares of the Company are listed.

The Nomination Committee assesses the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision.

The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

During the Reporting Period, one meeting of the Nomination Committee was held to discuss and consider the following matter:

- considered the globalized recruitment and training mechanism of the Group;

- confirmed the independence of the independent non-executive Directors; and

- considered the nomination of Directors for election at the AGM.

Attendance of each Nomination Committee member is set out in the table below:

Directors	Attended/Eligible to attend
Mr. Zhong Yong *(Chairman)*	1/1
Dr. Chong Yat Keung	1/1
Dr. John G. Wilcox	1/1
Mr. Wang Xiaobo	1/1
Mr. Ye Changqing	1/1

Remuneration Committee

The Remuneration Committee comprises five members and is chaired by an independent non-executive Director, Dr. Chong Yat Keung, and consists of another two independent non-executive Directors, Mr. Wang Xiaobo and Mr. Ye Changqing, one executive Director, Mr. Dong Yang and one non-executive Director, Mr. Fang Min.

The principal duties of the Remuneration Committee include the following:

1. making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration;

2. reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives;

3. either (i) determining, with delegated responsibility, the remuneration packages of individual executive Directors and senior management; or (ii) making recommendations to the Board on the remuneration packages of individual executive Directors and senior management;

4. making recommendations to the Board on the remuneration of non-executive Directors;

5. considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

6. reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and

7. performing other duties determined by the Board and stipulated in the Listing Rules or regulatory rules of the place where the shares of the Company are listed.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

During the year ended December 31, 2024, two meetings of the Remuneration Committee were held to discuss and consider the following matter:

- reviewed, considered and making recommendations to the Board on the grant of restricted Shares to the Group's executive management pursuant to the 2022 Share Award Scheme as part of remuneration package; and

- reviewed, considered and making recommendations to the Board on the remuneration of the Directors and senior management of the Company for the year 2024.

In particular, the Remuneration Committee is of the view that the grant of the Restricted Shares to the Group's executive management is in line with the Company's remuneration policy, as they serve as discretionary bonus and form part of the remuneration package of the grantees in recognition of their invaluable and substantial contributions to the Group. The number of the Restricted Shares being granted to the grantees is derived based on the commercial assessment of the Board having taken into account a number of factors, including, without limitation, their roles and responsibilities, seniority, expertise, experience, historical and expected contributions to the Group as well as the overall business development and strategies of the Group and its relevant hospitals.

Attendance of each Remuneration Committee member is set out in the table below:

Directors	**Attended/Eligible to attend**
Dr. Chong Yat Keung *(Chairman)*	2/2
Mr. Dong Yang	2/2
Mr. Fang Min	2/2
Mr. Wang Xiaobo	2/2
Mr. Ye Changqing	2/2

Remuneration of Directors and Senior Management

Details of the remuneration by band of the members of the senior management of the Company (other than the Directors) for the year ended December 31, 2024, are set out below:

Remuneration bands (RMB)	**Number of persons**
10,000,001–15,000,000	1
5,000,001–10,000,000	1
1,000,001–5,000,000	1
0–1,000,000	–
Total	3

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of executive Directors are also determined with reference to the Company's performance and profitability, the prevailing market conditions and the performance or contribution of each executive Director. The remuneration for the executive Directors comprises salaries, allowances, benefits in kind, performance-related bonuses and pension scheme contributions. The remuneration policy for non-executive Directors and independent non-executive Directors is to ensure that non-executive Directors and independent non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in Board committees. The remuneration for the non-executive Directors and independent non-executive Directors mainly comprises Director's fee which is determined with reference to their duties and responsibilities by the Board. Individual Directors and senior management have not been involved in deciding their own remuneration.

For additional information on the Directors' remuneration for the year ended December 31, 2024, please refer to note 12 to the consolidated financial statements.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended December 31, 2024 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on Company's performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the Company's auditor regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 102 to 106 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is the responsibility of the Board for maintaining an adequate internal control system to safeguard shareholder investments and the Company's assets and reviewing the effectiveness of such system on an annual basis. The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatements or loss.

The key elements of the Group's risk management and internal control structure are as follows:

- well-defined organizational structure with appropriate segregation of duties, limit of authority, reporting lines and responsibilities to minimize risk of errors and abuse;

- clear and written policies and procedures have been established and regularly reviewed for major functions and operations;

- adopted various measures and procedures regarding each aspect of our business operation, such as company code of conduct, anti-corruption and whistleblowing, policies of protection of intellectual property, environmental protection, legal and compliance, pharmacovigilance, product quality and safety, and occupational health and safety, etc.;

- a sound risk management procedure, requiring all relevant departments to accurately identify, carefully assess, dynamically monitor and timely respond to risks within the scope of their duties, and perform their responsibility of risk control;

- important business functions or activities are managed by experienced, qualified and suitably trained staff;

- continuous monitoring of the key operating data and performance indicators, timely and up-to-date business and financial reporting, and taking immediate corrective actions where necessary; and

- internal audit function to perform independent appraisal of major operations on an ongoing basis.

The Group's internal audit department plays a major role in monitoring the internal governance of the Company. The major tasks of the internal audit department are reviewing the financial condition and internal control of the Company and conducting comprehensive audits of all branches and subsidiaries of the Company on a regular basis. The review covers all material controls including financial, operational, compliance controls and risk management. Apart from regular reporting, any urgent matters in relation to the relevant areas of internal control will be reported in a timely manner. Review results and recommendations in the form of written reports are submitted to the Audit and Risk Management Committee for discussion and review. Follow up actions will be taken up by the internal audit department to ensure that material weaknesses previously identified have been properly resolved.

The Group has established rules regulating information disclosures which stipulates the handling and disclosure procedures of inside information. The Group uses annual reports, interim reports, and results announcements and other announcements as required by the Listing Rules to disclose information to investors and the public to ensure timely disclosure of information in accordance with the Listing Rules and SFO. The Group strictly prohibits unauthorized use or dissemination of confidential or inside information.

During the Reporting Period, the Board has conducted a review of the effectiveness of the risk management and internal control systems of the Group and considered the risk management and internal control systems to be effective and adequate. The Board also believes that the Company has sufficient resources, staff qualifications and experience, training programme and budget of accounting, internal audit and financial reporting functions, as well as those relating to the ESG performance and reporting. The Group continuously reviews the effectiveness of the risk management and internal control systems, and adopted measures and procedures in various aspects, such as fund management, budget management, and market activities, to strengthen the effectiveness of the risk management and internal control systems.

During the Reporting Period, the Board has conducted a review of the effectiveness of the internal control system of the Group and considered the internal control system to be effective and adequate.

AUDITOR'S REMUNERATION

The remuneration for the audit and non-audit services provided by the Company's auditor to the Group for the year ended December 31, 2024 was approximately as follows:

Type of Services	**Amount** *(RMB)*
Audit services	6,849,000
Non-audit services	196,800
Total	7,045,800

JOINT COMPANY SECRETARIES

Ms. Zhai Yangyang, the joint company secretary of the Company, is responsible for advising the Board on corporate governance matters and ensuring that the Board policies and procedures, as well as the applicable laws, rules and regulations are followed.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company also engaged Ms. Ng Sau Mei, the director and head of the Listing Services Department of TMF Hong Kong Limited (a company secretarial service provider), as the other joint company secretary to assist Ms. Zhai Yangyang to discharge her duties as company secretary of the Company. Her primary corporate contact person at the Company was Ms. Zhai Yangyang, the joint company secretary of the Company.

During the year ended December 31, 2024, each of Ms. Zhai Yangyang and Ms. Ng Sau Mei has undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers effective communication with the Shareholders to be essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make the informed investment decisions.

The AGM provides opportunity for the Shareholders to communicate directly with the Directors. The Chairman and the chairmen of the Board Committees of the Company will attend the AGMs to answer Shareholders' questions. The Company's auditor will also attend the AGMs to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

To promote effective communication, the Company maintains a website of the Company at www.jxr-fertility.com, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

During the Reporting Period, the Board has reviewed the implementation and effectiveness of the Shareholders' communication policy, including the multiple communication channels for Shareholders in place and the steps taken to handle Shareholders' enquiries, and considered that the Shareholders' communication policy has been properly implemented and effective.

DIVIDEND POLICY

The Company adopted a dividend policy that sets out the principles and guidelines that the Company intends to apply in relation to the declaration and payment of dividends pursuant to code provision F.1.1 of the CG Code that became effective starting from June 25, 2019.

Subject to the Cayman Islands Companies Law and the Articles of Association, the Board has absolute discretion on whether to distribute dividends in any form but no dividend shall exceed the amount recommended by the Board. The dividend policy reflects the Board's current views on the Company's financial and cash flow position. It will continue to be reviewed by the Board from time to time and there can be no assurance that dividends will be paid in any particular amount, if at all, for any given period.

As at December 31, 2024, no arrangement was reached pursuant to which the Shareholders waived or agreed to waive their dividends.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Convening of Extraordinary General Meeting and Putting Forward Proposals

Shareholders may put forward proposals for consideration at a general meeting of the Company according to the Articles of Association. Any one or more members holding as of date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or any one of the joint company secretaries of the Company, to require an extraordinary general meeting of the Company to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may convene a physical meeting at only one location as specified in the meeting notice, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

Enquiries to the Board

Shareholders who intend to put forward their enquiries or requisitions about the Company to the Board could send their enquiries to the headquarters of the Company at No. 301, North Jingsha Road, Jinjiang District, Chengdu, Sichuan, China (email address: pr@jxr-fertility.com).

CHANGE IN CONSTITUTIONAL DOCUMENTS

On June 25, 2024, the Company adopted the fifth amended and restated Articles of Association in substitution for the then existing amended and restated memorandum of association and articles of association of the Company. During the year ended December 31, 2024, the fifth amended and restated memorandum and articles of association did not have any change.

Independent Auditor’s Report

TO THE SHAREHOLDERS 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)

OPINION

We have audited the consolidated financial statements of Jinxin Fertility Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 107 to 229, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

KEY AUDIT MATTER (Continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill and intangible assets on HRC Fertility Management, LLC	
We identified the impairment of goodwill and intangible assets, representing contractual right to provide management services and trademarks, arising from the acquisition of HRC Fertility Management, LLC and its subsidiary, as a key audit matter due to the significant management judgements involved in the impairment assessment and their significance to the consolidated financial statements as a whole. Determining whether goodwill and these intangible assets are impaired requires management's estimation when preparing the value-in-use of the relevant cash generating unit ("CGU") to which it has been allocated. The Group's management, with the support of an independent valuer, establishes the impairment assessment model and prepares a value-in-use calculation to estimate the future cash flows which is discounted in its present value taking into account key assumptions, including growth rates of revenue, gross margin rate and pre-tax discount rate. The carrying amount of goodwill, contractual right to provide management services and trademarks were approximately RMB631,990,000, RMB2,026,410,000 and RMB1,124,951,000, respectively, as at 31 December 2024 and no impairment loss was recognised for the year. Details of the impairment testing are disclosed in Note 22 to the consolidated financial statements.	Our procedures in relation to the impairment of goodwill and intangible assets on HRC Fertility Management, LLC included: • Understanding the Group's process relating to the preparation of cash flow forecasts and impairment assessment; • Obtaining an understanding of the method used to establish the impairment assessment model for the relevant CGU with the independent valuer appointed by the Group and evaluating the valuer's competence, capabilities and objectivity; • Leveraging internal valuation expert to assess the appropriateness of the impairment assessment model and the discount rate adopted by benchmarking the discount rate against market data of comparable entities; • Assessing the reasonableness of the key assumptions, by comparing the growth rates of revenue with market data and economic growth trends and comparing the gross margin rate of the relevant CGU with the Group's historical performance and business expansion plans; and • Evaluating the reliability of cash flow forecasts prepared by the management by comparing the historical forecast with the actual performance in the current year.

OTHER INFORMATION

The directors of the Company (the “Directors”) are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Chan, Benjie Pak Kin.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Revenue	5	**2,811,596**	2,788,910
Cost of revenue		**(1,712,142)**	(1,613,465)
Gross profit		**1,099,454**	1,175,445
Other income	6	**35,081**	77,198
Other expenses	7	**(4,894)**	(31,439)
Other gains and losses, net	8	**(27,629)**	12,728
Research and development expenses		**(24,691)**	(21,746)
Selling and distribution expenses		**(175,169)**	(191,856)
Administrative expenses		**(458,012)**	(481,369)
Share of results of associates		**3,912**	5,109
Share of result of a joint venture		**1,241**	(161)
Finance costs	9	**(57,406)**	(79,641)
Profit before taxation	10	**391,887**	464,268
Income tax expenses	11	**(118,420)**	(117,285)
Profit for the year		**273,467**	346,983
Other comprehensive income (expense):			
Item that will not be reclassified to profit or loss:			
Exchange difference on translation from functional currency to presentation currency		**–**	159,234
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**54,840**	(104,209)
Other comprehensive income for the year		**54,840**	55,025
Total comprehensive income for the year		**328,307**	402,008
Profit (loss) for the year attributable to:			
— Owners of the Company		**283,099**	344,723
— Non-controlling interests		**(9,632)**	2,260
		273,467	346,983

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Total comprehensive income (expense) for the year attributable to:			
— Owners of the Company		**337,199**	399,266
— Non-controlling interests		**(8,892)**	2,742
		328,307	402,008
Earnings per share:	14		
— Basic (RMB)		**0.11**	0.13
— Diluted (RMB)		**0.10**	0.12

Consolidated Statement of Financial Position

At 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	15	**2,811,993**	2,595,241
Right-of-use assets	16	**458,909**	528,204
Goodwill	17	**3,506,618**	3,495,983
Licenses	18	**1,486,273**	1,531,148
Non-compete agreement	19	**18,186**	19,174
Contractual right to provide management services	20	**2,026,410**	1,996,613
Trademarks	21	**2,682,046**	2,664,197
Investments in preferred shares measured at fair value through profit or loss ("FVTPL")		**–**	7,052
Interests in associates accounted for using equity method	23	**391,626**	159,431
Financial assets at FVTPL	24	**80,000**	80,000
Equity instrument at fair value through other comprehensive income ("FVTOCI")	26	**84,303**	–
Interest in a joint venture	25	**26,334**	25,093
Loan receivable	28	**29,133**	28,431
Refundable deposits		**64,827**	65,620
Prepayments	28	**–**	184,595
Amounts due from related parties	29(a)	**76,253**	28,368
Deferred tax assets	36	**124,487**	121,068
Life insurance policy	30	**24,467**	23,511
		13,891,865	13,553,729
Current assets			
Inventories	27	**50,948**	62,428
Accounts and other receivables	28	**322,265**	169,370
Amounts due from related parties	29(a)	**86,955**	213,687
Tax recoverable		**58,940**	44,063
Time deposits	31	**24,625**	87,051
Other financial assets at FVTPL	33	**–**	141,569
Bank balances and cash	32	**546,196**	624,280
		1,089,929	1,342,448

Consolidated Statement of Financial Position

At 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Current liabilities			
Accounts and other payables	34	**737,772**	805,083
Amounts due to related parties	29(b)	**20,459**	12,264
Lease liabilities	35	**53,505**	72,199
Tax payables		**30,178**	52,483
Bank borrowing	37	**1,277,537**	747,804
		2,119,451	1,689,833
Net current liabilities		**(1,029,522)**	(347,385)
Total assets less current liabilities		**12,862,343**	13,206,344
Non-current liabilities			
Lease liabilities	35	**281,372**	349,726
Deferred tax liabilities	36	**1,234,225**	1,210,705
Bank borrowing	37	**992,559**	1,379,664
Loan payables	34	**–**	79,437
		2,508,156	3,019,532
Net assets		**10,354,187**	10,186,812
Capital and reserves			
Share capital	38	**182**	180
Reserves		**10,274,237**	10,091,243
Equity attributable to owners of the Company		**10,274,419**	10,091,423
Non-controlling interests		**79,768**	95,389
Total equity		**10,354,187**	10,186,812

The consolidated financial statements on pages 107 to 229 were approved and authorised for issue by the board of directors on 28 March 2025 and are signed on its behalf by:

Dong Yang
DIRECTOR

Yan Xiao Qing
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the Company										
	Share capital	Share premium	Shares held for restricted share award scheme	Capital reserve	Translation reserve	Statutory reserve	Equity-settled share-based payment reserve	Retained profits	Sub-total	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
			(Note 39(b))			*(Note a)*					
At 1 January, 2023	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 year	–	–	–	–	–	–	–	344,723	344,723	2,260	346,983
Other comprehensive income for the year	–	–	–	–	54,543	–	–	–	54,543	482	55,025
Total comprehensive income for the year	–	–	–	–	54,543	–	–	344,723	399,266	2,742	402,008
Issue of shares *(Note 38)*	12	999,574	–	–	–	–	–	–	999,586	–	999,586
Transaction costs attributable to issue of shares	–	(602)	–	–	–	–	–	–	(602)	–	(602)
Recognition of equity-settled share-based payment *(Note 39(b))*	–	–	–	–	–	–	53,430	–	53,430	–	53,430
Vesting of restricted shares *(Note 39)*	–	27,014	*	–	–	–	(27,014)	–	–	–	–
Issue of shares for Restricted Share Award Scheme (as defined and detailed in Note 39(b))	2	–	(2)	–	–	–	–	–	–	–	–
Dividends to non-controlling interests *(Note b)*	–	–	–	–	–	–	–	–	–	(2,738)	(2,738)
Transfer to reserve *(Note a)*	–	–	–	–	–	15,466	–	(15,466)	–	–	–
At 31 December, 2023	180	8,904,097	(2)	(402,668)	(74,927)	130,809	85,592	1,448,342	10,091,423	95,389	10,186,812

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the Company										
	Share capital *RMB'000*	Share premium *RMB'000*	Shares held for restricted share award scheme *RMB'000* *(Note 39(b))*	Capital reserve *RMB'000*	Translation reserve *RMB'000*	Statutory reserve *RMB'000* *(Note a)*	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, 2024	180	8,904,097	(2)	(402,668)	(74,927)	130,809	85,592	1,448,342	10,091,423	95,389	10,186,812
Profit (loss) for the year	–	–	–	–	–	–	–	283,099	283,099	(9,632)	273,467
Other comprehensive income for the year	–	–	–	–	54,100	–	–	–	54,100	740	54,840
Total comprehensive income (expense) for the year	–	–	–	–	54,100	–	–	283,099	337,199	(8,892)	328,307
Repurchase of shares *(Note c)*	–	(51,313)	*	–	–	–	–	–	(51,313)	–	(51,313)
Dividends recognised as distribution *(Note 13)*	–	(150,000)	–	–	–	–	–	–	(150,000)	–	(150,000)
Recognition of equity-settled share-based payment *(Note 39(b))*	–	–	–	–	–	–	47,285	–	47,285	–	47,285
Forfeiture of equity-settled share-based payment *(Note 39(b))*	–	–	–	–	–	–	(847)	847	–	–	–
Vesting of restricted shares *(Note 39)*	–	65,940	1	–	–	–	(65,941)	–	–	–	–
Issue of shares for Restricted Share Award Scheme (as defined and detailed in Note 39(b)	2	–	(2)	–	–	–	–	–	–	–	–
Dividends to non-controlling interests *(Note b)*	–	–	–	–	–	–	–	–	–	(7,133)	(7,133)
Capital injection by non-controlling interests	–	–	–	(175)	–	–	–	–	(175)	404	229
Transfer to reserve *(Note a)*	–	–	–	–	–	21,681	–	(21,681)	–	–	–
At 31 December, 2024	182	8,768,724	(3)	(402,843)	(20,827)	152,490	66,089	1,710,607	10,274,419	79,768	10,354,187

* The amount is less than RMB1,000.

Notes:

(a) 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.

(b) During the year ended 31 December 2024, Jinxin Women Wellness Limited declared dividends amounted to RMB4,818,000 (2023: RMB2,738,000) to the non-controlling shareholders.

During the year ended 31 December 2024, Shenzhen Zhongshan Urological Hospital ("Shenzhen Zhongshan Hospital") declared dividends amounted to RMB2,315,000 (2023: Nil) to the non-controlling shareholders.

(c) During the year ended 31 December 2024, a trustee purchased the Company's ordinary shares through the Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the satisfaction of awards to be granted under the 2022 RSU Scheme (as defined in Note 39(b)). The trustee purchased 9,374,273 of Company's shares with a total amount of RMB22,544,000 (2023: Nil).

During the year ended 31 December 2024, the Company repurchased its own ordinary shares through the Stock Exchange as follows:

Month of repurchase	No. of ordinary shares	Price per share HK$	Aggregate consideration paid
July	9,000,000	2.43	HK$21,870,000 (equivalent to RMB20,015,000)
August	4,000,000	2.39	HK$9,560,000 (equivalent to RMB8,754,000)

The total consideration paid to repurchase the Company's ordinary shares amounted to RMB51,313,000 during the year ended 31 December 2024.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
Operating activities		
Profit before taxation	**391,887**	464,268
Adjustments for:		
Depreciation of property, plant and equipment	**157,123**	155,062
Depreciation of right-of-use assets	**74,323**	84,638
Amortisation of licenses	**44,875**	45,028
Amortisation of non-compete agreement	**1,480**	1,459
Exchange loss (gain), net	**24,173**	(3,988)
Interest income from banks	**(5,257)**	(10,738)
Interest income from time deposits	**(2,014)**	(9,945)
Imputed interest income from related parties	**(205)**	(22)
Interest expenses	**57,406**	79,641
Loss on disposal/write-off of property, plant and equipment	**64**	1,066
Share-based payment expense	**47,285**	53,430
Gain on fair value change of other financial assets at FVTPL	**(2,158)**	(6,124)
Loss on fair value change of investments in preferred shares measured at FVTPL	**7,052**	–
Gain on early termination of leases	**(104)**	(1,047)
Gain on a life insurance policy	**(606)**	(674)
Share of results of associates	**(3,912)**	(5,109)
Share of result of a joint venture	**(1,241)**	161
Operating cash flows before movements in working capital	**790,171**	847,106
Decrease in inventories	**11,480**	117
(Increase) decrease in accounts and other receivables	**(61,378)**	3,878
Decrease (increase) in amounts due from related parties	**57,148**	(29,296)
(Decrease) increase in accounts and other payables	**(39,369)**	36,059
Decrease in amounts due to related parties	**(1,364)**	(10,934)
Cash generated from operations	**756,688**	846,930
Income tax paid	**(127,487)**	(162,446)
Net cash from operating activities	**629,201**	684,484

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	2024 *RMB'000*	2023 *RMB'000*
Investing activities		
Interest received from banks	**5,257**	10,738
Interest received from time deposits	**1,798**	10,102
Capital injection of investment in an associate	**(157,909)**	–
Acquisition of investment in an associate	**(46,402)**	(24,866)
Purchase of property, plant and equipment	**(262,357)**	(164,138)
Prepayments for purchase of property, plant and equipment	**–**	(9,430)
Purchase of financial assets at FVTPL	**–**	(80,000)
Purchase of other financial assets at FVTPL	**(836,200)**	(1,088,297)
Proceeds from disposal of other financial assets at FVTPL	**979,927**	1,024,152
Proceeds from disposal/write-off of property, plant and equipment	**1,853**	41,208
Repayment from related parties	**683**	1,458
Advances to related parties	**(261)**	(1,861)
Settlement of consideration payables on acquisition of a subsidiary in prior year	**–**	(70,904)
Placement of time deposits	**(452,100)**	(1,590,209)
Withdrawal of time deposits	**472,440**	1,564,017
Repayment from associates	**–**	2,993
Net cash used in investing activities	**(293,271)**	(375,037)

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	2024 *RMB'000*	2023 *RMB'000*
Financing activities		
New bank borrowing raised	3,294,476	640,062
Repayment of bank borrowing	(3,183,799)	(642,902)
Interest paid	(121,010)	(159,191)
Proceeds from issue of shares	–	999,586
Payment on repurchase of shares	(51,313)	–
Redemption of Convertible Bonds	–	(1,604,588)
Transaction costs attributable to issue of shares	–	(602)
Advances from related parties	3,706	2,149
Repayments to related parties	(157)	(26,479)
Dividends paid	(150,000)	(10,504)
Repayments of loan payables	(124,011)	(57,309)
Interest paid on loan payables	(5,519)	(4,207)
Repayments of lease liabilities	(97,052)	(65,068)
Interest paid for lease liabilities	(16,708)	(18,658)
Capital injection by non-controlling interests	229	–
Dividends paid to non-controlling interests	(7,133)	(2,738)
Net cash (used in) financing activities	(458,291)	(950,449)
Net decrease in cash and cash equivalents	(122,361)	(641,002)
Cash and cash equivalents at beginning of the year	691,331	1,329,948
Effect of foreign exchange rate changes	1,851	2,385
Cash and cash equivalents at end of the year	570,821	691,331
Bank balances and cash	546,196	624,280
Add: time deposits with original maturity of less than three months	24,625	67,051
	570,821	691,331

1. GENERAL INFORMATION

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 the shares of the Company 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 annual 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 medical consumables and equipment.

During the current year, as the underlying operations of the principal subsidiaries and the Company's investments strategy became more diversified globally, which indicated by continuing expansion in People's Republic of China (the "PRC") and the Southeast Asia and early repaid 62% of the principal of its syndicated bank loans denominated in United States Dollars ("US$"), the directors of the Company (the "Directors") revisited the functional currency of the Company. The Directors have considered that Renminbi ("RMB") better reflects the economic environment and financing sources of the Company instead of US$, and therefore changed the functional currency of the Company from US$ from RMB prospectively from 1 January 2024.

The consolidated financial statements are presented in RMB, which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

New and amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

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

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (Continued)

Impacts on application of Amendments to IAS 1 Classification of Liabilities as Current or Non-current (the "2020 Amendments") and Amendments to IAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The Group has applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 *Financial Instruments: Presentation*.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

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

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (Continued)

New and amendments to IFRS Accounting Standards in issue but not yet effective

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

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11[3]
Amendments to IAS 21	Lack of Exchangeability[2]
IFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.

2 Effective for annual periods beginning on or after 1 January 2025.

3 Effective for annual periods beginning on or after 1 January 2026.

4 Effective for annual periods beginning on or after 1 January 2027.

Except for the new IFRS Accounting Standard mentioned below, the Directors anticipate that the application of all other amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures of management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

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

In preparing the Group's consolidated financial statements, the Directors 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 RMB1,029,522,000. The Directors 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 31 December 2024.

As at 31 December 2024, the Group has unused banking facilities of approximately RMB563,524,000, which is available for drawdown and utilisation in the course of ordinary business from the date of the approval of these consolidated financial statements. Subsequent to 31 December 2024 until the date of approval of the consolidated financial statements, the Group has obtained additional banking facilities of approximately RMB100,000,000, which is made available for the Group to utilise at the date of granting such facilities.

In addition, the Group has subsequently entered into a facility agreement amounted to US$75,000,000 (equivalent to approximately RMB539,139,000) and Chinese Yuan Offshore 550,000,000 (equivalent to approximately RMB549,560,000), which is available for drawdown and utilisation upon the completion of the facility registration with National Development Committee and Reform Commission. The registration has yet to be completed up to the date of approval of the consolidated financial statements.

Together with the Group's cash flow projections which cover a period of not less than twelve months from 31 December 2024, the Directors 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 31 December 2024. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.1 *Basis of preparation of consolidated financial statements* (Continued)

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

3.2 Material accounting policy information

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss on each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 *Material accounting policy information* (Continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") (or group of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

The Group's policy for goodwill arising on the acquisition of an associate is described below.

Investments in associates and a joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 *Material accounting policy information* (Continued)

Investments in associates and a joint venture (Continued)

The results and assets and liabilities of associates and a joint venture are incorporated in these consolidated financial statements using the equity method of accounting, except when financial interests in these associates that do not qualify as part of the Group's investment for applying the equity method should be accounted for in accordance with IFRS 9. The financial statements of associates and a joint venture used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture accounted for using equity method may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The Group recognises revenue from the following major services:

- Assisted reproductive services and related services;
- Management services;
- Other medical services including gynecology and pediatrics medical services;
- Obstetrics medical services; and
- Sales of consumables and equipment.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 *Material accounting policy information* (Continued)

Revenue from contracts with customers (Continued)

Assisted reproductive services and related services

For assisted reproductive services, the customers normally receive the services which contains various treatment components. It includes (i) consultation, (ii) revenue from sale of pharmaceutical products, (iii) in vitro fertilisation ("IVF") treatment cycle revenue, and (iv) revenue from the ambulatory surgery centre facilities services, which are considered as separate performance obligation for out-patient services as described below.

Consultation includes initial consultation, pre-IVF cycle testing, services after pregnancy and other related services — these out-patient assisted reproductive medical services, are transferred at a point of time. Revenue is recognised when the customer obtains the control of the completed services and the Group has present right to payment and the collection of the consideration is probable.

Sale of pharmaceutical products — revenue is recognised when control of the products has been transferred, being when the products are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

IVF treatment cycle revenue — the usual period of an IVF treatment cycle typically lasts for 12–20 days. Relevant revenue of an IVF treatment cycle involves the performance of a series of medical treatment and procedures that are not separately distinct and does not create benefits to the patient with an alternative use after the IVF treatment cycle starts, and is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards the complete satisfaction of performance obligation is measured by direct measurements of the value of individual services or product transferred by the Group to the customer. Once the patient enters into a cycle, the Group has an enforceable right to payment for the contracted price.

Revenue from the ambulatory surgery centre facilities services is recognised at a point in time when the related services have been rendered. Revenue is recognised when the customer obtains the control of the completed services and the Group has present right to payment and the collection of the consideration is probable.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 *Material accounting policy information* (Continued)

Revenue from contracts with customers (Continued)

Management services

For IVF and fertility centers management services which the control of the service is transferred when the Group has provided the related services over the service period, the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

Revenue from provision of IVF and fertility centers management services is recognised over the period in which the services are rendered.

The progress towards complete satisfaction of a performance obligation in respect of the IVF and fertility centers management services contracts is measured based on output method, which is to recognise revenue based on time elapsed.

Variable consideration

For the management services arrangements that contain variable consideration, service fee is calculated based on pre-set formulas set out in the arrangements and subject to limitations primarily relating to the customer's net income before tax, the Group estimates the amount of consideration to which it will be entitled using the expected value method.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Other medical services including gynecology and pediatrics medical services, and obstetrics medical services

Revenue from gynecology and pediatrics medical services, obstetrics medical services is recognised when the related services have been rendered and includes out-patient service and in-patient services.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 *Material accounting policy information* (Continued)

Revenue from contracts with customers (Continued)

Other medical services including gynecology and pediatrics medical services, and obstetrics medical services (Continued)

Out-patient services

For out-patient services, the patient normally receives out-patient treatment which contains various treatment components. Out-patient services contain more than one performance obligations, including (i) provision of consultation services and (ii) sale of pharmaceutical products. The Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis. Both (i) provision of consultation services and (ii) sale of pharmaceutical products for which the control of services or pharmaceutical products is transferred at a point in time, revenue is recognised when the customer obtains the control of the completed services or pharmaceutical products and the Group has present right to payment and the collection of the consideration is probable.

In-patient services

For in-patient services, the customers normally receive in-patient treatment which contains various treatment components. In-patient services contain more than one performance obligations, including (i) provision of consultation services, (ii) provision of in-patient healthcare services and (iii) sale of pharmaceutical products. The Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

For revenue from (i) provision of consultation services and (iii) sale of pharmaceutical products for which control of pharmaceutical products is transferred at a point in time, revenue is recognised when the customer obtains the control of the completed services or pharmaceutical products and the Group has present right to payment and the collection of the consideration is probable.

For revenue from (ii) in-patient healthcare services, the corresponding revenue is recognised over the service period when customers simultaneously received the services and consumes the benefits provided by the Group's performance as the Group performs. The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the services transferred to the customer to date relative to the remaining healthcare services promised under the contract, that best depict the Group's performance in transferring control of services.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 *Material accounting policy information* (Continued)

Revenue from contracts with customers (Continued)

Sales of medical consumables and equipment

Revenue from sales of medical consumables and equipment is recognised at a point in time when control of the goods has been transferred, being when the goods have been delivered to the customer's specific location.

Leases

Definition of a lease

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

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group as a lessee

Short-term leases and leases of low-value assets

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

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 *Material accounting policy information* (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets (Continued)

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable; and
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

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

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Property, plant and equipment

Property, plant and equipment that are held for use in the provision of services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for provision of services or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets, other than construction in progress, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual value and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Internally-generated intangible assets — research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

3.2 *Material accounting policy information* (Continued)

Intangible assets (Continued)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination (including licenses, trademarks, contractual right to provide management services and non-compete agreement) are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 *Material accounting policy information* (Continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill (Continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

3.2 *Material accounting policy information* (Continued)

Foreign currencies (Continued)

The change in functional currency of the Company was applied prospectively from the date of change. All items were translated into RMB at the exchange rate on that date. The cumulative currency translation differences which had arisen from the translation of foreign operations up to the date of the change in functional currency were not reclassified from equity to profit or loss until the disposal of the relevant operations.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Bank balances and cash

Bank balances and cash presented on the consolidated statement of financial position include cash, which comprises of cash on hand and demand deposits.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash as defined above and time deposits with originally maturity of three months or less.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are determined on a weighted average cost method. Net realisable value represents the estimated selling price for inventories less all costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 *Material accounting policy information* (Continued)

Financial instruments (Continued)

Financial assets and financial liabilities are initially measured at fair value except for accounts receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 *Material accounting policy information* (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments designated at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserve; and are not subject to impairment assessment.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss is included in the "other gains and losses, net" line item.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 *Material accounting policy information* (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including bank balances and cash, time deposits, refundable deposits, accounts and other receivables, loan receivable and amounts due from related parties) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done 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 conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for accounts receivables. The ECL on these assets are assessed individually.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 *Material accounting policy information* (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(i) Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 *Material accounting policy information* (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any recoveries made are recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 *Material accounting policy information* (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of accounts receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 *Material accounting policy information* (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities at amortised cost

Financial liabilities including accounts and other payables, loan payables, amounts due to related parties and bank borrowing are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

3.2 *Material accounting policy information* (Continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income included in accounts and other payables in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under “other income”.

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans, including government-managed retirement benefit schemes, are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Share-based payments

Equity-settled share-based payment transactions

Restricted Share Award Scheme ("RSU Scheme") to employees

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

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

When shares granted are vested, the amount previously recognised in equity-settled share-based payments reserve will be transferred to share premium.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

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 difference 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 *Material accounting policy information* (Continued)

Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interest in a joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 *Material accounting policy information* (Continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economics benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an-ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Contractual arrangements

According to the Special Administrative Measures for the Access of Foreign Investment (Negative List) (2018) ("Negative List"), medical institutions fall within the "restricted" investment category, and therefore may not be held 100% by foreign investments, and foreign investments are restricted to the form of sino-foreign equity joint venture or cooperative joint venture. In view of the foreign ownership restriction, the provision of private specialised medical services is subject to foreign investment restriction in accordance with the Negative List.

Chengdu Jinjiang Xinan Clinic Co., Ltd ("Chengdu Xinan Clinic", previously known as Chengdu Xinan Gynecological Hospital Co., Ltd), Shenzhen Zhongshan Hospital, Sichuan Jinxin Xinan Women & Children Hospital Co., Ltd ("Sichuan Jinxin Xinan Hospital", previously known as Sichuan Jinxin Women and Children Hospital Co., Ltd.), Yunnan Jinxin Jiuzhou Hospital Co., Ltd ("Yunan Jiuzhou Hospital"), and Kunming Jinxin Hewanjia Obstetrics and Gynecology Hospital Co., Ltd. ("Kunming Hewanjia Hospital") (collectively referred to as "VIE Entities") were established under the laws of the PRC. The Group does not directly own 100% equity interests in the VIE Entities. Chengdu Xinan Clinic is currently held by Sichuan Jinxin Fertility Medical Management Co., Ltd. ("Sichuan Jinxin Fertility") as to 90% and Chengdu Jinrun Fude Medical Management Co., Ltd. ("Jinrun Fude") as to 10%. Shenzhen Zhongshan Hospital is currently held by Sichuan Jinxin Fertility as to 70%, Jinrun Fude as to 29.90% and another shareholder for the remaining. Sichuan Jinxin Xinan Hospital is currently held by Chengdu Jinyi Hongkang Corporate Management Co., Ltd. ("Jinyi Hongkang") as to 100%. Yunnan Jiuzhou Hospital and Kunming Hewanjia Hospital is currently held by Sichuan Jinxin Fertility as to 66.50% and Jinrun Fude as to 30% respectively and another shareholder for the remaining.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgement in applying accounting policies (Continued)

Contractual arrangements (Continued)

Through the shareholdings and the contractual arrangements as mentioned, the Group has acquired (i) effective control over the financial and operational policies of Chengdu Xinan Clinic and has become entitled to all the economic benefits from its operations; (ii) effective control over the financial and operational policies of Shenzhen Zhongshan Hospital and has become entitled to 99.90% of the economic benefits from its operations; (iii) effective control over the financial and operational policies of Sichuan Jinxin Xinan Hospital and has become entitled to all the economic benefits from its operations; and (iv) effective control over the financial and operational policies of Yunnan Jiuzhou hospital and Kunming Hewanjia Hospital and become entitled to 96.50% of the economic benefits from each operation. The Directors believe that the contractual arrangements are narrowly tailored as they are used to enable the Group to conduct businesses in industries that are subject to foreign investment restrictions in the PRC.

Control over the IVF fertility centers and clinics under IVF specialty collaboration agreements and management services agreement ("MSA")

The Group entered into a series of IVF specialty collaboration agreements and MSA with certain IVF and fertility centers and clinics that were controlled by Chengdu Jinxin Medical Investment Management Group Co., Ltd., ("Chengdu Jinxin Investment"), Huntington Reproductive Centre Medical Group ("HRC Medical") and University of Southern California ("USC"), which the Group agrees to manage and operate the centers and clinics and receive performance-based fees in which the terms will automatically be renewed indefinitely unless terminated. The management assessed whether or not the Group has control over these centers and clinics through the IVF specialty collaboration agreements and MSA based on whether the Group has the practical ability to direct the relevant activities of the center and clinics unilaterally. In making their judgement, the Directors considered the composition of the internal governance bodies and controlling parties which oversee the operations of the centers and clinics. After assessment, the Directors concluded that the Group does not obtain the decision making power over these bodies and committees to direct the relevant activities of the centers. Accordingly, the Group does not control and thus does not consolidate those centers and clinics. Instead, these agreements are considered as management contracts to generate management service income. Details of the revenue generated from these management contracts are set out in Note 5.

Useful life of trademarks and contractual right to provide management services

The Group determines the useful life of the trademarks for Shenzhen Zhongshan Hospital, the trademarks for HRC Medical held by HRC Fertility Management, LLC ("HRC Management"), the trademarks for Jinxin Women Wellness Limited and its subsidiaries (collectively refer to as "Jinxin Women Group"), the trademarks for JINXIN Medical Management (BVI) Group Limited and its subsidiaries (collectively referred to as the "Jinxin Medical Group"), and the trademarks for Guangzhou Yunzhicai Technology Co., Ltd. ("Guangzhou Yunzhicai"), Guangdong Kangzhi Hospital Management Co., Ltd. ("Guangdong Kangzhi"), Guangzhou Hejia Management Consulting Co., Ltd. ("Guangzhou Hejia") and their subsidiaries (collectively refer to as "Kunming Group") to be indefinite considering the nature of the renewal process and additional economic sacrifices, if any, required when renewing the trademarks.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgement in applying accounting policies (Continued)

Useful life of trademarks and contractual right to provide management services (Continued)

The Directors are of the opinion that the Group will renew the trademarks continuously and has the ability to do so. As a result, the trademarks are considered by the Directors to have an indefinite useful life and will not be amortised until their useful lives are determined to be finite. Instead they will be tested for impairment annually and whenever there is an indication that it may be impaired. As at 31 December 2024, the carrying amount of the trademarks are RMB2,682,046,000 (31 December 2023: RMB2,664,197,000), with details set out in Note 21.

The Directors determine the useful life of the contractual right to provide management services to be indefinite based on an analysis of the period of control over the use of the rights (including the extension of the service contracts upon their maturity automatically for one additional year on each anniversary date unless terminated). Based on this analysis, the Directors consider the useful life of such contractual right to be indefinite because the right is expected to generate net cash inflows for the Group indefinitely and will not be amortised until its useful life is determined to be finite. As at 31 December 2024, the carrying amount of the contractual right to provide management services is RMB2,026,410,000 (31 December 2023: RMB1,996,613,000), with details set out in Note 20.

Useful life of a license

The Group determines the useful life of the license for Jinrui Medical Center to be indefinite considering the nature of the renewal process and additional economic sacrifices, if any, required when renewing the license.

The Directors determine the useful life of the license for human assisted reproduction services in Jinrui Medical Center to be indefinite. The Directors determine the useful life of the license to be indefinite based on an analysis of the period of control over the use of the license (including the extension of the license upon its maturity automatically for one additional year on each anniversary date unless terminated). Based on this analysis, the Directors consider the useful life of such license to be indefinite because the right is expected to generate net cash inflows for the Group indefinitely and will not be amortised until its useful life is determined to be finite. As at 31 December 2024, the carrying amount of the license is RMB40,166,000 (31 December 2023: RMB40,166,000), with details set out in Note 18.

Determination on lease term of contracts with extension options

The Group applies judgment to determine the lease term for lease contracts in which it is a lessee that include extension option, specifically, the leases relating to the clinics in the United States of America ("U.S.A.").

The assessment of whether the Group is reasonably certain to exercise extension options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised. Re-assessment is performed upon the occurrence of either a significant event or a significant change in circumstances that is within the control of lessee and that affects the assessment.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgement in applying accounting policies (Continued)

Determination on lease term of contracts with extension options (Continued)

When assessing reasonable certainty, the Group considers all relevant facts and circumstances including economic incentives/penalties for exercising or not exercising the options. Factors considered include:

- contractual terms and conditions for the optional periods compared with market rates (e.g. whether the amount of payments in the optional periods is below the market rates);
- the extent of leasehold improvements undertaken by Group; and
- costs relating to termination of the lease (e.g. relocation costs, costs of identifying another underlying asset suitable for the Group's needs).

The Directors consider the Group has significant economic incentive in those clinics and therefore is reasonably certain for the Group to exercise such options in order to operate the clinics until the end of the useful lives of the related property, plant and equipment.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of goodwill and intangible assets with indefinite useful life

Determining whether goodwill and intangible assets comprising contractual right to provide management services, trademarks and license with indefinite useful life is impaired requires an estimation of the recoverable amount of the CGU (or group of CGUs) to which goodwill and intangible assets with indefinite useful life has been allocated, which is the higher of the value in use or fair value less costs of disposal. The Group's management, with the support of an independent valuer (as necessary), establishes the impairment assessment model and prepares a value-in-use calculation to estimate the future cash flows expected to arise from the CGU (or group of CGUs), taking into account key assumptions including growth rates of revenue, gross margin rate and pre-tax discount rate. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows, a material impairment loss may arise. As at 31 December 2024, the carrying amount of goodwill is RMB3,506,618,000 (31 December 2023: RMB3,495,983,000) and that of intangible assets comprising (i) contractual right to provide management services is RMB2,026,410,000 (31 December 2023: RMB1,996,613,000), (ii) trademarks of RMB2,682,046,000 (31 December 2023: RMB2,664,197,000) and (iii) licenses with indefinite useful life of RMB40,166,000 (31 December 2023: RMB40,166,000). Details are set out in Note 22.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Useful lives, depreciation and amortisation of property, plant and equipment, licenses and non-compete agreement

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment, licenses and non-compete agreement. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions and management's expectation on the useful lives of the licenses and non-compete agreement based on industry practice and regulatory landscapes. Management will increase the depreciation/amortisation charge where useful lives are expected to be shorter than previously estimated. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable/amortisation lives and therefore depreciation/amortisation expense in future periods.

As at 31 December 2024, the carrying amount of property, plant and equipment is RMB2,811,993,000 (31 December 2023: RMB2,595,241,000), net of accumulated depreciation of RMB639,067,000 (31 December 2023: RMB490,771,000). Details are set out in Note 15.

As at 31 December 2024, the carrying amount of licenses with finite lives was RMB1,446,107,000 (31 December 2023: RMB1,490,982,000), net of accumulated amortisation of RMB208,714,000 (31 December 2023: RMB163,839,000). Details are set out in Note 18.

As at 31 December 2024, the carrying amount of non-compete agreement with finite lives was RMB18,186,000 (31 December 2023: RMB19,174,000), net of accumulated amortisation of RMB4,780,000 (31 December 2023: RMB3,300,000). Details are set out in Note 19.

5. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received and receivable for assisted reproductive and related services, management services, other medical services including gynecology and pediatrics medical services, obstetrics medical services, and sales of consumables and equipment, net of discounts.

During the years ended 31 December 2024 and 2023, the Group's revenue is mainly contributed from its operations in Chengdu, Shenzhen, Wuhan, Kunming, the U.S.A. and Hong Kong Special Administrative Region ("Hong Kong").

Information reported to the chief executive officer, being the chief operating decision maker ("CODM"), for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The information reported to CODM is categorised into various jurisdictions, each of which is considered as a separate operating segment by the CODM.

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. and Lao People's Democratic Republic ("Laos") (collectively referred to as "Overseas") during the years ended 31 December 2024 and 2023. The following is an analysis of the Group's revenue and results by operating and reportable segments.

5. REVENUE AND SEGMENT INFORMATION (Continued)

For the year ended 31 December 2024:

	Greater China *RMB'000*	**Overseas** *RMB'000*	**Consolidated** *RMB'000*
Revenue			
Segment revenue from external customers	**2,207,206**	**604,390**	**2,811,596**
Segment profit (loss)	**608,435**	**(3,917)**	**604,518**
Unallocated administrative expenses			**(93,857)**
Share-based compensation benefits			**(47,285)**
Certain exchange loss, net			**(24,820)**
Fair value changes of investments in preferred shares measured at FVTPL			**(7,052)**
Certain interest income from banks			**328**
Certain interest income from time deposits			**753**
Certain interest on bank borrowing			**(40,698)**
Profit before taxation			**391,887**

For the year ended 31 December 2023:

	Greater China *RMB'000*	Overseas *RMB'000*	Consolidated *RMB'000*
Revenue			
Segment revenue from external customers	2,218,608	570,302	2,788,910
Segment profit	635,897	9,540	645,437
Unallocated administrative expenses			(85,674)
Share-based compensation benefits			(53,430)
Certain exchange gain, net			4,180
Certain interest income from banks			185
Interest income from time deposits			9,945
Interest on convertible bonds			(1,310)
Certain interest on bank borrowing			(55,065)
Profit before taxation			464,268

5. REVENUE AND SEGMENT INFORMATION (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit before taxation for each respective segment excluding unallocated administrative expenses (including the corporate expenses), share-based compensation benefits, certain net exchange loss, fair value changes of investments in preferred shares measured at FVTPL, certain interest income resulted from the corporate bank balances (including time deposits), and certain interest on bank borrowing (2023: excluding unallocated administrative expenses (including the corporate expenses), share-based compensation benefits, certain net exchange gain, certain interest income resulted from the corporate bank balances (including time deposits), interest on convertible bonds, and certain interest on bank borrowing).

Segment assets and liabilities

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Disaggregation of revenue from contracts with customers

	2024 ***RMB'000***	2023 *RMB'000*
Types of services		
Assisted reproductive and related services	**1,440,302**	1,443,918
Management services	**544,799**	565,619
Other medical services including gynecology and pediatrics medical services	**380,071**	389,591
Obstetrics medical services	**324,989**	274,972
Sales of consumables and equipment	**121,435**	114,810
Total	**2,811,596**	2,788,910

	2024 ***RMB'000***	2023 *RMB'000*
Timing of revenue recognition		
A point in time recognition	**1,522,095**	1,490,481
Over time recognition	**1,289,501**	1,298,429
Total	**2,811,596**	2,788,910

All services are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed. The Group applies the practical expedient of not disclosing the information about its remaining performance obligation when the performance obligation is part of a contract that has an original expected duration of one year or less.

5. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

At 31 December 2024, the non-current assets located in the Greater China, and Overseas amounted to RMB9,070,095,000 and RMB4,362,767,000 respectively (31 December 2023: RMB9,120,200,000 and RMB4,110,042,000, respectively). Non-current assets as at 31 December 2024 exclude equity instrument at FVTOCI, loan receivable, financial assets at FVTPL, refundable deposits, deferred tax assets and amounts due from related parties-non-current (31 December 2023: exclude loan receivable, financial assets at FVTPL, refundable deposits, deferred tax assets and amounts due from related parties — non-current).

Information about major customers

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

	2024 ***RMB'000***	2023 *RMB'000*
Overseas:		
HRC Medical	**468,891**	444,627

6. OTHER INCOME

	2024 ***RMB'000***	2023 *RMB'000*
Imputed interest income from related parties	**205**	22
Interest income from banks	**5,257**	10,738
Interest income from time deposits	**2,014**	9,945
Government grants	**12,335**	32,553
Consulting service income	**4,165**	6,158
Others	**11,105**	17,782
	35,081	77,198

7. OTHER EXPENSES

	2024 RMB'000	2023 RMB'000
Donations	–	30
Compensations *(Note)*	1,744	31,347
Others	3,150	62
	4,894	31,439

Note: During the year ended 31 December 2023, the Group actively sought conciliation on certain litigations and legal claims brought by former patients and employees in the USA. Based on the agreed conciliation or recent constructive developments, an amount of RMB31,347,000 was recognised in the profit or loss during the year ended 31 December 2023, in which RMB17,359,000 was settled during the year ended 31 December 2023 and the remaining amount of RMB13,988,000 was settled during the year ended 31 December 2024.

8. OTHER GAINS AND LOSSES, NET

	2024 RMB'000	2023 RMB'000
Loss on disposal/write-off of property, plant and equipment	(64)	(1,066)
Exchange (loss) gain, net	(24,173)	3,988
Fair value change of other financial assets at FVTPL	2,158	6,124
Fair value change of investments in preferred shares measured at FVTPL	(7,052)	–
Gain on early termination of leases	104	1,047
Others	1,398	2,635
	(27,629)	12,728

9. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest on bank borrowing *(Note)*	40,698	59,673
Interest on convertible bonds	–	1,310
Interest on lease liabilities	16,708	18,658
	57,406	79,641

9. FINANCE COSTS (Continued)

Note:

	2024 RMB'000	2023 RMB'000
Total borrowing cost	**122,462**	169,864
Less: amounts capitalised in construction in progress	**(81,764)**	(110,191)
	40,698	59,673

Borrowing costs capitalised during the year arose on the specific borrowings.

10. PROFIT BEFORE TAXATION

	2024 RMB'000	2023 RMB'000
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	**5,799**	4,300
Employee benefit expense (including directors' remuneration) *(Note 12)*		
– salaries, allowances and other benefits	**771,577**	752,908
– retirement benefit schemes contributions	**97,691**	83,639
– share-based compensation benefits	**47,285**	53,430
Total staff costs	**916,553**	889,977
Cost of inventories recognised as expenses (representing pharmaceutical products and consumables used, included in cost of revenue)	**757,425**	753,297
Amortisation of licenses (included in administrative expenses)	**44,875**	45,028
Amortisation of non-compete agreement (included in administrative expenses)	**1,480**	1,459
Depreciation of property, plant and equipment	**157,123**	155,062
Depreciation of right-of use assets	**78,038**	88,353
Less: capitalised in building under construction	**(3,715)**	(3,715)
Depreciation of right-of-use assets recognised in profit and loss	**74,323**	84,638

11. INCOME TAX EXPENSES

	2024	2023
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax ("EIT")	**112,130**	103,966
(Over)/under provision in respect of prior year	**(14,136)**	3,355
Hong Kong Profits Tax	**3,443**	4,364
California State Income Tax	**159**	183
	101,596	111,868
Withholding tax	**3,586**	21,480
Deferred tax:		
Current year *(Note 36)*	**13,238**	(16,063)
	118,420	117,285

The Company is tax exempted under the laws of the Cayman Islands and its subsidiaries incorporated in the 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 years 2024 and 2023.

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

Certain subsidiaries of the Company are subject to U.S.A. corporate tax representing 21% of the applicable U.S.A. Federal Income Tax rate and an average of 8.84% for California State Income Tax rate for the years ended 31 December 2024 and 2023 for their operations in the U.S.A.

Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to the retained profits of the PRC subsidiaries amounting to approximately RMB1,147,074,000 as at 31 December 2024 (31 December 2023: RMB968,646,000), as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

11. INCOME TAX EXPENSES (Continued)

The income tax expenses for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 *RMB'000*	2023 *RMB'000*
Profit before taxation	**391,887**	464,268
Tax at PRC EIT rate of 25%	**97,972**	116,067
Tax effect of share of results of associates	**(978)**	(1,277)
Tax effect of share of results of a joint venture	**(310)**	40
Tax effect of expenses not deductible for tax purposes	**1,706**	1,224
(Over)/under provision in respect of prior year	**(14,136)**	3,355
Tax effect of income not taxable for tax purpose	**(6,044)**	(2,494)
Tax effect of research and development expense additional deduction	**(6,666)**	(3,795)
Effect of tax exemption and concessions granted to PRC subsidiaries	**(55,126)**	(54,065)
Tax effect of deductible temporary differences previously not recognised	**–**	(13,330)
Utilisation of tax losses previously not recognized	**(216)**	(4,010)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(5,033)**	(327)
Withholding tax on interest income among subsidiaries	**3,586**	21,480
Tax effect of tax loss not recognised	**103,665**	54,417
Income tax expenses	**118,420**	117,285

At the end of the reporting period, the Group has accumulated unused tax losses of RMB1,367,268,000 (2023: RMB944,886,000), subject to approval of relevant tax authorities, available for offset against future profits and recognised accumulated tax losses of RMB463,320,000 (2023: RMB454,734,000) as deferred tax asset. The unrecognised tax losses of RMB159,834,000 (2023: RMB66,083,000) will expire in various years before 2029 (2023: 2028) and other unrecognised tax losses may be carried forward indefinitely.

12. DIRECTORS', CHIEF EXECUTIVE AND EMPLOYEES' EMOLUMENTS

(a) Directors and the chief executive

Details of the emoluments paid or payable to executive directors and chief executive of the Company for the year for his services rendered to the entities comprising the Group are as follows:

	Fees *RMB'000*	Share-based compensation benefits *RMB'000*	Salaries and allowances *RMB'000*	Performance-related incentive payments* *RMB'000*	Retirement benefit schemes contributions *RMB'000*	Total *RMB'000*
For the year ended 31 December 2024						
Chairman and chief executive director						
Mr. Zhong Yong (鍾勇)	–	4,540	1,217	1,229	16	7,002
Executive directors:						
Mr. Dong Yang (董陽)	–	–	439	–	8	447
Ms. Lyu Rong (呂蓉)	–	3,773	1,015	1,813	88	6,689
Dr. Geng Lihong (耿麗紅)	–	418	866	527	53	1,864
Dr. John G. Wilcox	–	4,727	–	–	–	4,727
Non-executive directors:						
Mr. Fang Min (方敏)	–	–	–	–	–	–
Ms. Hu Zhe (胡喆)	–	–	–	–	–	–
Ms. Yan Xiaoqing (嚴曉晴)	–	–	914	–	82	996
Independent non-executive directors:						
Mr. Ye Changqing (葉長青)	274	–	–	–	–	274
Mr. Wang Xiaobo (王嘯波)	274	–	–	–	–	274
Dr. Chong Yat Keung (莊一強)	274	–	–	–	–	274
Mr. Li Jianwei (李建偉)	274	–	–	–	–	274
	1,096	13,458	4,451	3,569	247	22,821

12. DIRECTORS', CHIEF EXECUTIVE AND EMPLOYEES' EMOLUMENTS

(Continued)

(a) Directors and the chief executive (Continued)

	Fees RMB'000	Share-based compensation benefits RMB'000	Salaries and allowances RMB'000	Performance-related incentive payments* RMB'000	Retirement benefit schemes contributions RMB'000	Total RMB'000
For the year ended 31 December 2023						
Chairman and chief executive director						
Mr. Zhong Yong (鍾勇)	–	3,509	1,231	1,432	16	6,188
Executive directors:						
Mr. Dong Yang (董陽)	–	2,871	1,145	1,713	15	5,744
Ms. Lyu Rong (呂蓉)	–	2,871	1,139	1,691	69	5,770
Dr. Geng Lihong (耿麗紅)	–	318	1,237	205	48	1,808
Dr. John G. Wilcox	–	16,191	–	–	–	16,191
Non-executive directors:						
Mr. Fang Min (方敏)	–	–	–	–	–	–
Ms. Hu Zhe (胡喆)	–	–	–	–	–	–
Ms. Yan Xiaoqing (嚴曉晴)	50	–	823	–	92	965
Independent non-executive directors:						
Mr. Ye Changqing (葉長青)	271	–	–	–	–	271
Mr. Wang Xiaobo (王嘯波)	271	–	–	–	–	271
Dr. Chong Yat Keung (莊一強)	271	–	–	–	–	271
Mr. Li Jianwei (李建偉)	271	–	–	–	–	271
	1,134	25,760	5,575	5,041	240	37,750

* Performance-related incentive payments is determined by reference to the duties and responsibilities of the relevant individual within the Group and the Group's performance.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors' emoluments shown above were for their services as Directors and its subsidiaries, if applicable. The independent non-executive directors' emoluments shown above were for their services as Directors.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

12. DIRECTORS', CHIEF EXECUTIVE AND EMPLOYEES' EMOLUMENTS

(Continued)

(b) Employees

The five highest paid individuals of the Group during the year included two directors for the year ended 31 December 2024 (2023: three directors). Details of the remuneration for the year of the remaining three (2023: two) who are neither a director nor chief executive of the Company are as follows:

	2024	2023
	RMB'000	*RMB'000*
Salaries and allowances	**19,872**	17,537
Performance-related incentive payments	**1,337**	3,333
Retirement benefit schemes contributions	**70**	94
Share-based compensation benefits	**3,514**	2,509
	24,793	23,473

The number of the highest paid employees (including directors) whose remuneration fell within the following bands is as follows:

	2024	2023
Hong Kong dollars ("HK$") 4,000,001 to HK$4,500,000	**1**	–
HK$6,000,001 to HK$6,500,000	**–**	1
HK$6,500,001 to HK$7,000,000	**1**	1
HK$7,000,001 to HK$7,500,000	**1**	–
HK$7,500,001 to HK$8,000,000	**1**	–
HK$8,500,001 to HK$9,000,000	**–**	1
HK$15,000,001 to HK$15,500,000	**1**	–
HK$17,000,001 to HK$17,500,000	**–**	1
HK$17,500,001 to HK$18,000,000	**–**	1
	5	5

During the year, certain non-director and non-chief executive highest paid employees were granted restricted share unit awards, in respect of their services to the Group under the RSU Scheme of the Company. Details of the restricted share award ("Restricted Share Award") are set out in Note 39 to the Group's consolidated financial statements.

During the year, no emoluments were paid by the Group to the Directors, or the five highest paid individuals (including the Directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the director of the Group nor the five highest paid individual waived any emoluments during the year.

13. DIVIDENDS

	2024 *RMB'000*	2023 *RMB'000*
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2023 final — HK5.95 cents (2023: 2022 final — Nil) *(Note)*	**150,000**	–

Note: A final cash dividend in respect of the year ended 31 December 2023 of HK5.95 cents (equivalent to RMB5 cents) per ordinary share, in an aggregate amount of RMB150,000,000 (2023: Nil), has been proposed by the Directors and approved by the shareholders in the annual general meeting held on 25 June 2024.

Except for the final dividend in respect of the year ended 31 December 2023, no other dividend was paid or proposed for ordinary shareholders of the Company during 2024, nor has any dividend been proposed since the end of the reporting period.

14. 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:

	2024 *RMB'000*	2023 *RMB'000*
Earnings		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	**283,099**	344,723
Effect of dilutive potential ordinary shares:		
– Interest on convertible bonds	**–**	1,310
– Exchange gain on convertible bonds	**–**	(10,853)
Earnings for the purpose of diluted earnings per share (profit for the year attributable to owners of the Company)	**283,099**	335,180

14. EARNINGS PER SHARE (Continued)

	2024 '000	2023 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,680,805**	2,676,019
Effect of dilutive potential ordinary shares:		
– Restricted Shares Units ("RSUs") issued by the Company	**38,377**	29,937
– Convertible bonds issued by the Company	**–**	29,831
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,719,182**	2,735,787

For the years ended 31 December 2024 and 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 39 and the effect of the ordinary shares issued by the Company as described in Note 38.

For the year ended 31 December 2024, 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 (2023: 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).

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Medical equipment	Office equipment, furniture and fixtures	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST							
At 1 January 2023	813,043	306,259	244,388	119,373	7,863	1,459,885	2,950,811
Additions	–	16,903	62,737	23,892	999	155,995	260,526
Disposals/write-off	–	–	(113,321)	(16,276)	(511)	–	(130,108)
Reclassification	–	29,677	6,007	2,661	–	(38,345)	–
Exchange realignment	–	2,427	626	413	–	1,317	4,783
At 31 December 2023	813,043	355,266	200,437	130,063	8,351	1,578,852	3,086,012
Additions	–	20,249	39,904	14,710	721	296,956	372,540
Disposals/write-off	–	(467)	(10,805)	(712)	(184)	–	(12,168)
Reclassification	20,386	246	38	–	–	(20,670)	–
Exchange realignment	–	2,718	1,075	746	4	133	4,676
At 31 December 2024	**833,429**	**378,012**	**230,649**	**144,807**	**8,892**	**1,855,271**	**3,451,060**
DEPRECIATION							
At 1 January 2023	160,084	89,338	126,302	42,109	3,222	–	421,055
Provided for the year	42,114	42,910	42,796	25,473	1,769	–	155,062
Eliminated on disposals/write-off	–	–	(78,429)	(8,913)	(492)	–	(87,834)
Exchange realignment	–	1,667	470	351	–	–	2,488
At 31 December 2023	202,198	133,915	91,139	59,020	4,499	–	490,771
Provided for the year	41,825	47,475	39,529	26,878	1,416	–	157,123
Eliminated on disposals/write-off	–	(90)	(9,478)	(508)	(175)	–	(10,251)
Exchange realignment	–	647	86	691	–	–	1,424
At 31 December 2024	**244,023**	**181,947**	**121,276**	**86,081**	**5,740**	**–**	**639,067**
CARRYING VALUES							
At 31 December 2023	610,845	221,351	109,298	71,043	3,852	1,578,852	2,595,241
At 31 December 2024	**589,406**	**196,065**	**109,373**	**58,726**	**3,152**	**1,855,271**	**2,811,993**

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

Note:

Depreciation is provided to write off the cost of items of property, plant and equipment other than construction in progress over their estimated useful lives, using the straight-line method and at the following rates per annum:

Buildings	5%
Leasehold improvements	10% to 20% or lease term, whichever is shorter
Medical equipment	10% to 15%
Office equipment, furniture and fixtures	20%
Motor vehicles	20%

16. RIGHT-OF-USE ASSETS

	Leasehold land	Leased properties	Equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2024				
Carrying amount	166,836	353,264	8,104	528,204
As at 31 December 2024				
Carrying amount	**163,122**	**289,838**	**5,949**	**458,909**
For the year ended 31 December 2024				
Depreciation charge	**3,715**	**72,068**	**2,255**	**78,038**
For the year ended 31 December 2023				
Depreciation charge	3,715	82,952	1,686	88,353

16. RIGHT-OF-USE ASSETS (Continued)

	2024 *RMB'000*	2023 *RMB'000*
Expense relating to short-term leases	**2,990**	1,310
Expense relating to lease of low-value assets, excluding short-term leases of low-value assets	**71**	224
Total cash outflow for leases	**116,821**	85,260
Additions to right-of-use assets	**7,085**	59,473

During the years ended 31 December 2024 and 2023, the Group leases various clinics, offices, hospital, equipment and land use right for its operations. Lease contracts are entered into for fixed term of 2 to 50 years (2023: 2 to 50 years), but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for property. As at 31 December 2024 and 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

During the year ended 31 December 2024, the Group early terminated one lease in U.S.A. which right-of-use assets of approximately RMB426,000 has been de-recognised (2023: the Group early terminated one lease in Laos which right-of-use assets of approximately RMB12,152,000 has been de-recognised).

16. RIGHT-OF-USE ASSETS (Continued)

Extension options

The Group has extension options in a number of leases for leased properties in the U.S.A.. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension options held are exercisable only by the Group and not by the respective lessors.

The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The potential exposures to these future lease payments for extension options in which the Group is not reasonably certain to exercise is summarised below:

	Lease liabilities recognised as at 2024	**Potential future lease payments not included in lease liabilities (undiscounted) 2024**	Lease liabilities recognised as at 2023	Potential future lease payments not included in lease liabilities (undiscounted) 2023
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Clinics — U.S.A.	**65,159**	**131,885**	73,599	131,775
Office — U.S.A.	**11,058**	**17,820**	13,490	17,558

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the years ended 31 December 2024 and 2023, there is no such triggering event.

Leases committed

As at 31 December 2024, the Group entered into a new lease for a clinic in the U.S.A. that is not yet commenced with non-cancellable period of 10.5 years with extension options, the total future undiscounted cash flows under which amounted to approximately US$15,192,000 (equivalent to approximately RMB109,206,000) over the non-cancellable period (2023: Nil).

The lease agreements do not impose any covenants and the relevant leased assets may not be used as security for borrowing purposes.

Details of the lease maturity analysis of lease liabilities are set out in Note 35.

17. GOODWILL

	RMB'000
COST	
At 1 January 2023	3,484,725
Exchange realignment	11,258
At 31 December 2023	3,495,983
Exchange realignment	10,635
At 31 December 2024	**3,506,618**

Particulars regarding impairment testing on goodwill are disclosed in Note 22.

18. LICENSES

	RMB'000
COST	
At 1 January 2023, 31 December 2023 and 2024	**1,694,987**
AMORTISATION	
At 1 January 2023	118,811
Provided for the year	45,028
At 31 December 2023	163,839
Provided for the year	44,875
At 31 December 2024	**208,714**
CARRYING VALUES	
At 31 December 2023	1,531,148
At 31 December 2024	**1,486,273**

18. LICENSES (Continued)

At 31 December 2024 and 2023, the carrying amount of RMB1,486,273,000 (2023: RMB1,531,148,000) of licenses mainly comprises of licenses in Shenzhen, Laos, Wuhan, Chengdu and Kunming.

Notes:

a. License with finite useful life in Shenzhen

The amount is determined based on the acquisition-date fair value of the medical practice license ("Medical Practice License") upon the acquisition of Shenzhen Zhongshan Hospital on 31 January 2017. Based on the capabilities and successful history without incurring significant expenses on the renewals of the Medical Practice License and the passing of the inspection on the assisted reproduction technology practice in Shenzhen Zhongshan Hospital to maintain certification, the Directors believe that it is appropriate and in line with industry practice to estimate continuous renewals of the Medical Practice License, which has a legal life of 2.4 years at date of acquisition and is renewable every 5 years, and hence an estimated useful life of 32.4 years at its acquisition in January 2017.

b. License with indefinite useful life in Laos

The acquisition-date fair value of the Medical Practice License was recognised upon the acquisition of Jinrui Medical Center with a consideration of RMB40,166,000 on 29 February 2020. The license has a legal life of one year but is renewable every year at minimal cost. The Directors are of the opinion that the Group would renew the license continuously and has the ability to do so. The license is considered by the management of the Group to have an indefinite useful life because it is expected to contribute to net cash inflows indefinitely and will not be amortised until its useful lives are determined to be finite. Instead it is tested for impairment annually and whenever there is an indication that it may be impaired. Particulars regarding impairment testing of the license acquired are disclosed in Note 22.

c. License with finite useful life in Wuhan

The acquisition-date fair value of the Medical Practice License was recognised upon the acquisition of Wuhan Jinxin Integrated Gynecology and Obstetrics Hospital Co,. Ltd ("Wuhan Jinxin Hospital") on 14 July 2020. Based on the capabilities and successful history without incurring significant expenses on the renewals of the Medical Practice License and the passing of the inspection on the assisted reproduction technology practice in Wuhan Jinxin Hospital to maintain certification, the Directors believe that it is appropriate and in line with industry practice to estimate continuous renewals of the Medical Practice License, which has a legal life of 9.5 years at date of acquisition and is renewable every 15 years, and hence an estimated useful life of 39.5 years at its acquisition in July 2020.

d. License with finite useful life in Chengdu

The acquisition-date fair value of the Medical Practice License was recognised upon the acquisition of Jinxin Medical Group on 26 November 2021. Based on the capabilities and successful history without incurring significant expenses on the renewals of the Medical Practice License in Jinxin Medical Group to maintain certification, the Directors believe that it is appropriate and in line with industry practice to estimate continuous renewals of the Medical Practice License, which has a legal life of 10.1 years at date of acquisition and is renewable every 15 years, and hence an estimated useful life of 40.1 years at its acquisition in November 2021.

e. License with finite useful life in Kunming

The acquisition-date fair value of the Medical Practice License was recognised upon the acquisition of Kunming Group on 13 July 2022. Based on the capabilities and successful history without incurring significant expenses on the renewals of the Medical Practice License in Kunming Group to maintain certification, the Directors believe that it is appropriate and in line with industry practice to estimate continuous renewals of the Medical Practice License, which has a legal life of 6 years at date of acquisition and is renewable every 15 years, and hence an estimated useful life of 36 years at its acquisition in July 2022.

19. NON-COMPETE AGREEMENT

	RMB'000
COST	
At 1 January 2023	22,153
Exchange realignment	321
At 31 December 2023	22,474
Exchange realignment	492
At 31 December 2024	**22,966**
AMORTISATION	
At 1 January 2023	1,841
Provided for the year	1,459
Exchange realignment	*
At 31 December 2023	3,300
Provided for the year	1,480
Exchange realignment	*
At 31 December 2024	**4,780**
CARRYING VALUES	
At 31 December 2023	19,174
At 31 December 2024	**18,186**

* The amount is less than RMB1,000.

20. CONTRACTUAL RIGHT TO PROVIDE MANAGEMENT SERVICES

	RMB'000
COST	
At 1 January 2023	1,963,321
Exchange realignment	33,292
At 31 December 2023	1,996,613
Exchange realignment	29,797
At 31 December 2024	**2,026,410**

Contractual right to provide management services was acquired through the acquisition of HRC Management and its subsidiary (collectively referred to as "HRC Management Group") on 24 December 2018.

Contractual right to provide management services represents the MSA with HRC Medical for a period of 20 years which will automatically be extended for one additional year on each anniversary date unless terminated.

On 22 January 2019, the overall management service arrangement was reviewed by the Group and, among others, the MSA was replaced with the new MSA ("New MSA") to optimise the overall business arrangement. The scope of service under the MSA and the New MSA generally remains the same. Under the New MSA, the management fee is equal to 90% of all gross revenue of HRC Medical accrued during the preceding month, subject to adjustment stated in the New MSA. The New MSA has a term of 20 years commencing from 1 January 2019 and shall automatically extend for one additional year on each anniversary date unless terminated.

Contractual right to provide management services is considered by the management of the Group to have an indefinite useful life because it is expected to contribute to net cash inflows indefinitely and will not be amortised until its useful life is determined to be finite. Instead, it is tested for impairment annually and whenever there is an indication that they may be impaired. Particulars regarding impairment testing are disclosed in Note 22.

21. TRADEMARKS

	RMB'000
COST	
At 1 January 2023 *(Note)*	2,644,863
Exchange realignment	19,334
At 31 December 2023	2,664,197
Exchange realignment	17,849
At 31 December 2024	**2,682,046**

Note:

The Group's trademarks as at 1 January 2023 were acquired through the acquisition of Shenzhen Zhongshan Hospital, HRC Management Group, an asset acquisition in the U.S.A., Jinxin Women Group, Jinxin Medical Group and Kunming Group on 31 January 2017, 24 December 2018, 25 September 2020, 5 September 2021, 26 November 2021 and 13 July 2022, respectively. The trademark acquired from Shenzhen Zhongshan Hospital has a legal life of 10 years but is renewable every 10 years at minimal cost, the trademarks of HRC Medical from the acquisition of HRC Management Group have legal lives of 10 years and are renewable for same consecutive period six months before expiry at minimal cost, the trademark acquired from an asset acquisition in the U.S.A. for the use of HRC Management Group has legal life of 10 years and is renewable for every 10 years at minimal cost, the trademarks acquired from Jinxin Women Group has a legal life of one year but is renewable every year at minimal cost and the trademark acquired from Jinxin Medical Group and Kunming Group have a legal life of 10 years and is renewable for every 10 years at minimal cost.

The Directors are of the opinion that the Group would renew the trademarks continuously and has the ability to do so. The trademarks are considered by the management of the Group to have an indefinite useful life because they are expected to contribute to net cash inflows indefinitely and will not be amortised until their useful lives are determined to be finite. The acquisition-date fair value is determined by the Directors, and comprises the aggregate value of the trademarks as determined using the discounted cash flow method under income approach, which is, among others, based on the projected cash flows generated from the use of their respective trademarks. The estimated future cash flows involves key assumptions including growth rates of revenue, gross margin rate and pre-tax discount rate. These trademarks are tested for impairment annually and whenever there is an indication that they may be impaired. Particulars regarding impairment testing of the trademarks acquired from Shenzhen Zhongshan Hospital, HRC Management Group, an asset acquisition in U.S.A., Jinxin Women Group, Jinxin Medical Group and Kunming Group are disclosed in Note 22.

22. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS

For the purposes of impairment testing, goodwill, contractual right to provide management services, trademarks, licenses and non-compete agreement acquired set out in Notes 17, 20, 21, 18 and 19, respectively, have been allocated to seven (2023: seven) individual CGUs and a group of CGUs (2023: a group of CGUs). The carrying amounts of goodwill, contractual right to provide management services, trademarks, licenses and non-compete agreement as at 31 December 2024 and 2023 allocated to these CGUs are as follows:

	Goodwill as at 31 December		Contractual right to provide management services as at 31 December		Trademarks as at 31 December		Licenses as at 31 December		Non-compete agreement as at 31 December	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Shenzhen Zhongshan Hospital	**221,637**	221,637	**–**	–	**246,900**	246,900	**322,353**	335,508	**–**	–
HRC Management Group	**631,990**	622,697	**2,026,410**	1,996,613	**1,124,951**	1,108,410	**–**	–	**–**	–
Wuhan Jinxin Hospital	**118,865**	118,865	**–**	–	**–**	–	**332,824**	342,329	**–**	–
Jinrui Medical Center	**–**	–	**–**	–	**–**	–	**40,166**	40,166	**–**	–
Jinxin Women Group	**62,639**	61,297	**–**	–	**61,026**	59,718	**–**	–	**18,186**	19,174
Jinxin Medical Group	**1,953,063**	1,953,063	**–**	–	**940,073**	940,073	**480,219**	493,182	**–**	–
Kunming Group	**470,973**	470,973	**–**	–	**309,096**	309,096	**310,711**	319,963	**–**	–
Sichuan Jinxin Reproductive Life and Health Research Co., Ltd. ("Yongshenghengfu")*	**47,451**	47,451	**–**	–	**–**	–	**–**	–	**–**	–
	3,506,618	3,495,983	**2,026,410**	1,996,613	**2,682,046**	2,664,197	**1,486,273**	1,531,148	**18,186**	19,174

* The goodwill acquired by the Group during the business combination of Yongshenghengfu on 22 December 2022 has, from the acquisition date, been allocated to a group of CGUs that are expected to benefit from the synergies of the business combination. The group of CGUs includes Jinxin Medical Group and Chengdu Xinan Clinic (collectively refer to "Chengdu Group").

The impairment assessments are based on valuation performed by an independent professional valuer engaged by the Group.

In addition to goodwill, contractual right to provide management services, trademarks, licenses, and non-compete agreement above, property, plant and equipment and right-of-use assets (including allocation of corporate assets) that generate cash flows together with the related goodwill, contractual right to provide management services, trademarks, licenses and non-compete agreement are also included in the respective CGU for the purpose of impairment assessment.

The basis of the recoverable amount of the above CGUs and its major underlying assumptions are summarised below. The recoverable amounts of these units and asset have been determined based on a value in use calculation.

22. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS

(Continued)

The calculation uses cash flow projections based on financial forecasts approved by management covering a five-year period, a pre-tax discount rate of 17.3%, and declining growth rates of 11.5% to 5.0% for Shenzhen Zhongshan Hospital at 31 December 2024 (2023: a five-year period, a pre-tax discount rate of 20.0%, and declining growth rates of 15.6% to 6.0%). The remaining forecast cash flows beyond that five-year period are extrapolated for a one-year period using declining growth rate 3.1% for Shenzhen Zhongshan Hospital at 31 December 2024 (2023 a one-year period using declining growth rate 5%), and then a steady 3% growth rate for the units thereafter (2023: 3%).

The calculation uses cash flow projections based on financial forecasts approved by management covering a five-year period, a pre-tax discount rate of 17.8%, and declining growth rates of 26.8% to 13.1% to for HRC Management Group at 31 December 2024 (2023: a five-year period, a pre-tax discount rate of 18.5%, and declining growth rates of 22.7% to 16.2%). The remaining forecast cash flows beyond that five-year period are extrapolated for a two-year period from 6.0% to 4.0% for HRC Management Group at 31 December 2024 (2023: a two-year period from 12.1% to 7.5%), and then a steady 3% growth rate for the units thereafter (2023: 3%).

The calculation uses cash flow projections based on financial forecasts approved by management covering a five-year period, a pre-tax discount rate of 17.3%, and declining growth rates of 36.9% to 18.8% for Wuhan Jinxin Hospital at 31 December 2024 (2023: a five-year period, a pre-tax discount rate of 18.7%, and declining growth rates of 75.5% to 20%). The remaining forecast cash flows beyond that five-year period are extrapolated for a three-year period using declining growth rates from 12.4% to 4.4% for Wuhan Jinxin Hospital at 31 December 2024 (2023: a three-year period using declining growth rates from 12.6% to 4%), and then a steady 3% growth rate for the units thereafter (2023: 3%).

The calculation uses cash flow projections based on financial forecasts approved by management covering a ten-year period, a pre-tax discount rate of 32%, and declining growth rates of 61.5% to 10.5% for Jinrui Medical Center at 31 December 2024 (2023: a ten-year period, a pre-tax discount rate of 37.9%, and declining growth rates of 318.3% (one year after commencement of operations) to 12.3%), and then a steady 3% growth rate for the units thereafter (2023: 3%).

The calculation uses cash flow projections based on financial forecasts approved by management covering a five-year period, a pre-tax discount rate of 16.2%, and declining growth rates of 6% to 4% for Jinxin Women Group at 31 December 2024 (2023: a five-year period, a pre-tax discount rate of 17.4%, and declining growth rates of 5% to 4%), and then a steady 3% growth rate for the units thereafter (2023: 3%).

The calculation uses cash flow projections based on financial forecasts approved by management covering a five-year period, a pre-tax discount rate of 14.1%, and declining growth rates of 14.2% to 9.9% for Jinxin Medical Group at 31 December 2024 (2023: a five-year period, a pre-tax discount rate of 15.3%, and declining growth rates of 17.2% to 7.3% for Jinxin Medical Group at 31 December 2023). The remaining forecast cash flows beyond that five-year period are extrapolated for a three-year period using declining growth rates from 8.2% to 4.7% for Jinxin Medical Group at 31 December 2024 (2023: a three-year period using declining growth rates from 6.2% to 4.1%), and then a steady 3% growth rate for the units thereafter (2023: 3%).

22. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS (Continued)

The calculation uses cash flow projections based on financial forecasts approved by management covering a five-year period, a pre-tax discount rate of 15%, and declining growth rates of 16.7% to 12.2% for Kunming Group at 31 December 2024 (2023: a five-year period, a pre-tax discount rate of 16%, and declining growth rates of 21.9% to 13%). The remaining forecast cash flows beyond that five-year period are extrapolated for a five-year period using declining growth rates from 12.8% to 7.0% for Kunming Group at 31 December 2024 (2023: a five-year period using declining growth rates from 12.1% to 6.8%), and then a steady 3% growth rate for the units thereafter (2023: 3%).

The calculation uses cash flow projections based on financial forecasts approved by management covering a five-year period, a pre-tax discount rate of 14.1%, and declining growth rates of 13.4% to 6.4% for Chengdu Group at 31 December 2024 (2023: a five-year period, a pre-tax discount rate of 15.3%, and declining growth rates of 9.4% to 8.1%), The remaining forecast cash flows beyond that five-year period are extrapolated for a three-year period using declining growth rates from 3.6% to 3.2% for Chengdu Group at 31 December 2024 (2023: a three-year period using declining growth rates from 6.8% to 4%), and then a steady 3% growth rate for the units thereafter (2023: 3%).

Key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include growth rates of revenue and gross margin rate. Such estimation is based on the relevant unit's past performance and management's expectations for the market development. For the financial forecasts used for the value in use calculation of Shenzhen Zhongshan Hospital, HRC Management Group, Wuhan Jinxin Hospital, Jinrui Medical Center, Jinxin Medical Group, Kunming Group and Chengdu Group are over five-year period as the Group is confident that these projections are reliable and they can demonstrate its ability, based on past experience, to forecast cash flows accurately over the respective extrapolated periods.

As at 31 December 2024 and 2023, the Directors determined that there is no impairment of these CGUs containing goodwill, contractual right to provide management services, trademarks, licenses and non-compete agreement.

The recoverable amount of the CGU of Shenzhen Zhongshan Hospital, HRC Management Group, Wuhan Jinxin Hospital, Jinrui Medical Center, Jinxin Women Group, Jinxin Medical Group, Kunming Group and Chengdu Group exceeds its carrying amount by RMB166,838,000, RMB61,367,000, RMB12,573,000, RMB884,000, RMB17,387,000, RMB34,909,000, RMB66,478,000 and RMB3,917,664,000 as at 31 December 2024 (2023: the recoverable amount of the CGU of Shenzhen Zhongshan Hospital, HRC Management Group, Wuhan Jinxin Hospital, Jinrui Medical Center, Jinxin Women Group, Jinxin Medical Group, Kunming Group and Chengdu Group exceeds its carrying amount by RMB152,863,000, RMB79,700,000, RMB46,341,000, RMB807,000, RMB10,126,000, RMB39,898,000, RMB95,206,000 and RMB3,387,944,000).

22. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS (Continued)

The table below sets forth (i) each key assumption that is used in goodwill, trademarks, contractual right to provide management services, licenses and non-compete agreement impairment testing at 31 December 2024 and 2023; and (ii) the effect of the reasonably possible change in each of the key assumptions as determined by the Directors (with all other variables remained constant) on the calculation of value in use of the CGUs of Shenzhen Zhongshan Hospital, HRC Management Group, Wuhan Jinxin Hospital, Jinrui Medical Center, Jinxin Women Group, Jinxin Medical Group, Kunming Group:

Shenzhen Zhongshan Hospital

At 31 December 2024

Key assumption	**Base case**	**Changes in key assumption**	**(Deficits) surplus of recoverable amount of the CGU over/ below its carrying amounts** *RMB'000*
Annual growth rate of revenue	11.5% to 3%	Decrease by 1%	(13,477)
		Decrease by 2%	(186,252)
Gross margin rate	47% to 44.2%	Decrease by 1%	127,251
		Decrease by 2%	87,663
Pre-tax discount rate	17.3%	Increase by 0.5%	133,909
		Increase by 1%	103,465

At 31 December 2023

Key assumption	**Base case**	**Changes in key assumption**	**(Deficits) surplus of recoverable amount of the CGU over/ below its carrying amounts** *RMB'000*
Annual growth rate of revenue	15.6% to 3%	Decrease by 1%	(5,324)
		Decrease by 2%	(157,164)
Gross margin rate	41.8% to 43.4%	Decrease by 1%	115,803
		Decrease by 2%	78,743
Pre-tax discount rate	20%	Increase by 0.5%	126,110
		Increase by 1%	101,158

22. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS

(Continued)

HRC Management Group

At 31 December 2024

Key assumption	Base case	Changes in key assumption	Deficits of recoverable amount of the CGU over/ below its carrying amounts *RMB'000*
Annual growth rate of revenue	26.8% to 3%	Decrease by 1%	(655,050)
		Decrease by 2%	(1,335,145)
Gross margin rate	37% to 46%	Decrease by 1%	(80,280)
		Decrease by 2%	(221,935)
Pre-tax discount rate	17.8%	Increase by 0.5%	(120,744)
		Increase by 1%	(287,349)

At 31 December 2023

Key assumption	Base case	Changes in key assumption	Deficits of recoverable amount of the CGU over/ below its carrying amounts *RMB'000*
Annual growth rate of revenue	22.7% to 3%	Decrease by 1%	(468,584)
		Decrease by 2%	(987,997)
Gross margin rate	34% to 51%	Decrease by 1%	(24,818)
		Decrease by 2%	(128,933)
Pre-tax discount rate	18.5%	Increase by 0.5%	(78,754)
		Increase by 1%	(224,571)

22. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS

(Continued)

Wuhan Jinxin Hospital

At 31 December 2024

Key assumption	Base case	Changes in key assumption	Deficits of recoverable amount of the CGU over its carrying amounts
			RMB'000
Annual growth rate of revenue	36.9% to 3%	Decrease by 1%	(56,377)
		Decrease by 2%	(121,872)
Gross margin rate	27.8% to 55.4%	Decrease by 1%	(935)
		Decrease by 2%	(14,444)
Pre-tax discount rate	17.3%	Increase by 0.5%	(10,795)
		Increase by 1%	(32,288)

At 31 December 2023

Key assumption	Base case	Changes in key assumption	(Deficits) surplus of recoverable amount of the CGU over its carrying amounts
			RMB'000
Annual growth rate of revenue	75.5% to 3%	Decrease by 1%	(34,357)
		Decrease by 2%	(111,314)
Gross margin rate	18% to 45.8%	Decrease by 1%	29,001
		Decrease by 2%	11,662
Pre-tax discount rate	18.7%	Increase by 0.5%	23,093
		Increase by 1%	1,534

22. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS

(Continued)

Jinrui Medical Center

At 31 December 2024

Key assumption	Base case	Changes in key assumption	Deficits of recoverable amount of the CGU below its carrying amounts *RMB'000*
Annual growth rate of revenue	61.5% to 3%	Decrease by 1%	(4,314)
		Decrease by 2%	(9,235)
Gross margin rate	33% to 72%	Decrease by 1%	(161)
		Decrease by 2%	(1,207)
Pre-tax discount rate	32%	Increase by 0.5%	(461)
		Increase by 1%	(1,745)

At 31 December 2023

Key assumption	Base case	Changes in key assumption	Deficits of recoverable amount of the CGU below its carrying amounts *RMB'000*
Annual growth rate of revenue	318.3% to 3%	Decrease by 1%	(4,186)
		Decrease by 2%	(8,956)
Gross margin rate	24% to 63%	Decrease by 1%	(533)
		Decrease by 2%	(1,873)
Pre-tax discount rate	37.9%	Increase by 0.5%	(244)
		Increase by 1%	(1,256)

22. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS

(Continued)

Jinxin Women Group

At 31 December 2024

Key assumption	Base case	Changes in key assumption	(Deficits) surplus of recoverable amount of the CGU over/below its carrying amounts *RMB'000*
Annual growth rate of revenue	6% to 3%	Decrease by 1%	(4,167)
		Decrease by 2%	(24,985)
Gross margin rate	50%	Decrease by 1%	11,881
		Decrease by 2%	6,376
Pre-tax discount rate	16.2%	Increase by 0.5%	9,966
		Increase by 1%	3,087

At 31 December 2023

Key assumption	Base case	Changes in key assumption	(Deficits) surplus of recoverable amount of the CGU over/below its carrying amounts *RMB'000*
Annual growth rate of revenue	5% to 3%	Decrease by 1%	(11,197)
		Decrease by 2%	(31,790)
Gross margin rate	51%	Decrease by 1%	4,644
		Decrease by 2%	(837)
Pre-tax discount rate	17.4%	Increase by 0.5%	3,696
		Increase by 1%	(2,302)

22. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS

(Continued)

Jinxin Medical Group

At 31 December 2024

Key assumption	**Base case**	**Changes in key assumption**	**Deficits of recoverable amount of the CGU below its carrying amounts** *RMB'000*
Annual growth rate of revenue	14.2% to 3%	Decrease by 1%	(538,765)
		Decrease by 2%	(1,079,598)
Gross margin rate	36.9% to 39.1%	Decrease by 1%	(62,731)
		Decrease by 2%	(160,369)
Pre-tax discount rate	14.1%	Increase by 0.5%	(107,394)
		Increase by 1%	(237,144)

At 31 December 2023

Key assumption	**Base case**	**Changes in key assumption**	**Deficits of recoverable amount of the CGU below its carrying amounts** *RMB'000*
Annual growth rate of revenue	17.2% to 3%	Decrease by 1%	(456,529)
		Decrease by 2%	(925,524)
Gross margin rate	40.5% to 40.9%	Decrease by 1%	(50,766)
		Decrease by 2%	(141,430)
Pre-tax discount rate	15.3%	Increase by 0.5%	(83,758)
		Increase by 1%	(197,605)

22. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS

(Continued)

Kunming Group

At 31 December 2024

Key assumption	Base case	Changes in key assumption	(Deficits) surplus of recoverable amount of the CGU over its carrying amounts *RMB'000*
Annual growth rate of revenue	16.7% to 3.0%	Decrease by 1%	(193,160)
		Decrease by 2%	(435,152)
Gross margin rate	52.7% to 42.7%	Decrease by 1%	26,929
		Decrease by 2%	(12,621)
Pre-tax discount rate	15%	Increase by 0.5%	7,065
		Increase by 1%	(47,236)

At 31 December 2023

Key assumption	Base case	Changes in key assumption	(Deficits) surplus of recoverable amount of the CGU over its carrying amounts *RMB'000*
Annual growth rate of revenue	21.9% to 3%	Decrease by 1%	(156,838)
		Decrease by 2%	(392,055)
Gross margin rate	43.1% to 53.9%	Decrease by 1%	55,785
		Decrease by 2%	16,364
Pre-tax discount rate	16%	Increase by 0.5%	34,952
		Increase by 1%	(20,465)

23. INTERESTS IN ASSOCIATES

Interests in associates accounted for using equity method

	2024	2023
	RMB'000	*RMB'000*
At 1 January	**159,431**	–
Capital injection	**–**	164,469
Addition *(Note iii)*	**225,876**	–
Share of profit (loss)	**3,912**	(1,780)
Exchange realignment	**2,407**	(3,258)
At 31 December	**391,626**	159,431

Details of each of the Group's associates at the end of the reporting period are as follows:

Name of entities	**Country of incorporation/ registration**	**Principal place of business**	**Proportion of ownership interest held by the Group**		**Proportion of voting rights held by the Group**		**Principal activities**
			2024	2023	**2024**	2023	
KangSeed Technology Limited ("KangSeed") *(Note i)*	Cayman Islands	China	**5.788%**	5.788%	**5.788%**	5.788%	Assisted reproduction services
Jinxin International Medical Service Company Limited ("Jinxin International") *(Note ii)*	Cayman Islands	U.S.A.	**49%**	49%	**49%**	49%	Assisted reproduction agency
PT Morula Indonesia ("PT Morula") *(Note iii)*	Indonesia	Indonesia	**30%**	N/A	**30%**	N/A	Assisted reproduction agency
SHEDOOR GLOBAL LIMITED	BVI	U.S.A.	**23.07%**	N/A	**23.07%**	N/A	Assisted reproduction agency

23. INTERESTS IN ASSOCIATES (Continued)

Interests in associates accounted for using equity method (Continued)

Notes:

i On 23 September 2020, the Group acquired 5,564,997 preferred shares with a capital injection feature of KangSeed at a consideration of US$10,060,000 (equivalent to RMB65,641,000). The Group paid US$3,000,000 (equivalent to RMB19,575,000) during the year ended 31 December 2020. On 31 December 2022, the Group discharged its obligation of the unpaid consideration at its discretion given the payment conditions has not been fulfilled by KangSeed and 3,905,455 preferred shares were forfeited accordingly and a gain of RMB36,310,000 was recognised in profit or loss. The Group is able to exercise significant influence over KangSeed because it has the power to appoint one out of seven directors of KangSeed under its articles of association. The preferred shares with a substantive redemption feature held by the Group were not accounted for as part of the Group's investment for applying the equity method because the ordinary shares of KangSeed do not have an equivalent feature of preferred shares. Financial interests in KangSeed that do not qualify as part of the Group's investment for applying the equity method should be accounted for in accordance with IFRS 9. Therefore, the interest in KangSeed is measured at FVTPL. The fair value of the Group's interest in KangSeed as at 31 December 2024 was nil (2023: US$996,000 (equivalent to RMB7,052,000)).

ii 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 redeemed 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 31 December 2023.

On 29 June 2023, Jinxin International an associate of the Company with 49% shares held, issued an aggregate of 4,920,000,000 shares to Mengmei at a consideration of US$22,761,000 (equivalent to approximately RMB164,469,000), and undertook Mengmei's Consideration Payable to the Group to acquire certain subsidiaries of Mengmei. On 30 June 2023, Jinxin International issued an aggregate of 4,920,000,000 shares to the Group at an aggregate consideration of US$22,761,000 (equivalent to approximately RMB164,469,000), which were settled by (1) a consideration payable of US$8,574,000 (equivalent to approximately RMB61,955,000), plus (2) discharging the Consideration Payable. The consideration payable of US$8,574,000 (equivalent to approximately RMB61,955,000) was partially settled by offsetting against certain receivables of the Group from Jinxin International at an equivalent total amount of approximately RMB37,089,000. The remaining outstanding consideration payable to Jinxin International amounting to US$3,441,000 (equivalent to approximately RMB24,866,000) was settled on 27 October 2023.

Jinxin International also issued another 200,816,000 shares to its other shareholder at a consideration of US$929,000 (equivalent to approximately RMB6,713,000). Therefore, the Group continues to hold 49% interest in Jinxin International and is able to exercise significant influence over Jinxin International.

iii On 19 July 2024, the Group acquired 30% equity interests in aggregate in PT Morula, pursuant to which the Group agrees to subscribe 25% shares in PT Morula and acquire another 5% of equity interests held by certain independent third-parties at a total consideration of approximately RMB204,311,000. The Group fully paid the consideration during the year. The Group is able to exercise significant influence over PT Morula because it has the power to appoint one out of four directors of PT Morula under its articles of association. Therefore, the interest in PT Morula should be accounted for using equity method.

23. INTERESTS IN ASSOCIATES (Continued)

Summarised financial information of material associates

Set out below are the summarised financial information for PT Morula which are accounted for using the equity method. The summarised financial information have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments and modifications for difference in accounting policy.

PT Morula

Summarised statement of financial position

	As at 31 December 2024 *RMB'000*
Current assets	194,053
Non-current assets	661,489
Current liabilities	(34,998)
Non-current liabilities	(87,740)

Summarised statement of financial position

	From acquisition date to 31 December 2024 *RMB'000*
Revenue	115,022
Profit	1,633
Other comprehensive income	2,409
Total comprehensive income	4,042

23. INTERESTS IN ASSOCIATES (Continued)

Summarised financial information of material associates (Continued)

PT Morula (Continued)

Reconciliation of summarised financial information

	As at 31 December 2024 *RMB'000*
Net assets of PT Morula	732,804
Less: non-controlling interests of PT Morula's subsidiaries	(50,362)
	682,442
Proportion of the Group's ownership interest in PT Morula	30%
The Group's share of net assets of PT Morula	204,733

24. FINANCIAL ASSETS AT FVTPL

	RMB'000
At 1 January 2023	–
Purchase *(Note)*	80,000
At 31 December 2023 and 2024	80,000

Note:

On 26 November 2023, Xizang Jinli Enterprise Management Co., Ltd., a subsidiary of the Group, acquired 7.52% of the aggregate committed capital in WP Healthcare Investment (Wuxi Yixing) Partnership (Limited Partnership) ("WP Partnership"), a comprehensive investment fund, as a limited partner with a total subscribe capital of RMB200,000,000. As of 31 December 2024, the capital amounting to RMB80,000,000 has injected by the Group (2023: RMB80,000,000).

25. INTEREST IN A JOINT VENTURE

	2024 RMB'000	2023 RMB'000
Cost of interest in a joint venture	**28,500**	28,500
Share of result of a joint venture	**(2,166)**	(3,407)
	26,334	25,093

Details of the Group's joint venture at the end of the reporting period are as follows:

Name of entity	Country of incorporation/ registration	Principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
			2024	2023	**2024**	2023	
成都錦欣尚輝企業管理有限公司 Chengdu Jinxin Shanghui Enterprise Management Co., Ltd ("Jinxin Shanghui")*	China	China	**50%**	50%	**50%**	50%	Information marketing

Note:

* English name is for identification only.

No summarised financial information in respect of the interest in a joint venture is disclosed as the joint venture is immaterial.

26. EQUITY INSTRUMENT AT FVTOCI

The balance represents a 19.4% interests in Chengdu Jincheng Hongda Enterprise Management Co., Ltd ("Jincheng Hongda"). In December 2022, the Group entered an investment agreement with Jincheng Hongda, which is the holding company of Chengdu Jinxin Aijian Hospital 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 Jincheng Hongda. On 24 December 2024, The Group entered an supplemental agreement with Jincheng Hongda, RMB84,303,000 of the prepayment has been utilised as the consideration to acquire 19.4% in Jincheng Hongda, and the remaining amount of RMB47,885,000 has been recognised as loan receivable from Jincheng Hongda as disclosed in note 29(a).

The Directors have elected to designate this unlisted investment in equity instrument as at FVTOCI as they believe that recognising short-term fluctuations in this unlisted investment's fair value on profit or loss would not be consistent with the Group's strategy of holding this unlisted investment for long-term purposes and realising its performance potential in the long run. The Group does not have the power to direct the relevant activities of Jincheng Hongda, nor have joint control over or the right to participate in the financial and operating policy decisions over Jincheng Hongda under the shareholders' agreement.

There is no significant change in the fair values of the investment during the year ended 31 December 2024.

27. INVENTORIES

	2024 ***RMB'000***	2023 *RMB'000*
Pharmaceutical products	**20,388**	29,345
Consumables and others	**30,560**	33,083
	50,948	62,428

28. ACCOUNTS AND OTHER RECEIVABLES

	2024 *RMB'000*	2023 *RMB'000*
Accounts receivables	**234,406**	73,086
Other receivables and prepayment:		
Prepayments on acquisitions of equity interests *(Note i)*	**–**	153,436
Prepayments to a director of a subsidiary *(Note ii)*	**13,001**	25,069
Prepayments to suppliers	**52,239**	87,000
Interest receivables	**442**	226
Loan receivable *(Note iii)*	**29,133**	28,431
Others	**22,177**	15,148
	351,398	382,396
Less: Loan receivable classified as non-current assets *(Note iii)*	**(29,133)**	(28,431)
Prepayments classified as non-current assets	**–**	(184,595)
Accounts and other receivables classified as current assets	**322,265**	169,370

Notes:

i. In December 2022, the Group entered an investment agreement with Jincheng Hongda, which is the holding company of 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 Jincheng Hongda. On 24 December 2024, The Group entered an supplemental agreement with Jincheng Hongda, RMB84,303,000 of the prepayment has been recognised as the consideration to acquire 19.4% interests in Jincheng Hongda as disclosed in Note 26, and the remaining amount of RMB47,885,000 has been recognised as loan receivable from Jincheng Hongda as disclosed in note 29(a).

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 RMB40,100,000).

iii. The amount represent US$3,115,000 (equivalent to approximately RMB22,391,000) (2023: US$3,025,000 (equivalent to approximately RMB21,723,000)) loan receivable from a shareholder of an associate and US$938,000 (equivalent to approximately RMB6,742,000) (2023: US$969,000 (equivalent to approximately RMB6,708,000)) loan receivable from IVF Universal, LLC, a supplier to the Group. These amounts are unsecured and interest-free. The loan receivable from a supplier is contracted to collect in 2026 and the loan receivable from a shareholder of an associate is expected to collect in 2026 and are therefore classified as non-current assets in the consolidated statement of financial position.

As at 1 January 2023, accounts receivables amounted to RMB73,086,000.

The individual customers of Chengdu Xinan Clinic, Shenzhen Zhongshan Hospital, Wuhan Jinxin Hospital, Hong Kong Assisted Reproduction Centre Ltd ("HK ARC"), Hong Kong Reproductive Health Centre Ltd ("HK RHC"), Sichuan Jinxin Xinan Hospital, Yunan 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 90 days (2023: 30 to 90) from the transaction date.

28. ACCOUNTS AND OTHER RECEIVABLES (Continued)

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

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

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

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 Directors considered that the ECL for accounts receivables is insignificant as at 31 December 2023 and 2024.

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

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

	2024 ***RMB'000***	2023 *RMB'000*
Within 90 days	**208,840**	44,408
91 to 180 days	**15,405**	16,653
Over 180 days	**10,161**	12,025
	234,406	73,086

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

Details of impairment assessment of accounts and other receivables are set out in Note 44.

29. AMOUNTS DUE FROM/TO RELATED PARTIES

(a) Amounts due from related parties

	2024 RMB'000	2023 RMB'000
Trade in nature		
成都錦欣潤怡醫療管理有限公司 (Chengdu Jinxin Runyi Medical Management Co., Ltd.) *(Notes i & iii)**	**25,238**	54,647
HRC Medical *(Note iv)*	**25,456**	39,704
成都錦欣信息科技有限公司 (Chengdu Jinxin Information Technology Co., Ltd.) *(Notes i & v)**	**–**	53
四川省邁可多醫療用品有限公司 (Sichuan Mocodo Medical Products Co., Ltd.) *(Notes i & ii)**	**–**	120
Jinxin International Medical Service Limited *(Note vi)*	**5,469**	6,951
Chengdu Jinxin Investment and its other affiliates *(Notes i & ii)*	**11,964**	15,549
Jinjiang District Maternity and Child Health Hospital *(Note viii)*	**–**	95,135
	68,127	212,159

29. AMOUNTS DUE FROM/TO RELATED PARTIES (Continued)

(a) *Amounts due from related parties* (Continued)

	2024 *RMB'000*	2023 *RMB'000*
Non-trade in nature		
Loan receivable:		
成都錦霖企業管理有限公司 (Chengdu Jinlin Enterprise Management Co., Ltd.) *(Notes i & vii)**	**28,368**	28,368
Jincheng Hongda *(Note ix)*	**47,885**	–
Other receivables:		
Chengdu Jinxin Investment and its other affiliates *(Notes i & ii)*	**18,828**	1,528
	95,081	29,896
Total	**163,208**	242,055
Analysed as:		
Current	**86,955**	213,687
Non-current	**76,253**	28,368
	163,208	242,055

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 balances were all aged within 365 days (2023: 365 days) at the end of the reporting period.

(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 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 31 December 2024 based on invoice date is aged within 90 days (2023: 90 days) and not past due nor impaired.

29. AMOUNTS DUE FROM/TO RELATED PARTIES (Continued)

(a) *Amounts due from related parties* (Continued)

Notes: (Continued)

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

(vi) The entity is a subsidiary of an associate of the Company. The amount was unsecured, interest-free and repayable on demand.

(vii) The amount of RMB28,368,000 (2023: RMB28,368,000) due from Chengdu Jinlin Enterprise Management Co., Ltd. is unsecured, interest-free and repayable on demand. As at 31 December 2024, the amount is expected by the Directors not to be collected within one year and is therefore classified as non-current.

(viii) The entity is no longer a related party as the entity does not have the same beneficial shareholders with the Company since 19 January 2024.

(ix) The amount of RMB47,885,000 (2023: Nil) due from Jincheng Hongda is unsecured, interest-free and repayable in 2029.

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

	2024	2023
	RMB'000	*RMB'000*
Within 90 days	**36,478**	138,972
91 to 180 days	**1,828**	52,489
Over 180 days	**29,821**	20,698
	68,127	212,159

29. AMOUNTS DUE FROM/TO RELATED PARTIES (Continued)

(b) Amounts due to related parties

	2024 RMB'000	2023 RMB'000
Trade in nature		
成都錦欣信息科技有限公司 (Chengdu Jinxin Information Technology Co., Ltd.) *(Note ii)**	657	1,006
四川省邁可多醫療用品有限公司 (Sichuan Mocodo Medical Products Co., Ltd) *(Note i)**	154	220
Jinxin International Medical Service Limited *(Note iii)*	–	249
Gender Selection Australia *(Notes iv & vi)*	–	97
Chengdu Jinxin Investment and its other affiliates *(Note i)*	5,999	6,602
	6,810	8,174
Non-trade in nature		
四川省邁可多醫療用品有限公司 (Sichuan Mocodo Medical Products Co., Ltd) *(Notes i & vi)**	1,960	2,000
HRC Medical *(Notes v & vi)*	8,306	–
Chengdu Jinxin Investment and its other affiliates *(Notes i & vi)*	3,383	2,090
	13,649	4,090
Total	20,459	12,264

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 was unsecured, interest-free and repayable on demand.

(iii) The entity is a subsidiary of an associate of the Company. The amount was unsecured, interest-free and repayable on demand.

(iv) The related party is jointly controlled by a shareholder of HRC Investment.

(v) The related party is jointly controlled by certain shareholders of HRC Investment.

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

29. AMOUNTS DUE FROM/TO RELATED PARTIES (Continued)

(b) Amounts due to related parties (Continued)

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.

	2024	2023
	RMB'000	*RMB'000*
Within 90 days	**4,046**	3,740
91 to 180 days	**1,531**	1,696
Over 180 days	**1,233**	2,738
	6,810	8,174

30. LIFE INSURANCE POLICY

During the year ended 31 December 2022, the Company entered into a life insurance policy with an insurance company, HSBC Life (International) Limited, to insure Dr. Chan Chi Wai, a doctor and director of HK ARC and HK RHC. Under the policy, the Company is the beneficiary and policy holder and the total insured sum is US$10,000,000 (equivalent to approximately RMB70,827,000). The Company is required to pay an upfront deposit of US$3,367,000 (equivalent to approximately RMB23,849,000). The Company can terminate the policy at any time and receive cash back based on the account value ("Account Value") of the policy at the date of withdrawal, which is determined by the upfront payment plus accumulated interest earned and minus the accumulated insurance charge and policy expense charge. In addition, if the withdrawal is made between the first to eighteenth policy years, there is a specified amount of surrender charge deducted from the Account Value. The insurance company will pay the Company a guaranteed interest of 4.25% for the first year and a variable return per annum afterwards (with minimum guaranteed interest rate of 2% per annum) during the effective period of the policy. The Company does not have intention to terminate the insurance within twelve months after the end of the reporting period and therefore the insurance is classified as non-current assets in the consolidated statement of financial position.

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

31. TIME DEPOSITS

During the year ended 31 December 2024, the Group entered into two deposit placements with banks in the U.S.A. (2023: several deposit placements with banks in the PRC, Hong Kong and the U.S.A.). The bank guaranteed 100% of the invested principal amount and fixed interest rate of 2% per annum (2023: 2% to 5.04% per annum). The contract is with a maturity of 12 months as specified in the agreement (2023: 90 days to three years as specified in the agreement).

Details of impairment assessment of time deposits are set out in Note 44.

32. BANK BALANCES AND CASH

Bank balances carried interest at market rates which range from 0.01% to 1.05% per annum as at 31 December 2024 (2023: from 0.01% to 2% per annum).

Details of impairment assessment of bank balances are set out in Note 44.

33. OTHER FINANCIAL ASSETS AT FVTPL

The balances represent wealth management products issued by financial institutions subscribed by the Group with no guaranteed principal and return, while the total expected return is up to 4.96% per annum for the year ended 31 December 2023 depending on the performance of the underlying financial investments or the change in the interest rate as specified in the relevant deposits placement. The wealth management products are with a maturity period of 90 days, or can be redeemable on demand for the year ended 31 December 2023.

The wealth management products are classified as other financial assets at FVTPL on initial recognition as they contain embedded derivatives.

The other financial assets at FVTPL had been fully redeemed at the end of the reporting period.

34. ACCOUNTS AND OTHER PAYABLES

	2024 ***RMB'000***	2023 *RMB'000*
Accounts payables	**216,965**	231,286
Other payables:		
Construction payables	**72,916**	48,703
Loan payables *(Note i)*	**110,004**	236,075
Refundable customers' deposits	**149,874**	141,636
Accrued employee expenses (including social insurances and housing fund contributions)	**121,928**	137,959
Provision	**–**	13,988
Value-added tax and other tax payables	**7,905**	12,494
Deferred income *(Note ii)*	**12,752**	11,345
Interest payables	**3,816**	14,015
Others	**41,612**	37,019
	520,807	653,234
Total accounts and other payables	**737,772**	884,520
Less: Loan payables as non-current liabilities *(Note i)*	**–**	(79,437)
Total accounts and other payables as current liabilities	**737,772**	805,083

34. ACCOUNTS AND OTHER PAYABLES (Continued)

Notes:

(i) The amounts represent unsecured, interest-free loan payables to the former shareholders of 深圳市恒裕聯翔投資發展有限公司 (Shenzhen Hengyu Lianxiang Investment Development Co., Ltd). 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 within one year as at 31 December 2024 (31 December 2023: 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).

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

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

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

	2024 *RMB'000*	2023 *RMB'000*
Within 90 days	**155,863**	161,031
91 to 180 days	**27,840**	34,265
181 to 365 days	**18,840**	23,629
Over 365 days	**14,422**	12,361
	216,965	231,286

35. LEASE LIABILITIES

	2024 *RMB'000*	2023 *RMB'000*
Lease liabilities payable:		
Within one year	**53,505**	72,199
Within a period of more than one year but not more than two years	**66,071**	72,660
Within a period of more than two years but not more than five years	**133,301**	164,095
Within a period of more than five years	**82,000**	112,971
	334,877	421,925
Less: Amount due for settlement with 12 months shown under current liabilities	**(53,505)**	(72,199)
Amount due for settlement after 12 months shown under non-current liabilities	**281,372**	349,726

35. LEASE LIABILITIES (Continued)

The weighted average incremental borrowing rates applied to lease liabilities is 4.27% (2023: 4.3%).

As at 31 December 2024, RMB73,128,000 of lease liabilities payable is related to the lease entered with related parties (2023: RMB119,424,000).

36. DEFERRED TAXATION

	Accelerated tax depreciation *RMB'000*	Fair value adjustment arising from acquisition of subsidiaries *RMB'000*	Tax losses *RMB'000*	Total *RMB'000*
At 1 January 2023	6,039	1,180,324	(88,516)	1,097,847
(Credited) charged during the year *(Note 11)*	(811)	16,226	(31,478)	(16,063)
Exchange realignment	–	8,927	(1,074)	7,853
At 31 December 2023	5,228	1,205,477	(121,068)	1,089,637
(Credited) charged during the year *(Note 11)*	(1,345)	16,751	(2,168)	13,238
Exchange realignment	–	8,114	(1,251)	6,863
At 31 December 2024	**3,883**	**1,230,342**	**(124,487)**	**1,109,738**

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

	2024 ***RMB'000***	2023 *RMB'000*
Deferred tax liabilities	**(1,234,225)**	(1,210,705)
Deferred tax assets	**124,487**	121,068
	(1,109,738)	(1,089,637)

37. BANK BORROWING

	2024	2023
	RMB'000	*RMB'000*
Bank borrowing, guaranteed	**2,270,096**	2,127,468
The carrying amounts of the above borrowing are repayable:		
Within one year	**1,277,537**	747,804
Within a period of more than one year but not exceeding two years	**288,327**	1,379,664
Within a period of more than two years but not exceeding five years	**646,470**	–
Within a period of more than five years	**57,762**	–
	2,270,096	2,127,468

During the year ended 31 December 2024, the Group obtained new loans amounting to RMB3,294,476,000 (2023: RMB640,062,000) and made repayments amounting to approximately RMB3,183,799,000 (2023: RMB642,902,000). The borrowings carry annual interest rates ranging from 2.15% to 7.3% per annum as at 31 December 2024 (2023: 3.5% to 7.3% per annum) and are repayable between 2025 and 2034 (31 December 2023: repayable between 2024 and 2025).

38. SHARE CAPITAL

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

	Number of shares	**Share capital**	**Share capital**
		US$	*RMB'000*
Ordinary shares of US$0.00001 each			
Authorised:			
At 1 January 2023, 31 December 2023 and 31 December 2024	5,000,000,000	50,000	345
Issued:			
At 1 January 2023	2,516,852,802	25,169	166
Issue of shares *(Note i)*	204,060,994	2,041	14
At 31 December 2023	**2,720,913,796**	**27,210**	**180**
Issue of shares *(Note ii)*	**36,792,247**	**368**	**2**
At 31 December 2024	**2,757,706,043**	**27,578**	**182**

38. SHARE CAPITAL (Continued)

Notes:

(i) During the year ended 31 December 2023, 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 HK$1,161,609,000 (equivalent to approximately 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.

(ii) During the year ended 31 December 2024, 36,792,247 ordinary shares had been issued by the Company to the Second RSU Scheme's Nominee.

39. 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.

During the year ended 31 December 2024, after due and careful consideration, the Directors decided that no further grant shall be made under the Share Option Scheme and has resolved to terminate it.

39. SHARE-BASED PAYMENTS (Continued)

(b) RSU 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.

During the year ended 31 December 2024, after due and careful consideration, the Directors decided that no further grant shall be made under the 2019 RSU Scheme and has resolved to terminate it, provided that the awards previously granted under the 2019 RSU Scheme shall continue to be in full force and effect in accordance with the provisions thereof.

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.

39. SHARE-BASED PAYMENTS (Continued)

(b) RSU Scheme (Continued)

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"). On 15 February 2019, 32,981,388 shares were issued to the first RSU Scheme's Nominee for and on behalf of the Company. As of 31 December 2024, 4,688,338 shares were held by the first RSU Scheme's Nominee.

Another deed of adherence dated 15 February 2023 was entered into between the Company and the second RSU Scheme's Nominee. On 15 February 2023 and 22 March 2024, 29,060,994 shares and 36,792,247 shares were issued to the second RSU Scheme's Nominee for and on behalf of the Company respectively. During the year ended 31 December 2024, a trustee purchased the Company's ordinary shares through the Stock Exchange for the satisfaction of awards to be granted under the 2022 RSU Scheme. The trustee purchased 9,374,273 of Company's shares. As of 31 December 2024, 63,966,028 shares were held by the second 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 consolidated statement of changes in equity under "Shares held for Restricted Share Award Scheme".

39. SHARE-BASED PAYMENTS (Continued)

(b) RSU Scheme (Continued)

As at 31 December 2024, the restricted shares granted to key management personnel, eligible employees (2023: granted to key management personnel, eligible employees, doctors of HRC Medical, a consultant of the Group and the Directors) are as follows:

RSU granted to	Number of options granted	Grant date	Expiry date	Fair value at grant date	Vesting period
Partner doctor of HRC Medical	3,921,700	15 February 2019	14 February 2029	17,733,000	1–5 years
Key management personnel	2,141,839	6 January 2020	14 February 2029	20,810,000	1–3 years
Eligible employees and doctors of HRC Medical	5,672,970	6 January 2020	14 February 2029	55,120,000	1–3 years
Key management personnel	2,098,932	10 January 2021	14 February 2029	26,591,000	6 months–3 years
Key management personnel	500,000	1 June 2021	14 February 2029	8,703,000	8 months–3 years
Key management personnel	100,000	1 January 2022	14 February 2029	712,000	1 month–2 years
Eligible employees and doctors of HRC Medical	1,393,500	31 January 2022	14 February 2029	11,836,000	1 month–4 years
Partner doctor of HRC Medical	1,990,710	31 January 2022	14 February 2029	12,639,000	1–5 years
Key management personnel	100,000	1 March 2022	14 February 2029	721,000	10 months–3 years
A director of the Company	10,000,000	27 March 2023	16 February 2032	47,272,000	1–5 years
The Directors	18,062,247	23 August 2023	16 February 2032	62,869,000	1–5 years
Key management personnel and eligible employees	29,108,000	23 August 2023	16 February 2032	101,319,000	1–5 years
Key management personnel and eligible employees	15,447,354	19 April 2024	16 February 2032	31,808,000	1–4 years

The grantees of the RSU are not required to pay for the grant of any RSU under the RSU Scheme or for the exercise of the RSU.

The Directors used the quoted prices in active market for the RSUs granted on 27 March 2023, 23 August 2023 and 19 April 2024. The fair value of the RSUs granted on 27 March 2023, 23 August 2023 and 19 April 2024 were assessed to be RMB47,272,000 RMB164,188,000 and RMB31,808,000 respectively.

39. SHARE-BASED PAYMENTS (Continued)

(b) RSU Scheme (Continued)

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

	Number of Awarded Shares				
	Outstanding at 1 January 2024	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding at 31 December 2024
RSU granted to:					
Key management personnel					
Partner doctor of HRC Medical	1,568,680	–	(1,568,680)	–	–
Key management personnel	19,880	–	(19,880)	–	–
Eligible employees and doctors of HRC Medical	418,821	–	(418,821)	–	–
Key management personnel	1,151,849	–	(277,381)	–	874,468
Key management personnel	312,500	–	(187,500)	–	125,000
Key management personnel	33,334	–	(33,334)	–	–
Eligible employees and doctors of HRC Medical	1,114,800	–	(418,050)	–	696,750
Partner doctor of HRC Medical	1,990,710	–	(796,284)	–	1,194,426
Key management personnel	66,667	–	(33,333)	–	33,334
The Directors	28,062,247	–	(3,508,132)	(5,000,000)	19,554,115
Key management personnel and eligible employees	29,108,000	–	(6,753,354)	–	22,354,646
Key management personnel and eligible employees	–	15,447,354	(1,000,000)	–	14,447,354
	63,847,488	15,447,354	(15,014,749)	(5,000,000)	59,280,093

39. SHARE-BASED PAYMENTS (Continued)

(b) RSU Scheme (Continued)

	Number of Awarded Shares				
	Outstanding at 1 January 2023	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding at 31 December 2023
RSU granted to:					
Key management personnel	–	–	–	–	
Partner doctor of HRC Medical	1,568,680	–	–	–	1,568,680
Key management personnel	624,233	–	(577,687)	(26,666)	19,880
Eligible employees and doctors of HRC Medical	1,937,744	–	(1,518,923)	–	418,821
Key management personnel	1,365,919	–	(214,070)	–	1,151,849
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	–	(139,350)	–	1,114,800
Partner doctor of HRC Medical	1,990,710	–	–	–	1,990,710
Key management personnel	100,000	–	(33,333)	–	66,667
The Directors	–	28,062,247	–	–	28,062,247
Key management personnel and eligible employees	–	29,108,000	–	–	29,108,000
	9,283,103	57,170,247	(2,579,196)	(26,666)	63,847,488

The Group recognised the total expense of RMB47,285,000 for the year ended 31 December 2024 (2023: RMB53,430,000) in relation to RSU granted by the Company in the current year.

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.

40. CAPITAL COMMITMENTS

	2024 *RMB'000*	2023 *RMB'000*
Capital expenditure in respect of property, plant and equipment contracted for but not provided in the consolidated financial statements	**139,904**	97,908
Commitment to WP Partnership *(Note 24)*	**120,000**	120,000
	259,904	217,908

41. RETIREMENT BENEFIT PLANS

The Group participates a Mandatory Provident Fund Scheme ("the MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately. The only obligation of the Group with respect to the MPF scheme is to make the specified contributions under the scheme.

The employees of the Group in the PRC are members of a state-managed retirement benefits scheme operated by the PRC government. The Group is required to contribute a specified percentage of payroll costs as determined by respective local government authority to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions under the scheme.

HRC Management maintains multiple qualified contributory savings plans as allowed under Section 401(k) of the Internal Revenue Code in the U.S.A. These plans are defined contribution plans covering substantially all its qualifying employees and provide for voluntary contributions by employees, subject to certain limits. The contributions are made by both the employees and the employer. The employees' contributions are primarily based on specified dollar amounts or percentages of employee compensation.

The only obligation of HRC Management with respect to the retirement benefits plans is to make the specified contributions under the plans.

The total costs charged to profit and loss, amounted to RMB97,691,000 for the year ended 31 December 2024 (2023: RMB83,639,000) representing contributions paid to the retirement benefit scheme by the Group.

42. RELATED PARTY DISCLOSURES

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

Name of related Companies	Relationship	Nature of transactions	2024 RMB'000	2023 RMB'000
Jinjiang District Maternity and Child Health Hospital *(Note i)*	Entity controlled by Chengdu Jinxin Investment	Provision of management services by the Group	–	90,778
		Provision of pathological examination services by the Group	–	11,858
		Rendering pathological examination services to the Group	–	(2,851)
		Sales of medical consumables and equipment by the Group	–	56,838
		Provision of catering services	–	1,771
成都錦欣信息科技有限公司 Chengdu Jinxin Information Technology Limited*	Entity controlled by Jinxin Shanghui	Rendering of IT services	**(1,055)**	(550)
		Sales of software	–	225
		Provision of catering services	**37**	16
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	–	(107)
		Sales of equipment by the Group	–	120
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	–	42,368
Jinxin International Medical Service Limited	Entity controlled by Jinxin International	Marketing expense	**(26,726)**	(32,787)
		Assisted reproductive services income	–	2,761

42. RELATED PARTY DISCLOSURES (Continued)

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

Name of related Companies	Relationship	Nature of transactions	2024 RMB'000	2023 RMB'000
HRC Medical and its other Affiliates *(Note ii)*	Controlled or jointly controlled by certain shareholders of HRC Investment	Management service income	**428,955**	407,709
		Pre-implantation genetic Screening testing income	**35,227**	32,908
		Ambulatory surgery centre facilities income	**4,709**	4,010
		Repayment of lease liability	**(5,225)**	(3,168)
		Finance cost on lease liability	**(599)**	(667)
		Rendering cleaning services	**–**	(507)
		Marketing expense	**(1,175)**	(1,163)
Chengdu Jinxin Investment And its other affiliates *(Note iii)*	These related parties And Chengdu jinxin Investment have the Same beneficial Shareholders with the company	Sales of consumables and equipment by the group	**9,929**	12,355
		Provision of rental services	**101**	4,171
		Provision of catering services	**3,783**	1,157
		Provision of pathological examination services	**531**	633
		Provision of consulting services	**–**	99
		Rendering of dormitory rental	**(281)**	(224)
		Purchase of consumables by the Group	**–**	(521)
		Rendering labor services	**(2,525)**	(4,571)
		Finance cost on lease liability	**(4,046)**	(4,946)
		Rendering cleaning services to the Group	**(9,749)**	(9,811)
		Repayment of lease liability	**(25,366)**	(24,540)

42. RELATED PARTY DISCLOSURES (Continued)

Notes:

* English name is for identification only identification purpose only.

(i) The entity is no longer a related party as the entity does not have the same beneficial shareholders with the Company since 19 January 2024.

(ii) The amount of lease liabilities as at 31 December 2024 is RMB20,087,000 (31 December 2023: RMB22,464,000).

(iii) The amount of lease liabilities as at 31 December 2024 is RMB53,041,000 (31 December 2023: RMB96,960,000).

Compensation of key management personnel

The remuneration of the key management is determined based on performance of individuals and market trends.

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

	2024	2023
	RMB'000	*RMB'000*
Salaries and allowances	**8,774**	9,102
Performance-related incentive payments	**7,946**	12,253
Retirement benefit schemes contributions	**507**	303
Share-based compensation benefits	**13,990**	29,557
	31,217	51,215

43. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to the shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the year.

The capital structure of the Group consists of net debt, which includes the additional advance from related parties or the repayment of their existing advances, lease liabilities and bank borrowing disclosed in Notes 29 (b), 35 and 37 respectively, net of cash equivalents and equity attributable to owners of the Company, comprising issued share capital, retained profits and other reserves.

The Directors review the capital structure on a regular basis. As part of this review, the Directors consider the cost and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as issue of new debt, if necessary.

44. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	The Group	
	2024	2023
	RMB'000	*RMB'000*
Financial assets		
Financial assets at		
– Amortised cost	**1,085,014**	1,135,897
– FVTPL	**80,000**	221,569
– Investment in preferred shares measured at FVTPL	**–**	7,052
– FVTOCI	**84,303**	–
	1,249,317	1,364,518
Financial liabilities		
Financial liabilities at		
– Amortised cost	**2,885,742**	2,848,466
Lease liabilities	**334,877**	421,925

44. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, accounts and other receivables, amounts due from/to related parties, other financial assets at FVTPL, investments in preferred shares measured at FVTPL, equity instrument at FVTOCI, time deposits, bank balances and cash, accounts and other payables, loan payables, bank borrowing, lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Several subsidiaries of the Company have foreign currency bank balances against the functional currencies of the relevant group entities which expose the Group to foreign currency risk.

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arises.

The carrying amounts of the Group's foreign bank balances and bank borrowing at the reporting date are as follows:

	2024	2023
	RMB'000	*RMB'000*
Assets		
US$	**2,485**	702
HK$	**8,139**	4,198
RMB	**–**	535

	2024	2023
	RMB'000	*RMB'000*
Liabilities		
US$	**408,942**	–

44. FINANCIAL INSTRUMENTS (Continued)

(b) *Financial risk management objectives and policies* (Continued)

Market risk (Continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2023: 5%) increase and decrease in the subsidiaries' functional currency against the relevant foreign currencies. 5% (2023: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2023: 5%) change in foreign currency rates. A positive/negative number below indicates an increase/decrease in post-tax profit and other equity where the subsidiaries' functional currency weakening 5% (2023: 5%) against the relevant foreign currencies. For a 5% (2023: 5%) strengthen of the subsidiaries' functional currency against the relevant foreign currencies, there would be an equal and opposite/negative impact on the profit and other comprehensive income and the amounts below would be negative/positive. During year ended 31 December 2024, the sensitivity of HK$ against the relevant currency is immaterial. During year ended 31 December 2023, the sensitivity of HK$, US$ and RMB against the relevant currency is immaterial.

	US$	
	2024	2023
	RMB'000	*RMB'000*
Profit or loss	**(15,242)**	26

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances (see Note 32 for details) and bank borrowing (see Note 37 for details). The Group's cash flow interest rate risk are mainly concentrated on the fluctuation of interest rates on bank balances and bank borrowing.

The Directors consider that the overall interest rate risk is not significant and no sensitivity analysis is presented for the Group.

During the year ended 31 December 2024, The fair value interest rate risk on the fixed rate time bank deposits, is limited because the periods of these deposits are short, which within one year. During the year ended 31 December 2023, The fair value interest rate risk on the other financial assets at FVTPL, fixed rate time bank deposits, is limited because the periods of these investment products and deposits are short, which 90 to three years, or can be redeemable on demand.

The Group is also exposed to fair value interest rate risk in relation to fixed-rate amounts due to related parties, lease liabilities, bank borrowings (see Notes 29(b), 35 and 37 for details) and the Directors consider that the exposure of such interest rate risk arising from amounts due to related parties, lease liabilities is insignificant.

44. FINANCIAL INSTRUMENTS (Continued)

(b) *Financial risk management objectives and policies* (Continued)

Market risk (Continued)

Other price risk

The Group is exposed to equity price risk through its investments in equity investments measured at FVTOCI as disclosed in Note 26, financial assets at FVTPL and investments in preferred shares measured at FVTPL. The Group has appointed a special team to monitor the price risk of this investment.

During the year ended 31 December 2024, if the fair value of the FVTOCI had been 5% higher/lower, the other comprehensive income would increase/decrease by RMB4,215,000.

During the years ended 31 December 2024 and 2023, If the fair value of financial assets at FVTPL had been 5% higher/lower, the post-tax profit would increase/decrease by RMB4,000,000. During the year ended 31 December 2023, the sensitivity of the fair value of the respective investments in preferred shares measured at FVTPL, will not have material impact on the post-tax profit and thus no sensitivity analysis is presented.

Credit risk and impairment assessment

At the end of each reporting period, the carrying amount of the respective recognised financial assets of the Group as stated in the consolidated statement of financial position best represents the Group's maximum exposure to credit risk which will cause a financial loss to the Group and due to failure to discharge an obligation by the counterparties. The average loss rates for majority of the financial assets measured at amortised cost are assessed to be less than 1%.

In order to minimise the credit risk for accounts receivables, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debt at the end of each reporting period to ensure that adequate impairment losses are made and other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment under ECL model on trade balances individually. In this regard, the Directors consider that the Group's credit risk is significantly reduced. The loss allowance measured under lifetime ECL for accounts receivables of RMB234,406,000 (2023: RMB73,086,000) for the Group is considered insignificant.

For loan receivables, other receivables and refundable deposits, the management makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the years ended 31 December 2024 and 2023, the Group assessed the ECL for loan receivables, other receivables and refundable deposits are insignificant and thus no loss allowance is recognised.

44. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The loss allowance of for loan receivables, other receivables and refundable deposits are measured under 12m ECL which is considered insignificant in respect of for loan receivables, other receivables and refundable deposits amounting to RMB116,137,000 (2023: RMB109,199,000) as at 31 December 2024.

For the amounts due from related parties, the Directors make individual assessment on the recoverability of the amounts based on historical settlement records and past experience. In view of the good repayment history of these related parties and/or considered the future prospects of the industry in which these related parties operate, the Directors consider the risk of default is low, and accordingly, no impairment was recognised in respect of the amounts due from related parties amounting to RMB163,208,000 (2023: RMB242,055,000) as at 31 December 2024.

The credit risk on liquid funds, including interest receivables, is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The 12m ECL for time deposits, bank balances and interest receivables, of the Group amounting to RMB571,263,000 (2023 RMB711,557,000) as at 31 December 2024 is considered to be insignificant.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk as at 31 December 2024 and 2023.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the management, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

In addition, the following table details the Group's liquidity analysis for its financial liabilities.

The tables include both interest, if any, and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of each reporting period.

44. FINANCIAL INSTRUMENTS (Continued)

(b) *Financial risk management objectives and policies* (Continued)

Liquidity risk (Continued)

Liquidity table

	Weighted average interest rate	On demand or less than 1 year	1–2 years	2–5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2024							
Accounts and other payables	–	485,183	–	–	–	485,183	485,183
Amounts due to related parties	–	20,459	–	–	–	20,459	20,459
Loan payables	4.45	110,004	–	–	–	110,004	110,004
Bank borrowing	3.93	1,321,171	303,337	649,935	62,516	2,336,959	2,270,096
Lease liabilities	4.27	67,367	81,324	153,196	86,776	388,663	334,877
		2,004,184	384,661	803,131	149,292	3,341,268	3,220,619
At 31 December 2023							
Accounts and other payables	–	472,659	–	–	–	472,659	472,659
Amounts due to related parties	–	12,264	–	–	–	12,264	12,264
Loan payables	4.45	156,638	82,895	–	–	239,533	236,075
Bank borrowing	5.37	865,967	1,408,260	–	–	2,274,227	2,127,468
Lease liabilities	4.30	91,805	89,241	189,537	121,543	492,126	421,925
		1,599,333	1,580,396	189,537	121,543	3,490,809	3,270,391

44. FINANCIAL INSTRUMENTS (Continued)

(c) *Fair value measurement of financial instruments*

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

The Group's financial assets are measured at fair value at 31 December 2024 are disclosed in note 24, 26 and 33. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at 31 December 2024 RMB'000	Fair value as at 31 December 2023 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Other financial assets at FVTPL	–	141,569	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
Financial assets at FVTPL	80,000	80,000	Level 3	Net Value Model Key inputs: Net value of underlying investment	The net value of underlying investment	The higher the net value of underlying investment, the higher the fair value
Investments in preferred shares measured at FVTPL	–	7,052	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.	N/A
Equity instrument at FVTOCI	84,303	–	Level 2	Recent transaction price	N/A	N/A

There were no transfer between levels during the years ended 31 December 2024 and 2023.

44. FINANCIAL INSTRUMENTS (Continued)

(c) *Fair value measurement of financial instruments* (Continued)

Reconciliation of level 3 fair value measurement

	Investments in preferred shares measured at FVTPL and Financial assets at FVTPL *RMB'000*
At 1 January 2023	105,743
Purchase	80,000
Disposal of partial preferred shares	(102,514)
Exchange realignment	3,823
At 31 December 2023	87,052
Addition	–
Loss on fair value changes	(7,052)
At 31 December 2024	80,000

Fair value of financial instruments that are recorded at amortised cost

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

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

45. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The tables below detail changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities:

	Loan payable RMB'000	Dividends payables RMB'000	Lease liabilities RMB'000	Non-trade amounts due to related parties RMB'000	Bank borrowing RMB'000	Interest Payable RMB'000	Convertible bonds RMB'000	Total RMB'000
At 1 January 2023	290,488	10,504	439,242	28,420	2,089,296	12,075	1,636,059	4,506,084
Financing cash flows	(61,516)	(13,242)	(83,726)	(24,330)	(2,840)	(159,191)	(1,604,588)	(1,949,433)
Non-cash changes:								
New leases entered	–	–	59,473	–	–	–	–	59,473
Interest expenses	–	–	18,658	–	8,733	50,940	1,310	79,641
Interest expenses capitalised	7,103	–	–	–	–	110,191	–	117,294
Leases early terminated	–	–	(13,199)	–	–	–	–	(13,199)
Dividends declared	–	2,738	–	–	–	–	–	2,738
Exchange realignment	–	–	1,477	–	32,279	–	(32,781)	975
At 31 December 2023	236,075	–	421,925	4,090	2,127,468	14,015	–	2,803,573
Financing cash flows	(129,530)	(157,133)	(113,760)	3,549	110,677	(121,010)	–	(407,207)
Non-cash changes:								
New leases entered	–	–	7,085	–	–	–	–	7,085
Interest expenses	–	–	16,708	–	11,651	29,047	–	57,406
Interest expenses capitalised	3,459	–	–	–	–	81,764	–	85,223
Leases early terminated	–	–	(530)	–	–	–	–	(530)
Dividends declared	–	157,133	–	–	–	–	–	157,133
Offset of amount due from related parties	–	–	–	6,010	–	–	–	6,010
Exchange realignment	–	–	3,449	–	20,300	–	–	23,749
At 31 December 2024	110,004	–	334,877	13,649	2,270,096	3,816	–	2,732,442

46. PARTICULARS OF SUBSIDIARIES

At the end of the reporting period, the Company has the following subsidiaries comprising the Group:

Name of subsidiaries	Place and date of establishment	Paid-up/ share capital	Attributable equity interest to the Group 2024	2023	Principal activities
Directly held:					
BVI Holdco	BVI 1 March 2018	–	**100%**	100%	Investment holding
Willsun BVI	BVI 31 March 2017	US$205,600,000	**100%**	100%	Investment holding
JINXIN Medical Management (BVI) Group Limited	BVI 13 October 2021	–	**100%**	100%	Investment holding
Smiling Charm Limited	BVI 9 October 2019	US$50,000	**100%**	100%	Investment holding
Indirectly held:					
Jinxin Fertility HK	Hong Kong 14 March 2018	HK$1	**100%**	100%	Investment holding
Sichuan Jinxin Fertility *(Note ii)*	PRC 12 September 2016	Registered capital RMB2,554,841,600	**100%**	100%	Investment holding
Chengdu Xinan Clinic *(Note ii)*	PRC 1 September 2016	Registered capital RMB22,222,222	**100%**	100%	Assisted reproductive services and management services
Shenzhen Zhongshan Hospital *(Note ii)*	PRC 18 May 2004	Registered capital RMB20,000,000	**99.90%**	99.90%	Assisted reproductive services and ancillary medical services
Chengdu Jinyi Enterprise Management Co., Ltd. *(Note ii)*	PRC 27 December 2018	Registered capital RMB1,000,000	**100%**	100%	Property investment
Shenzhen Yuji Property Services Co., Ltd. ("Yuji Property") *(Note ii)*	PRC 16 September 2009	Registered capital RMB300,000	**100%**	100%	Property management services to group companies

46. PARTICULARS OF SUBSIDIARIES (Continued)

At the end of the reporting period, the Company has the following subsidiaries comprising the Group: (Continued)

Name of subsidiaries	Place and date of establishment	Paid-up/ share capital	Attributable equity interest to the Group 2024	2023	Principal activities
Indirectly held: (Continued)					
武漢錦欣中西醫結合婦產醫院有限公司 Wuhan Jinxin Integrated Gynecology and Obstetrics Hospital Co., Ltd *(Note ii)* *	PRC 17 February 2006	Registered capital RMB80,000,000	**75%**	75%	Assisted reproductive services and ancillary medical services
錦瑞醫療中心 Jinrui Medical Center	Laos 20 March 2020	Registered capital Lao Kip 25,000,000,000	**100%**	100%	Assisted reproductive services
HRC Management	U.S.A. 3 November 2015	US$80,000	**100%**	100%	Provision for management services and surgery centre facilities
NexGenomics, LLC	U.S.A. 4 February 2015	US$100	**100%**	100%	PGS Testing services
Jinxin Women Wellness Limited	BVI 7 July 2021	US$1,000	**51%**	51%	Investment holding
上海錦霄醫療管理有限公司 Shanghai Jinxiao Medical Management Co., Ltd *(Note ii)**	PRC 9 December 2020	Registered capital RMB1,000,000	**100%**	100%	Management consultancy
深圳市萊恩服務諮詢有限公司 Shenzhen Laien Service Consulting Co., Ltd *(Note ii)**	PRC 3 April 2020	Registered capital RMB100,000	**100%**	100%	Management consultancy
JXR New Hope Limited	BVI 27 February 2020	US$1	**100%**	100%	Investment holding
Willsun Fertility US Delaware LLC *(Note iii)*	U.S.A. 5 April 2017	–	**N/A**	100%	Investment holding
HRC Fertility Holding Inc.	U.S.A. 7 May 2018	US$82,151,863	**100%**	100%	Investment holding

46. PARTICULARS OF SUBSIDIARIES (Continued)

At the end of the reporting period, the Company has the following subsidiaries comprising the Group: (Continued)

Name of subsidiaries	Place and date of establishment	Paid-up/ share capital	Attributable equity interest to the Group 2024	2023	Principal activities
Indirectly held: (Continued)					
成都錦欣輝明企業管理有限公司 Chengdu Jinxin Huiming Enterprise Management Co., Ltd *(Note ii)**	PRC 19 November 2021	Registered capital RMB1,100,000,000	**100%**	100%	Management consultancy
Hong Kong Assisted Reproduction Centre Limited	Hong Kong 3 May 2011	HK$10,000	**51%**	51%	Assisted reproductive services
Hong Kong Reproductive Health Centre Limited	Hong Kong 14 June 2007	HK$10,000	**51%**	51%	Assisted reproductive services and ancillary medical services
Jinxin Asia Healthcare Investment Ltd. *(Note i)*	Cayman 6 June 2024	US$50,000	**100%**	N/A	Investment holding
Jinxin Asia Investment Ltd. *(Note i)*	BVI 25 June 2024	US$1	**100%**	N/A	Investment holding
JINXIN LIFE ASIA HEALTHCARE INVESTMENT GROUP PTE. LTD. *(Note i)*	Singapore 8 July 2024	US$1	**100%**	N/A	Investment holding
JINXIN Hospital Management Group Limited	Cayman 31 January 2018	US$50,000	**100%**	100%	Investment holding
Jinxin Global Medical Company Limited	BVI 11 April 2018	US$1	**100%**	100%	Investment holding
Jinxin Investment Group Limited	Hong Kong 22 December 2017	HK$1	**100%**	100%	Investment holding
錦欣醫療投資有限公司 Jinxin Medical Investment Company Ltd *(Note ii)**	PRC 25 August 2015	Registered capital RMB1,000,000	**100%**	100%	Investment holding

46. PARTICULARS OF SUBSIDIARIES (Continued)

At the end of the reporting period, the Company has the following subsidiaries comprising the Group: (Continued)

Name of subsidiaries	Place and date of establishment	Paid-up/ share capital	Attributable equity interest to the Group 2024	2023	Principal activities
Indirectly held: (Continued)					
成都市錦邁創新實驗檢測有限公司 ("Chengdu Jinmai") *(Note ii)**	PRC 17 June 2019	Registered capital RMB1,000,000	**51%**	51%	Sales of medical consumables and equipment
成都錦欣健康管理有限公司 Chengdu Jinxin Health Management Co., Ltd *(Note ii)**	PRC 24 December 2014	Registered capital RMB4,850,000	**100%**	100%	Sales of medical consumables and equipment
四川錦欣西囡婦女兒童醫院有限公司 Jinxin Women and Children Hospital *(Note ii)**	PRC 09 December 2016	Registered capital RMB125,386,636	**100%**	100%	Obstetrics, gynecology and pediatrics medical services
四川錦欣醫療管理有限公司 Sichuan Jinxin Medical Management Co., Ltd *(Note ii)**	PRC 08 December 2021	Registered capital US$1,000,000	**100%**	100%	Management consultancy
成都錦欣產康健康管理諮詢有限公司 Chengdu Jinxin Chankang Health Management Consulting Co., Ltd *(Note ii)**	PRC 18 April 2022	Registered capital RMB5,000,000	**57%**	51%	Postpartum and rehabilitation care services
成都龍泉驛錦欣產康診所有限公司 Chengdu Longquanyi Jinxin Chankang Clinic Co., Ltd. *(Note ii)**	PRC 23 May 2022	Registered capital RMB1,000,000	**57%**	51%	Postpartum and rehabilitation care services
海南三亞錦舒企業管理有限公司 Hainan Sanya Jinshu Enterprise Management Co., Ltd. ("Hainan Sanya") *(Note ii)**	PRC 23 November 2021	Registered capital RMB2,100,000,000	**100%**	100%	Real estate development and operation
Shenzhen Hengyu *(Note ii)*	PRC 30 June 2014	Registered capital RMB10,000,000	**100%**	100%	Real estate development and operation

46. PARTICULARS OF SUBSIDIARIES (Continued)

At the end of the reporting period, the Company has the following subsidiaries comprising the Group: (Continued)

Name of subsidiaries	Place and date of establishment	Paid-up/ share capital	Attributable equity interest to the Group 2024	2023	Principal activities
Indirectly held: (Continued)					
Kunming Hewanjia Hospital *(Note ii)*	PRC 15 January 2014	Registered capital RMB55,714,286	**96.50%**	96.50%	Assisted reproductive services and ancillary medical services
Yunnan Jiuzhou Hospital *(Note ii)*	PRC 24 September 2003	Registered capital RMB42,857,143	**96.50%**	96.50%	Assisted reproductive services and ancillary medical services
Guangzhou Yunzhicai *(Note ii)*	PRC 18 March 2021	Registered capital RMB13,720,000	**89.80%**	89.80%	Investment holding
Guangzhou Hejia *(Note ii)*	PRC 14 May 2021	Registered capital RMB19,130,000	**89.80%**	89.80%	Investment holding
Guangdong Kangzhi *(Note ii)*	PRC 5 March 2018	Registered capital RMB49,300,000	**100%**	100%	Investment holding
雲南咪寶母嬰護理有限公司 Yunnan Mibao Maternal-Child Nursing Co., Ltd. *(Note ii)**	PRC 10 November 2017	Registered capital RMB1,000,000	**100%**	100%	Maternal-Child nursing services
成都錦薈科技有限公司 Chengdu Jinhui Technology Co., Ltd *(Note ii)**	PRC 04 March 2020	Registered capital RMB87,285,000	**100%**	100%	Investment holding
四川錦欣生殖生命健康研究有限公司 Sichuan Jinxin Reproductive Life and Health Research Co., Ltd. *(Notes ii)**	PRC 23 June 2021	Registered capital RMB200,000,000	**100%**	100%	Research and development of IVF related projects, including scientific research and related commercialisation
深圳市錦欣醫療科技創新中心有限公司 Jinxin Medical Innovation Research Center *(Note ii)**	PRC 24 March 2020	Registered capital RMB71,300,000	**100%**	100%	Research and development of IVF related projects, including scientific research and related commercialisation

46. PARTICULARS OF SUBSIDIARIES (Continued)

At the end of the reporting period, the Company has the following subsidiaries comprising the Group: (Continued)

Name of subsidiaries	Place and date of establishment	Paid-up/ share capital	Attributable equity interest to the Group 2024	2023	Principal activities
Indirectly held: (Continued)					
成都錦久匯美餐飲管理有限公司 Chengdu Jinjiu Huimei Catering Management Co., Ltd. *(Note ii)**	PRC 12 May 2023	Registered capital RMB1,000,000	100%	100%	Operating restaurant
成都欣孕來藥房有限公司 Chengdu Xinyunlai Pharmacy Co., Ltd. *(Notes i & ii)**	PRC 20 May 2024	Registered capital RMB1,000,000	100%	N/A	Sales of medicines consumables and equipment
成都欣生康健大藥房有限責任公司 Chengdu Xinsheng Kangjian Pharmacy Co., Ltd. *(Notes i & ii)**	PRC 2 December 2024	Registered capital RMB50,000	100%	N/A	Sales of medicines consumables and equipment
成都惠普康大藥房有限公司 Chengdu Huipukang *(Notes ii & v)**	PRC 12 November 2020	Registered capital RMB1,000,000	100%	N/A	Sales of medicines consumables and equipment
深圳中山生殖與遺傳研究所 Shenzhen Zhongshan Reproductive Institute *(Note ii)**	PRC 19 January 2009	Registered capital RMB1,000,000	100%	100%	Research and development of IVF related projects, including scientific research and related commercialisation
北海錦誠投資合夥企業(有限合夥) Beihai Jincheng Investment Partnership (Limited Partnership) *(Note ii)**	PRC 20 April 2022	Registered capital RMB100,000	100%	100%	Investment holding
北海錦欣旭逸醫療管理合夥企業(有限合夥) Beihai Jinxin Xuyi Medical Management Partnership (Limited Partnership) *(Note ii)**	PRC 20 April 2022	Registered capital RMB100,000	100%	100%	Investment holding

46. PARTICULARS OF SUBSIDIARIES (Continued)

At the end of the reporting period, the Company has the following subsidiaries comprising the Group: (Continued)

Name of subsidiaries	Place and date of establishment	Paid-up/ share capital	Attributable equity interest to the Group		Principal activities
			2024	2023	
Indirectly held: (Continued)					
西藏錦理企業管理有限公司 Xizang Jinli Enterprise Management Co., Ltd. *(Note ii)**	PRC 7 November 2023	Registered capital RMB200,000,000	100%	100%	Management consultancy
成都欣運生藥房有限公司 Chengdu Xinyunsheng Pharmacy Co., Ltd. *(Note ii)**	PRC 18 May 2023	Registered capital RMB1,000,000	100%	100%	Sales of medical consumables and equipment
成都金牛錦欣悦診所有限公司 Chengdu Jinniu Jinxinyue Clinic Co., Ltd. *(Note iii)**	PRC 12 July 2023	–	N/A	51%	Other hospital- derived services
成都錦欣韻餐飲有限公司 Chengdu Jinxinyun Catering Co., Ltd. *(Note ii)**	PRC 16 November 2023	Registered capital RMB50,000	57%	51%	Operating restaurant
成都天府新區錦欣宜診所有限公司 Chengdu Tianfu New District Jinxinyi Clinic Co., Ltd. *(Note ii)**	PRC 9 November 2023	Registered capital RMB1,000,000	57%	51%	Other hospital- derived services
奇浚有限公司 Miracle Legend Limited *(Note iv)**	Hong Kong 26 February 2011	HK$2	100%	100%	Investment holding
茂名奇浚林業有限公司 Maoming Qijun Forestry Co., Ltd. *(Notes ii & iv)**	PRC 21 November 2011	Registered capital US$400,000	100%	100%	Property investment
昆明報喜星健康管理有限公司 Kunming Baoxixing Health Management Co., Ltd. *(Notes i & ii)**	PRC 14 June 2024	Registered capital RMB100,000	100%	N/A	Management consultancy

46. PARTICULARS OF SUBSIDIARIES (Continued)

At the end of the reporting period, the Company has the following subsidiaries comprising the Group: (Continued)

Name of subsidiaries	Place and date of establishment	Paid-up/ share capital	Attributable equity interest to the Group		Principal activities
			2024	2023	
Structured entity:					
成都錦潤福德醫療管理有限公司 Jinrun Fude *(Note ii)**	PRC 9 May 2018	Registered capital RMB300,000	**100%**	100%	Investment holding
成都錦逸弘康企業管理有限公司 Jinyi Hongkang *(Note ii)**	PRC 5 February 2018	Registered capital RMB100,000	**100%**	100%	Investment holding

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 The company was established in 2024.

ii The company is a wholly foreign owned enterprise established in PRC.

iii The subsidiary had been deregistered during the year ended 31 December 2024.

iv In November 2023, the Group acquired 100% equity interest in Miracle Legend Limited and its subsidiary with a consideration of RMB820,000.

v In June 2024, the Group acquired 100% equity interest in Chengdu Huipukang.

As at 31 December 2024, none of non-wholly-owned subsidiaries of the Group has material non-controlling interests.

47. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2024 *RMB'000*	2023 *RMB'000*
Non-current assets		
Interests in subsidiaries	**10,555,144**	9,364,527
Investments in preferred shares measured at FVTPL	**–**	7,052
Prepayments	**–**	34,890
Loan receivable	**22,391**	21,423
Life insurance policy	**24,467**	23,511
	10,602,002	9,451,403
Current assets		
Prepayment and other receivables	**23,377**	19,407
Amounts due from subsidiaries	**534,894**	242,729
Bank balances and cash	**7,107**	1,994
	565,378	264,130
Current liabilities		
Other payables	**5,319**	16,670
Amounts due to subsidiaries	**2,611,042**	138,521
Borrowings	**793,942**	168,290
	3,410,303	323,481
Net current liabilities	**(2,844,925)**	(59,351)
Total assets less current liabilities	**7,757,077**	9,392,052
Non-current liabilities		
Borrowings — Non current	**–**	1,379,664
	–	1,379,664
Net assets	**7,757,077**	8,012,388
Capital and Reserves		
Share capital *(Note 38)*	**182**	180
Reserves	**7,756,895**	8,012,208
Total equity	**7,757,077**	8,012,388

47. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Movement in Company's reserve

	Share premium *RMB'000*	Shares held for restricted share award scheme *RMB'000*	Equity-settled share-based payment reserve *RMB'000*	Accumulated losses *RMB'000*	Translation reserve *RMB'000*	Total *RMB'000*
At 1 January 2023	7,878,111	*	59,176	(271,596)	(661,612)	7,004,079
Loss for the year	–	–	–	(39,126)	–	(39,126)
Other comprehensive expense	–	–	–	–	(5,145)	(5,145)
Total comprehensive expense for the year	–	–	–	(39,126)	(5,145)	(44,271)
Share cancelled *(Note 38)*	–	–	–	–	–	–
Issue of new shares pursuant to the Restricted Share Award Scheme	–	(2)	–	–	–	(2)
Issue of shares *(Note 38)*	999,574	–	–	–	–	999,574
Transaction costs attributable to issue of shares	(602)	–	–	–	–	(602)
Dividends recognised as distribution	–	–	–	–	–	–
Recognition of equity-settled share-bases payment *(Note 39)*	–	–	53,430	–	–	53,430
Exercise of restricted shares *(Note 39)*	27,014	*	(27,014)	–	–	–
At 31 December 2023	**8,904,097**	**(2)**	**85,592**	**(310,722)**	**(666,757)**	**8,012,208**
At 1 January 2024	**8,904,097**	**(2)**	**85,592**	**(310,722)**	**(666,757)**	**8,012,208**
Loss for the year	**–**	**–**	**–**	**(101,468)**	**–**	**(101,468)**
Other comprehensive expense	**–**	**–**	**–**	**–**	**185**	**185**
Total comprehensive expense for the year	**–**	**–**	**–**	**(101,468)**	**185**	**(101,283)**
Repurchase of shares	**(51,313)**	*	**–**	**–**	**–**	**(51,313)**
Issue of new shares pursuant to the Restricted Share Award Scheme	**–**	**(2)**	**–**	**–**	**–**	**(2)**
Dividends recognised as distribution	**(150,000)**	**–**	**–**	**–**	**–**	**(150,000)**
Recognition of equity-settled share-bases payment *(Note 39)*	**–**	**–**	**47,285**	**–**	**–**	**47,285**
Forfeiture of equity-settled-share-based payment *(Note 39(b))*	**–**	**–**	**(847)**	**847**	**–**	**–**
Vesting of restricted shares *(Note 39)*	**65,940**	**1**	**(65,941)**	**–**	**–**	**–**
At 31 December 2024	**8,768,724**	**(3)**	**66,089**	**(411,343)**	**(666,572)**	**7,756,895**

* The amount is less than RMB1,000.

48. MAJOR NON-CASH TRANSACTIONS

Other than disclosed elsewhere in the consolidated financial statements, the Group also entered into the following non-cash transactions:

During the year ended 31 December 2024, the consideration of the investment in Jincheng Hongda with amount of RMB84,303,000, accounted as equity instrument at FVTOCI, was utilised by the prepayment on acquisition of equity interests.

During the year ended 31 December 2024, the Group entered into a new lease agreement for Jinxin Investment Group Limited for 3 years without extension options. On the lease commencements, the Group recognised RMB6,023,000 of right-of-use assets and RMB6,023,000 lease liabilities.

During the year ended 31 December 2023, the Group entered into a new lease agreement for a hospital in Kunming for 10 years without extension options. On the lease commencements, the Group recognised RMB42,186,000 of right-of-use assets and RMB42,186,000 lease liabilities in Kunming.

49. CONTINGENT LIABILITIES

The Group has been involved in legal proceedings and claims during the current period that arise in the ordinary course of business, which primarily include medical and labour dispute claims brought by the former patients or employees over the past few years.

The Group has been vigorously defending these legal proceedings and claims. The Directors believe that the final outcome of these outstanding legal proceedings and claims 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 material provision has been made regarding these legal proceedings and claims during the current period.

Definitions

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

"2022 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 Sichuan Jinxin Xinan Hospital (Jingxiu Campus), Jinxin Women and Child Hospital details of which are described in the Company's announcement dated November 26, 2021
"2022 Share Award Scheme"	the 2022 restricted share award scheme conditionally adopted by the Company on February 17, 2022 and amended by the Company on June 25, 2024, the principal terms of which are summarized in the circular of the Company dated May 31, 2024
"AGM"	annual general meeting of the Company
"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 May 3, 2011, the Group's indirect subsidiary
"ARS"	assisted reproductive service(s)
"Articles of Association"	the articles of association of the Company (as amended from time to time)
"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
"BVI"	British Virgin Islands
"Cayman Islands Companies Law"	the 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
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Chairman"	the Chairman of the Board

"Chengdu Xinan Clinic"	Chengdu Jinjiang Xinan Clinic Co., Ltd* (成都錦江西囡診所有限公司) (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
"China", "Mainland China" or the "PRC"	the People's Republic of China excluding, for the purpose of this annual report, Hong Kong, Macau Special Administrative Region and Taiwan
"Company", "Jinxin Fertility", "Jinxin", "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
"Contractual Arrangements"	the Chengdu Xinan and Shenzhen Zhongshan Contractual Arrangements, the 2021 Contractual Arrangements, the 2022 Contractual Arrangements and the Jiuzhou Hospital and Hewanjia Hospital Contractual Arrangements
"Director(s)"	the director(s) of the Company
"ESOP"	collectively the Pre-IPO RSU Scheme, the 2022 Share Award Scheme and the Share Option Scheme
"Group"	the Company and its subsidiaries
"HK dollar(s)" or "HK$" or "HKD"	Hong Kong dollar(s), the lawful currency of Hong Kong
"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 a subsidiary of the Group
"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
"HRC 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
"ICSI"	intracytoplasmic sperm injection
"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
"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 with limited liability on May 9, 2018, the Group's subsidiary by virtue of 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 2022 Contractual Arrangements

"Jiuzhou Hospital"	Yunnan Jinxin Jiuzhou Hospital Co., Ltd.* (雲南錦欣九州醫院有限公司), a company established under the laws of the PRC with limited liability on September 24, 2003 and a subsidiary of the Group
"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 2022 Contractual Arrangements
"Jinyi Hongkang Registered Shareholders"	two individual shareholders of Jinyi Hongkang, namely Ms. Lyu Rong and Mr. Xu Jun
"Kangseed Investment"	a minority shareholding interest investment by the Group in the holding company of a company primarily operating an App for online health management for women
"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 C3 to the Listing Rules
"OPU"	oocyte pick up cycle
"Physician Shareholders"	Dr. Michael A. Feinman, Dr. Daniel A. Potter, Dr. Jane L. Frederick, Dr. David Tourgeman, Dr. Bradford A. Kolb, Dr. John G. Wilcox, Dr. Jeffrey Nelson and Dr. Robert Boostanfar, each a certified physician in California, United States, and ultimate beneficial shareholder of HRC Investment, and all of them together are connected persons of our Company by virtue of being our substantial Shareholders
"Pre-IPO RSU Scheme"	the restricted share award scheme conditionally adopted by the Company on February 15, 2019, which has been terminated as at June 30, 2024

Definitions

"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
"R&D"	research and development
"Renminbi" or "RMB"	Renminbi Yuan, the lawful currency of the PRC
"Reporting Period"	the twelve-month period from January 1, 2024 to December 31, 2024
"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, and is operated under the brand name Gratia Medical Centre
"RSU"	a restricted share unit award granted to a participant under the Pre-IPO RSU Scheme
"Restricted Shares"	any Shares that may be offered by the Company to any selected Eligible Participant under the 2022 Share Award Scheme
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) in the capital of the Company with nominal value of US$0.00001 each
"Shareholder(s)"	holder(s) of Share(s)
"Share Option Scheme"	the share option scheme conditionally adopted by the Company on June 3, 2019, which has been terminated as at June 30, 2024
"Shenzhen Zhongshan Hospital"	Shenzhen Zhongshan Obstetrics and Gynecology Hospital (深圳中山婦產醫院), a company established in Shenzhen, PRC with limited liability on May 18, 2004, the Group's indirect subsidiary that is a for-profit specialty hospital
"Sichuan Jinxin Fertility"	Sichuan Jinxin Fertility Medical Management Co., Ltd. (四川錦欣生殖醫療管理有限公司), previously known as Chengdu Jinde Corporate Management Company Limited (成都錦德企業管理有限公司), a company established under the laws of the PRC with limited liability on September 12, 2016, our indirect subsidiary

"Sichuan Jinxin Medical Management"	Sichuan Jinxin Medical Management Co., Ltd* (四川錦欣醫療管理有限公司), a company established in the PRC with limited liability on December 8, 2021, the Group's 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), 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), 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
"success rate"	the form of "clinical pregnancy rate" that has been adopted for discussion in the Prospectus and this annual report
"U.S.", "US", or "United States"	the United States of America
"U.S. dollar(s)" or "US$" or "USD"	United States dollar(s), the lawful currency of the United States of America
"VIE"	variable interest entity
"VIE Entities"	the entities that we control certain percentage of their shareholding through the Contractual Arrangements which comprised, as at the date of this annual report, Chengdu Xinan Clinic, Shenzhen Zhongshan Hospital, Sichuan Jinxin Xinan Hospital (Jingxiu Campus), Jiuzhou Hospital and Hewanjia Hospital

Definitions

"WP Partnership"	WP Healthcare Investment (Wuxi Yixing) Partnership (Limited Partnership), a comprehensive investment fund
"Wuhan Jinxin Hospital"	Wuhan Jinxin Integrated Gynecology and Obstetrics Hospital Co,. Ltd (武漢錦欣中西醫結合婦產醫院有限公司), a company established in PRC with limited liability on February 17, 2006, the Group's indirect subsidiary

In this annual report, the terms "associate", "associated corporation", "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*