

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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: 1951)

**ANNOUNCEMENT OF THE RESULTS
FOR THE SIX MONTHS ENDED JUNE 30, 2024**

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the six months ended June 30, 2024 was approximately RMB1,443.8 million, representing an increase of 8.2% as compared to approximately RMB1,333.9 million for the six months ended June 30, 2023.
- Net profit of the Group for the six months ended June 30, 2024 was approximately RMB190.3 million, representing a decrease of 15.0% as compared to approximately RMB223.8 million for the six months ended June 30, 2023. The decrease in net profit was primarily attributable to an increase of RMB30.7 million in amortization of ESOP costs.
- Non-IFRS adjusted net profit⁽¹⁾ of the Group for the six months ended June 30, 2024 was approximately RMB259.6 million, representing an increase of 1.8% when compared with that of approximately RMB255.0 million for the six months ended June 30, 2023.
- Non-IFRS EBITDA⁽²⁾ of the Group for the six months ended June 30, 2024 was approximately RMB380.9 million, representing a decrease of 1.80% when compared with that of approximately RMB387.7 million for the six months ended June 30, 2023. Non-IFRS adjusted EBITDA⁽³⁾ of the Group for the six months ended June 30, 2024 was approximately RMB418.1 million, representing an increase of 6.1% as compared to approximately RMB394.1 million for the six months ended June 30, 2023.

Non-IFRS Measures

To supplement the Group's consolidated financial statements which are presented in accordance with IFRS, the Company has provided EBITDA⁽²⁾, adjusted EBITDA, and adjusted net profit as non-IFRS measures, which are not required by, or presented in accordance with IFRS. The Company believes that the non-IFRS adjusted financial measures provide useful information to investors and others in understanding and evaluating the Group's consolidated statements of profit or loss in the same manner as they helped the Company's management, and that the Company's management and investors may benefit from referring to these non-IFRS adjusted financial measures in assessing the Group's operating performance during this interim period by eliminating impacts of items that the Group does not consider indicative of the Group's operating performance. However, the presentation of these non-IFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with the IFRS. You should not view the non-IFRS adjusted results on a stand-alone basis or as a substitute for results under IFRS.

Notes:

- (1) Non-IFRS adjusted net profit is calculated as net profit for the Reporting Period, excluding (i) amortization of ESOP costs; and (ii) depreciation of property, plant and equipment, amortization of medical practice license and non-compete agreement arising from acquisitions and deferred taxes.
- (2) Non-IFRS EBITDA is calculated as the earnings before interest, taxes, depreciation of property, plant and equipment and amortization of intangible assets, which is defined as profit before taxation plus finance cost (excluding interest on lease liabilities), depreciation of property, plant and equipment and amortization of medical practice license and non-compete agreement, less interest income excluding imputed income from related parties.
- (3) Non-IFRS adjusted EBITDA is calculated as non-IFRS EBITDA for the Reporting Period, excluding amortization of ESOP costs.

INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

The Board of Directors is pleased to announce the audited consolidated annual results of the Group for the six months ended June 30, 2024, together with the comparative figures for the corresponding period in 2023.

In this announcement, “we”, “us”, and “our” refer to the Company and where the context otherwise requires, the Group.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	<i>NOTES</i>	<u>Six months ended 30 June</u>	
		<u>2024</u>	<u>2023</u>
		<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(unaudited)
Revenue	3	1,443,756	1,333,906
Cost of revenue		(860,740)	(769,582)
Gross profit		583,016	564,324
Other income	4	26,529	47,530
Other expense		(577)	(17,323)
Other gains and losses, net	5	(3,808)	10,468
Research and development expenses		(10,888)	(10,649)
Administrative expenses		(215,694)	(188,072)
Selling and distribution expenses		(86,272)	(87,242)
Share of results of associates		1,976	2,381
Share of result of a joint venture		–	(232)
Finance costs	6	(28,526)	(42,650)
Profit before taxation	7	265,756	278,535
Income tax expenses	8	(75,443)	(54,734)
Profit for the period		190,313	223,801

	Six months ended 30 June	
	2024	2023
<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Other comprehensive income (expense):		
<i>Items that will not be reclassified to profit or loss:</i>		
Exchange difference on translation from functional currency to presentation currency	–	436,550
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	18,956	(213,750)
Other comprehensive income for the period	18,956	222,800
Total comprehensive income for the period	209,269	446,601
Profit for the period attributable to:		
— Owners of the Company	189,682	223,563
— Non-controlling interests	631	238
	190,313	223,801
Total comprehensive income for the period attributable to:		
— Owners of the Company	208,396	445,291
— Non-controlling interests	873	1,310
	209,269	446,601
Earnings per share:		
— Basic (RMB)	0.07	0.08
— Diluted (RMB)	0.07	0.08

10

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	<u>As at</u> 30 June <u>2024</u>	<u>As at</u> 31 December <u>2023</u>
<u>NOTES</u>	<u>RMB'000</u> (unaudited)	<u>RMB'000</u> (audited)
Non-current assets		
Property, plant and equipment	2,640,149	2,595,241
Right-of-use assets	495,903	528,204
Goodwill	3,500,300	3,495,983
Licenses	1,508,710	1,531,148
Non-compete agreement	18,599	19,174
Contractual right to provide management services	2,009,045	1,996,613
Trademarks	2,671,527	2,664,197
Investments in preferred shares measured at fair value through profit or loss (“FVTPL”)	7,052	7,052
Interests in an associate accounted for using equity method	162,412	159,431
Financial assets at FVTPL	80,000	80,000
Interest in a joint venture	25,093	25,093
Loan receivable	<i>11</i> 28,389	28,431
Refundable deposits	66,106	65,620
Prepayments	<i>11</i> 203,744	184,595
Amounts due from related parties	28,368	28,368
Deferred tax assets	125,283	121,068
Life insurance policy	23,813	23,511
	13,594,493	13,553,729
Current assets		
Inventories	60,888	62,428
Accounts and other receivables	<i>11</i> 277,567	169,370
Amounts due from related parties	96,014	213,687
Tax recoverable	47,347	44,063
Time deposits	203,003	87,051
Other financial assets at FVTPL	51,938	141,569
Bank balances and cash	517,321	624,280
	1,254,078	1,342,448

		<u>As at</u> 30 June <u>2024</u>	<u>As at</u> 31 December <u>2023</u>
	<u>NOTES</u>	<u>RMB'000</u> (unaudited)	<u>RMB'000</u> (audited)
Current liabilities			
Accounts and other payables	12	866,723	805,083
Amounts due to related parties		23,483	12,264
Lease liabilities		71,188	72,199
Tax payables		50,136	52,483
Bank borrowings		1,231,671	747,804
		<u>2,243,201</u>	<u>1,689,833</u>
Net current liabilities		(989,123)	(347,385)
Total assets less current liabilities		<u>12,605,370</u>	<u>13,206,344</u>
Non-current liabilities			
Lease liabilities		312,220	349,726
Deferred tax liabilities		1,221,721	1,210,705
Bank borrowings	13	803,192	1,379,664
Loan payables	12	–	79,437
		<u>2,337,133</u>	<u>3,019,532</u>
Net assets		<u>10,268,237</u>	<u>10,186,812</u>
Capital and reserves			
Share capital		182	180
Reserves		10,174,108	10,091,243
Equity attributable to owners of the Company		<u>10,174,290</u>	<u>10,091,423</u>
Non-controlling interests		93,947	95,389
Total equity		<u>10,268,237</u>	<u>10,186,812</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Attributable to owners of the Company											
	Share capital	Shares held for restricted			Capital reserve	Translation reserve	Statutory reserve	Equity- settled	Retained profits	Sub-total	Non- controlling interests	Total
		Share premium	share award scheme	share-based payment				RMB'000				
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2024 (audited)	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 for the period	-	-	-	-	-	-	-	189,682	189,682	631	190,313	
Other comprehensive income for the period	-	-	-	-	18,714	-	-	-	18,714	242	18,956	
Total comprehensive income for the period	-	-	-	-	18,714	-	-	189,682	208,396	873	209,269	
Repurchase of shares (Note (a))	-	(12,644)	*	-	-	-	-	-	(12,644)	-	(12,644)	
Dividends recognised as distribution (Note 9)	-	(150,000)	-	-	-	-	-	-	(150,000)	-	(150,000)	
Recognition of equity-settled share-based payments	-	-	-	-	-	-	37,115	-	37,115	-	37,115	
Vesting of restricted shares	-	33,704	*	-	-	-	(33,704)	-	-	-	-	
Issue of shares for Restricted Share Award Scheme	2	-	(2)	-	-	-	-	-	-	-	-	
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(2,315)	(2,315)	
Transfer to statutory reserve	-	-	-	-	-	27,178	-	(27,178)	-	-	-	
At 30 June 2024 (unaudited)	<u>182</u>	<u>8,775,157</u>	<u>(4)</u>	<u>(402,668)</u>	<u>(56,213)</u>	<u>157,987</u>	<u>89,003</u>	<u>1,610,846</u>	<u>10,174,290</u>	<u>93,947</u>	<u>10,268,237</u>	

* The amount is less than RMB1,000.

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

(Note (b))

* The amount is less than RMB1,000.

Notes:

- (a) During the current interim period, the Company repurchased its own ordinary shares through the Stock Exchange for the satisfaction of awards to be granted under the 2022 RSU Scheme. The Company repurchased 5,000,000 of its shares with a total amount of RMB12,644,000 (six months ended 30 June 2023: Nil).
- (b) Amount represented statutory reserve of the entities in the People's Republic of China (the "PRC"). According to the relevant laws in the PRC, companies established in the PRC with limited liability are required to transfer at least 10% of their net profit after taxation, as determined under the PRC accounting regulations, to a non-distributable reserve fund until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before the distribution of a dividend to owners. Such reserve fund can be used to offset the previous years' losses, if any, and is non-distributable other than upon liquidation.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Operating activities		
Operating cash flows before movements in working capital	468,444	457,213
Increase in accounts and other receivables	(35,679)	(30,864)
Decrease in amounts due from related parties	48,243	20,745
Decrease in accounts and other payables	(23,496)	(24,823)
Other changes in working capital and tax paid	(73,685)	(85,447)
Net cash from operating activities	383,827	336,824
Investing activities		
Interest received from banks	3,901	6,265
Interest received from time deposits	541	9,296
Proceeds from disposal of other financial assets at FVTPL	619,229	257,572
Purchase of other financial assets at FVTPL	(529,160)	(440,239)
Proceeds from disposal of property, plant and equipment	2,403	232
Purchase of property, plant and equipment	(67,056)	(95,859)
Prepayment of property, plant and equipment	(26,544)	–
Withdrawal of time deposits	265,113	1,272,727
Placement of time deposits	(268,134)	(1,311,291)
Repayments from related parties	383	16,509
Advances to related parties	(635)	(21,474)
Advances to associates	–	(612)
Redemption of Convertible Bonds	–	(1,604,588)
Settlement of consideration payables on acquisition of subsidiaries in prior year	–	(46,624)
Net cash from (used in) investing activities	41	(1,958,086)

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Financing activities		
Interest paid	(74,982)	(27,176)
Repayment of bank borrowings	(1,526,097)	(381,101)
New bank borrowings raised	1,421,692	591,711
Repayment of loan payables	(129,530)	(37,085)
Repayment of leases liabilities	(45,963)	(41,899)
Repayment to related parties	(1,601)	(25,736)
Proceeds from issue of shares	–	999,586
Transaction costs attributable to issue of shares	–	(602)
Payment on repurchase of shares	(12,644)	–
Interest paid for lease liabilities	(8,851)	(9,816)
Advances from related parties	165	130
Dividend paid	–	(10,504)
Dividend paid to non-controlling interests	(2,315)	–
Net cash (used in) from financing activities	(380,126)	1,057,508
Net increase (decrease) in cash and cash equivalents	3,742	(563,754)
Cash and cash equivalents at beginning of the period	691,331	1,329,948
Effect of foreign exchange rate changes	418	3,940
Cash and cash equivalents at end of the period, represented by	695,491	770,134
Bank balances and cash	517,321	761,064
Time deposits with original maturity of less than three months	178,170	9,070
	695,491	770,134

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. GENERAL AND BASIS OF PREPARATION

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

The Company is an investment holding company. The major subsidiaries of the Company are principally engaged in the provision of (i) assisted reproductive services; (ii) management services; (iii) ambulatory surgery centre facilities services; (iv) ancillary medical services; (v) obstetrics, gynecology and pediatrics medical services; and (vi) sales of medicines, consumables and equipment.

During the current interim period, as the underlying operations of the principal subsidiaries and the Company’s investments strategy became more diversified globally, which indicated by continuing expansion in the PRC and the Southeast Asia and early repaid 62% of the principle of its syndicated bank loans denominated in United States Dollars (“**USD**”), 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 USD, and therefore changed the functional currency of the Company from USD to RMB prospectively from 1 January 2024.

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

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (“**IASB**”) as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange.

Going concern assessment

In preparing the Group’s condensed consolidated financial statements, the Directors 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 RMB989,123,000 and the Group’s current liabilities primarily comprise of accounts and other payables amounting to RMB866,401,000 and bank borrowings which are due within one year amounting to RMB1,231,671,000 as at 30 June 2024.

The Directors have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future after considering the followings:

- as at 30 June 2024, the Group has unused banking facility of approximately RMB419,659,000, which is available for drawdown and utilisation in the course of ordinary business from the date of the approval of these condensed consolidated financial statements;
- subsequent to 30 June 2024, the Group has obtained additional banking facilities of approximately RMB356,340,000, which is made immediately available for the Group to utilise at the date of granting such facilities;
- subsequent to 30 June 2024, the Group had been in advanced negotiation with certain banks which expressed their willingness to grant additional banking facilities to the Group. As at the date of these condensed consolidated financial statements, the Group received a mandate letter from a bank who proposed to act as mandated lead arranger and bookrunner of facility of USD150,000,000; and
- the Directors reviewed the Group's cash flow projections which cover a period of not less than twelve months from 30 June 2024, and have reasonable expectations that the group is able to generate sufficient operating cash flow which enable the Group to meet its obligation when it falls due in the foreseeable future.

In view of the above circumstances, the Directors expects that the Group will have sufficient liquidity to meet its financial obligations that will be due in the coming twelve months from 30 June 2024. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than change in accounting policies resulting from application of amendments to International Financial Reporting Standards (“**IFRS Standards**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2023.

Application of amendments to IFRS Standards

In the current interim period, the Group has applied the following amendments to IFRS Standards issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the Group's condensed 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

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

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received and receivable for assisted reproductive services, management services, ambulatory surgery centre facilities services, ancillary medical services, obstetrics, gynecology and pediatrics medical services, and sales of medicines, consumables and equipment, net of discounts.

During the six months ended 30 June 2024 and 2023, the Group's revenue is contributed from its operations in Chengdu, Shenzhen, Wuhan, Kunming, the United States of America (the "U.S.A.") and Hong Kong Special Administrative Region ("**Hong Kong**").

Information reported to the chief executive officers, being the chief operating decision makers ("**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 six months ended 30 June 2024 and 2023. The following is an analysis of the Group's revenue and results by operating and reportable segments.

For the six months ended 30 June 2024:

	<u>Greater China</u> <i>RMB'000</i> (unaudited)	<u>Overseas</u> <i>RMB'000</i> (unaudited)	<u>Consolidated</u> <i>RMB'000</i> (unaudited)
Revenue			
Segment revenue from external customers	<u>1,137,636</u>	<u>306,120</u>	<u>1,443,756</u>
Segment profit	<u>345,660</u>	<u>8,717</u>	<u>354,377</u>
Unallocated administrative expenses			(30,004)
Share-based compensation benefits			(37,115)
Certain interest on bank borrowing			(16,339)
Exchange loss, net			(5,868)
Certain interest income from banks			118
Certain interest income from time deposits			587
Profit before taxation			<u>265,756</u>

For the six months ended 30 June 2023:

	<u>Greater China</u> <i>RMB'000</i> (unaudited)	<u>Overseas</u> <i>RMB'000</i> (unaudited)	<u>Consolidated</u> <i>RMB'000</i> (unaudited)
Revenue			
Segment revenue from external customers	<u>1,045,511</u>	<u>288,395</u>	<u>1,333,906</u>
Segment profit	<u>316,615</u>	<u>21,200</u>	<u>337,815</u>
Unallocated administrative expenses			(37,844)
Share-based compensation benefits			(6,370)
Certain interest on bank borrowing			(29,692)
Exchange gain, net			6,745
Certain interest income from banks			90
Interest on convertible bonds			(1,310)
Certain interest income from time deposits			9,101
Profit before taxation			<u>278,535</u>

Revenue from major services

	<u>Six months ended 30 June</u>	
	<u>2024</u>	<u>2023</u>
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
<u>Types of services</u>		
Assisted reproductive and related services	778,072	710,052
Management services	287,371	283,834
Other medical services including gynecology and pediatrics medical services	201,655	188,770
Obstetrics medical services	116,384	102,024
Sales of consumables and equipment	60,274	49,226
Total	<u>1,443,756</u>	<u>1,333,906</u>

	<u>Six months ended 30 June</u>	
	<u>2024</u>	<u>2023</u>
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
<u>Timing of revenue recognition</u>		
A point in time recognition	781,330	728,199
Over time recognition	662,426	605,707
Total	<u>1,443,756</u>	<u>1,333,906</u>

Geographical information

On 30 June 2024, the non-current assets located in the Greater China and Overseas amounted to RMB9,153,241,000, and RMB4,113,106,000, respectively (31 December 2023: RMB9,120,200,000, and RMB4,110,042,000, respectively). Non-current assets as at 30 June 2024 and 31 December 2023 excluded loan receivable, financial assets at FVTPL, refundable deposits, deferred tax assets and amounts due from related parties.

Information about major customers

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

	<u>Six months ended 30 June</u>	
	<u>2024</u>	<u>2023</u>
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Huntington Center Medical Group (“HRC Medical”)	<u>237,925</u>	<u>225,208</u>

4. OTHER INCOME

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest income from time deposits	587	9,139
Interest income from banks	3,901	6,265
Government grants	14,004	22,059
Others	8,037	10,067
	26,529	47,530

5. OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Fair value change of other financial assets at FVTPL	1,860	2,091
Exchange (loss) gain, net	(5,883)	6,745
Gain on early termination of leases	62	1,047
Net gain on a life insurance policy	303	366
Loss on disposal of property, plant and equipment	(117)	(497)
Others	(33)	716
Total	(3,808)	10,468

6. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest on bank borrowings (<i>Note</i>)	19,675	31,524
Interest on convertible bonds	–	1,310
Interest on lease liabilities	8,851	9,816
	28,526	42,650

Note:

	<u>Six months ended 30 June</u>	
	<u>2024</u>	<u>2023</u>
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Total borrowing cost	67,447	84,268
Less: amounts capitalised in construction in progress	(47,772)	(52,744)
	<u>19,675</u>	<u>31,524</u>

Borrowing costs capitalised during the periods ended 30 June 2024 and 2023 arose on the specific borrowings.

7. PROFIT BEFORE TAXATION

	<u>Six months ended 30 June</u>	
	<u>2024</u>	<u>2023</u>
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging:		
Cost of inventories recognised as expenses (representing pharmaceutical products and consumables used and sold, included in cost of revenue)	385,601	348,259
Share-based compensation benefits	37,115	6,370
Amortisation of licenses (included in administrative expenses)	22,438	22,404
Amortisation of non-compete agreement (included in administrative expenses)	736	717
Depreciation of property, plant and equipment	76,831	68,616
Depreciation of right-of-use assets	39,551	32,896

8. INCOME TAX EXPENSES

	<u>Six months ended 30 June</u>	
	<u>2024</u>	<u>2023</u>
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Current tax:		
PRC Enterprise Income Tax (“EIT”)	68,134	55,158
Hong Kong Profits Tax	1,747	1,882
California State Income Tax	161	108
	<u>70,042</u>	<u>57,148</u>
Withholding tax:	1,446	17,912
Deferred tax:		
Current period	3,955	(20,326)
	<u>75,443</u>	<u>54,734</u>

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

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for the six months ended 30 June 2024 and 2023.

Certain subsidiaries of the Company are subject to U.S.A. corporate tax representing 21% of the applicable U.S.A. Federal Income Tax rate and an average of 8.84% for California State Income Tax rate for the six months ended 30 June 2024 and 2023 for their operations in the U.S.A. There was no assessable profit that was subject to U.S.A. Federal Income Tax during the six months ended 30 June 2024 and 2023.

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

9. DIVIDENDS

A final cash dividend in respect of the year ended 31 December 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.

During the six months ended 30 June 2023, no dividend were paid, declared or proposed to owners of the Company.

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2024 (Six months ended 30 June 2023: Nil).

10. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	189,682	223,563
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 period attributable to owners of the Company)	189,682	214,020
	2024	2023
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	2,685,475,449	2,668,504,206
Effect of dilutive potential ordinary shares:		
Restricted Shares Units issued by the Company	14,181,186	4,852,184
Convertible bonds issued by the Company	–	60,156,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,699,656,635	2,733,512,390

For the six months ended 30 June 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 and the effect of the ordinary shares issued by the Company.

For the six months ended 30 June 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).

11. ACCOUNTS AND OTHER RECEIVABLES

	<u>At</u> <u>30 June</u> <u>2024</u> <i>RMB'000</i> (unaudited)	<u>At</u> <u>31 December</u> <u>2023</u> <i>RMB'000</i> (audited)
Accounts receivables	169,997	73,086
Other receivables and prepayments:		
Prepayments on acquisitions of equity interests (<i>Note i</i>)	153,568	153,436
Prepayments to a director of a subsidiary (<i>Note ii</i>)	18,648	25,069
Prepayments to suppliers	115,532	87,000
Interest receivables	272	226
Loan receivable	28,389	28,431
Others	23,294	15,148
	<u>509,700</u>	<u>382,396</u>
Less: Loan receivable classified as non-current assets (<i>Note iii</i>)	(28,389)	(28,431)
Prepayments classified as non-current assets	(203,744)	(184,595)
Total accounts and other receivables as current assets	<u>277,567</u>	<u>169,370</u>

Notes:

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

- (ii) With effect from 1 December 2022 to 30 November 2025, a director of Shenzhen Zhongshan Hospital is entitled to an aggregate remuneration of HK\$43,300,000 (equivalent to approximately RMB39,520,000).
- (iii) The amount represent US\$3,070,000 (equivalent to approximately RMB21,876,000) (2023: US\$3,025,000 (equivalent to approximately RMB21,723,000)) loan receivable from a shareholder of an associate and US\$914,000 (equivalent to approximately RMB6,513,000) (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 (2023: 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 condensed consolidated statement of financial position.

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 from 30 to 90 days from the transaction date.

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

	<u>As at</u> 30 June 2024 <i>RMB’000</i> (unaudited)	<u>As at</u> 31 December <u>2023</u> <i>RMB’000</i> (audited)
Within 90 days	122,623	44,408
91 to 180 days	32,799	16,653
Over 180 days	14,575	12,025
	<u>169,997</u>	<u>73,086</u>

12. ACCOUNTS AND OTHER PAYABLES

	<u>As at</u> <u>30 June</u> <u>2024</u> <i>RMB'000</i> (unaudited)	<u>As at</u> <u>31 December</u> <u>2023</u> <i>RMB'000</i> (audited)
Accounts payables	<u>257,094</u>	<u>231,286</u>
Other payables:		
Construction payables	51,713	48,703
Loan payables (<i>Note i</i>)	108,275	236,075
Dividend payable	150,000	–
Refundable customers' deposits	159,840	141,636
Accrued employee expenses	76,393	137,959
Provision	5,701	13,988
Value-added tax and other tax payables	7,762	12,494
Interest payables	941	14,015
Deferred income (<i>Note ii</i>)	11,648	11,345
Others	<u>37,356</u>	<u>37,019</u>
	<u>609,629</u>	<u>653,234</u>
Total accounts and other payables	<u>866,723</u>	<u>884,520</u>
Less: Loan payables as non-current liabilities	<u>–</u>	<u>(79,437)</u>
Total accounts and other payables as current liabilities	<u>866,723</u>	<u>805,083</u>

Notes:

- (i) The amounts represent unsecured, interest-free loan payables to the former shareholders of 深圳市恆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 30 June 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 generally from 30 to 90 days from the invoice date.

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

	<u>As at</u> <u>30 June</u> <u>2024</u> <i>RMB'000</i> (unaudited)	<u>As at</u> <u>31 December</u> <u>2023</u> <i>RMB'000</i> (audited)
Within 90 days	192,168	161,031
91 to 180 days	27,689	34,265
181 to 365 days	18,670	23,629
Over 365 days	18,567	12,361
	<u>257,094</u>	<u>231,286</u>

13. BANK BORROWINGS

	<u>As at</u> <u>30 June</u> <u>2024</u> <i>RMB'000</i> (unaudited)	<u>As at</u> <u>31 December</u> <u>2023</u> <i>RMB'000</i> (audited)
Bank borrowings-guaranteed	<u>2,034,863</u>	<u>2,127,468</u>
The carrying amounts of the above borrowings are repayable:		
Within one year	1,231,671	747,804
Within a period of more than one year but not exceeding two years	125,663	1,379,664
Within a period of more than two years but not exceeding three years	166,364	–
Within a period of more than three years	511,165	–
	<u>2,034,863</u>	<u>2,127,468</u>

Note:

On 28 December 2021, the Company obtained syndicated bank facility amounted to US\$300,000,000 (equivalent to approximately RMB2,070,678,000). Credit Suisse AG Singapore branch and China CITIC Bank International Limited acted as mandated lead arrangers and bookrunners of the syndicated bank facility. During the year ended 31 December 2022, the Company drew down the bank facility to its full amount. The syndicated loans carry interest at variable market rates of Secured Overnight Financing Rate plus a fixed interest of 2.2% and are scheduled to be repaid by installments of 15%, 20% and 65% of the principal upon 24, 30 and 36 months of the utilisation date. As at 30 June 2024, the outstanding amount of the loans are repayable by instalments of 11.0% of the principal upon 36 months of the utilisation date.

The Group obtained new loans amounting to RMB1,421,692,000 (six months ended 30 June 2023: RMB591,711,000) and made repayments amounting to approximately RMB1,526,097,000 (six months ended 30 June 2023: RMB381,101,000) of which approximately RMB1,349,837,000 (six months ended 30 June 2023: nil) were early repaid in relation to the syndicated loans mentioned above. The borrowings carry annual interest rates ranging from 2.5% to 7.3% per annum as at 30 June 2024 (31 December 2023: 3.5% to 7.3% per annum) and are repayable between 2024 and 2030 (31 December 2023: repayable between 2024 and 2025).

MANAGEMENT DISCUSSION AND ANALYSIS

REGULATORY OVERVIEW

According to the 2023 population data released by the National Bureau of Statistics of China on January 17, 2024: (i) the national population of China was 1,409.7 million as at the end of 2023, representing a year-on-year decrease of 2.1 million as compared to the end of 2022; (ii) the number of births in 2023 was 9.0 million, representing a year-on-year decrease of 540,000 as compared to 2022, with a birth rate of 6.39%; (iii) the number of deaths was 11.1 million, with a mortality rate of 7.87%; and (iv) the natural population growth rate was -1.48%. The prominent issues of China's population structure are attributable to declining birth rates and accelerated aging, 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.

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. Beijing City and Guangxi Province included certain ARS treatments in the national reimbursement program in July and November 2023, respectively. As at the date of this announcement, a total of 19 provinces/municipalities in China have officially announced that ARS treatment has been included in the scope of national medical insurance payment, and geographically the coverage has been expanded to include Shandong province, Shanghai city, Zhejiang province, Fujian province, Shaanxi province and others. In addition, Sichuan province, Guangdong province, Hubei province and Yunnan province, where the Group’s operating subsidiaries are located, have also issued consultation papers relating to inclusion of ARS treatment in the scope of national medical insurance payment.

Coupled with the public’s current perception on fertility and the refinement of government’s childbirth policies, medical institutions offering ARS and full life-cycle fertility services have to embrace structural changes across the industry, and in turn opportunities and challenges. 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 impose stricter requirements on comprehensive capabilities in terms of clinical, management, and research and development.

BUSINESS UPDATE

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. IOT 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 June 30, 2024

<u>Region</u>	<u>Revenue derived from Medical Services</u>				<u>Total</u>
	<u>Number of Institutions</u>	<u>Number of IVF treatment cycles</u>	<u>Self-owned institutions</u>	<u>IOT institutions</u>	
Chengdu	3	7,571	649.1	233.6	882.7
Greater Bay Area	3	3,022	241.9	0.0	241.9
Kunming and Wuhan	3	2,133	130.0	0.0	130.0
Overseas	11	2,325	75.1	316.0	391.1
Total	20	15,051	1,096.1	549.6	1,645.7

Operating data as at June 30, 2023

<u>Region</u>	<u>Revenue derived from Medical Services</u>				<u>Total</u>
	<u>Number of Institutions</u>	<u>Number of IVF treatment cycles</u>	<u>Self-owned institutions</u>	<u>IOT institutions</u>	
Chengdu	3	7,942	577.9	234.9	862.0
Greater Bay Area	3	2,833	218.9	0.0	218.9
Kunming and Wuhan	3	2,100	139.2	0.0	139.2
Overseas	10	1,856	64.8	285.9	350.7
Total	19	14,731	1,000.8	520.8	1,570.8

Note:

- (1) The revenue from IOT institutions in the operating data is the reported revenue of the hospitals and clinics, which has not been consolidated into the Group's consolidated statements presented in accordance with IFRS. The consolidated revenue of the Group reflects the management fees received from IOT institutions, which amounted to approximately RMB287.4 million in the first half of 2024, compared to approximately RMB283.8 million for the same period in 2023.
- (2) The above operating data do not include non-medical institutions.

Chengdu Operations

The number of IVF treatment cycles for our Chengdu operations decreased by 4.7% from 7,942 in the first half of 2023 to 7,571 for the same period in 2024. The decrease in the number of cycles was mainly attributable to the increase in demand for ARS instigated by the inclusion of certain ARS in the scope of the medical insurance reimbursement program, which resulted in longer waiting times for patients and a lower turnover rate of patients during the Reporting Period. Revenue of our Chengdu operations increased by 8.6% from approximately RMB812.8 million in the first half of 2023 to approximately RMB882.7 million for the same period in 2024, primarily attributable to the increase of 4.0% in the ARS business mainly resulting from the increase in the share of VIP services in the Bisheng Campus, which have higher unit prices, from 16.3% in the first half of 2023 to 19.5% for the same period in 2024, and the period-on-period increase of 14.9% in revenue from obstetrics, gynaecology and pediatrics.

Operations in the Greater Bay Area

The number of IVF treatment cycles for our Greater Bay Area operations increased by 6.7% from 2,833 in the first half of 2023 to 3,022 for the same period in 2024. Revenue increased by 10.5% from approximately RMB218.9 million in the first half of 2023 to approximately RMB241.9 million for the same period in 2024. The increase in the number of IVF treatment cycles and also the revenue of our Greater Bay Area operations were primarily attributable to the increase in the number of patients as a result of the enhanced reputation as well as increased brand awareness and market share of Shenzhen Zhongshan Hospital in Shenzhen and Hong Kong, and the increase in the share of VIP business services, which have higher unit prices, from 7.2% in the first half of 2023 to 7.7% for the same period in 2024.

Operations in Kunming and Wuhan

The number of IVF treatment cycles for our operations in Kunming and Wuhan increased by 1.6% from 2,100 in the first half of 2023 to 2,133 for the same period in 2024. Revenue decreased by 6.6% from approximately RMB139.2 million in the first half of 2023 to approximately RMB130.0 million for the same period in 2024, which was mainly due to the restructuring of the departments and operations of Jiuzhou Hospital, resulting in a decrease of 62.8% and 27.5%, respectively, in revenue generated by the urology and gynaecology departments, which was substantially offset by the steady period-on-period increase of 43.1% in revenue of Wuhan Jinxin Hospital.

Overseas Operations

The number of IVF treatment cycles from overseas operations increased by 25.3% from 1,856 in the first half of 2023 to 2,325 for the same period in 2024. Revenue increased by 11.5% from approximately RMB350.7 million in the first half of 2023 to approximately RMB391.1 million for the same period in 2024. The revenue derived from our overseas operations in other countries, including operations in the United States, 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, and also attributable to the commencement of our Laos operations in August 2023.

OUTLOOK AND FUTURE

As more cities and provinces in China are including ARS treatment in the scope of national reimbursement program, the financial burden of utilizing ARS treatment is alleviated and thus encouraging the public to utilize ARS treatment.

As a leading ARS provider in China and the United States, we have established a competitive advantage in branding, technology, medical staff and management in a market with significant entry barriers. All hospitals established in our network are recognized as one of the leaders in their respective regional market, including but not limited to Sichuan province, Guangdong province, Yunnan province and the Western United States, which contribute to our leading position in the ARS markets in China and the United States.

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

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

Boost clinical specialty capabilities through discipline advancement in order to enhance the Group's reputation among patients with intractable diseases from a wider geographical area

We have strengthened our research and development capabilities relating to diseases. For instance, Sichuan Jinxin Xinan Hospital (Bisheng Campus) has established specialized disease clinics for ovarian hypofunction, thin endometrium, polycystic ovary syndrome, and advanced maternal age, offering more refined targeted treatment for all types of infertility

patients. By focusing on the diagnosis and treatment of specialized diseases, the team of specialists have (i) introduced new technologies (such as the introduction of primordial egg activation for treating ovarian hypofunction, and the introduction of intrauterine infusion of platelet-rich plasma for treating thin endometrium, etc.), (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, and (v) organized online and offline patient education sessions, thereby increasing our out-patient volume, media exposure, and conversion to IVF for special diseases, and in turn enhancing patient experiences and awareness and recognition among industry players.

We have established a multidisciplinary joint diagnosis (“MDT”) medical team, deploying the interdisciplinary joint diagnosis method and integrating multidisciplinary expertise to offer comprehensive diagnosis and treatment for patients with intractable diseases or high-risk severe diseases. Sichuan Jinxin Xinan Hospital (Bisheng Campus) has established an assisted reproductive MDT medical team, integrating the expertise of reproductive medicine, immunology, urology, embryology laboratory, traditional Chinese medicine, etc. to jointly develop standardized and personalized comprehensive diagnosis and treatment regimes for patients, whilst Sichuan Jinxin Xinxinan Hospital (Jingxiu Campus) has established a fetal medicine MDT medical team, coordinating with anesthesiology department, ICU, cardiovascular medicine department, critical care medicine department, blood transfusion department, neonatology department and others to offer efficient and precise treatment for critical maternal emergencies, all that aimed to guard the health of mothers and infants.

In addition, Sichuan Jinxin Xinan Hospital (Bisheng Campus) has established an intractable disease diagnosis and treatment center with a dedicated team of case managers to follow up on each patient. It combines the expertise of experts, doctors, and nursing teams to more efficiently and precisely diagnose patients’ issues, initiate therapeutic intervention, and in turn increase the success rate of our fertility treatments.

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 aim 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

ARS is gradually being included in the scope of medical insurance coverage across China, including Sichuan where our operating subsidiaries are located. The Sichuan Provincial Healthcare Security Administration recently released on its official website the "Notice on the Issuance of Price Items of Assisted Reproduction Medical Services and Medical Insurance Payment Policies (Draft for Comments)" (《關於印發輔助生殖類醫療服

務價格項目及醫保支付政策的通知(徵求意見稿)》), which is open for public comments from August 1, 2024 to August 31, 2024, and proposes to include 13 assisted reproductive medical items in the scope of medical insurance payment, with no minimum reimbursement threshold.

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.

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 first-tier 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, 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. Further, 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 support 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 the first half of 2024, HRC Medical has seen significant results in physician recruitment, with at least five new physicians joining HRC Medical this year. Furthermore, expansion of the clinic of HRC Medical is well underway. HRC Medical’s satellite centre in Beverly Hills has officially begun operations, and its official core clinic is under construction and is expected to commence operations in the first quarter of 2025. Currently, HRC Medical owns four core clinics and six satellite clinics in Los Angeles and San Diego, further strengthening its presence in the Western United States.

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.

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 Restricted 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 the first half of 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 8.2% from approximately RMB1,333.9 million for the six months ended June 30, 2023 to approximately RMB1,443.8 million for the six months ended June 30, 2024.

During the Reporting Period, the Group generated revenue from the following services: (i) ARS and related growth of RMB68.0 million; (ii) management services and related growth of RMB3.5 million; (iii) obstetrics and related growth of RMB14.4 million; (iv) ancillary other medical services and related growth of RMB12.9 million; and (v) sales of consumables and equipment for medical reagents and related growth of RMB11.0 million.

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 11.8% from approximately RMB769.6 million for the six months ended June 30, 2023 to approximately RMB860.7 million for the six months ended June 30, 2024.

Gross Profit and Gross Profit Margin

Gross profit of the Group increased by 3.3% from approximately RMB564.3 million for the six months ended June 30, 2023 to approximately RMB583.0 million for the six months ended June 30, 2024. The Group's gross profit margin decreased from 42.3% for the six months ended June 30, 2023 to 40.4% for the six months ended June 30, 2024. The decrease in gross profit margin was primarily a result of an increase in labor costs resulting from recruiting new physicians for the expansion of our United States operations.

Other Income

Other income of the Group decreased by 44.2% from approximately RMB47.5 million for the six months ended June 30, 2023 to approximately RMB26.5 million for the six months ended June 30, 2024, primarily due to a decrease of approximately RMB8.1 million in government grants and a decrease of approximately RMB10.9 million in interest income from time deposits and banks as compared to the same period of last year.

Research and Development Expenses

Research and development expenses of the Group increased by 2.8% from approximately RMB10.6 million for the six months ended June 30, 2023 to approximately RMB10.9 million for the six months ended June 30, 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 1.0% from approximately RMB87.2 million for the six months ended June 30, 2023 to approximately RMB86.3 million for the six months ended June 30, 2024, primarily due to a decrease in the expense-to-sales ratio from 6.5% in the first half of 2023 to 6.0% for the same period of 2024.

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 increased by 14.7% from approximately RMB188.1 million for the six months ended June 30, 2023 to approximately RMB215.7 million for the six months ended June 30, 2024, primarily due to the increase of RMB30.7 million in the amortization of ESOP expenses as compared to the first half of 2023. Without taking into account the amortization of ESOP costs, administrative expenses decreased by 1.7% as compared to the same period in 2023.

Finance Costs

Finance costs of the Group decreased by 33.3% from approximately RMB42.7 million for the six months ended June 30, 2023 to approximately RMB28.5 million for the six months ended June 30, 2024, primarily due to new loans at lower interest rates during the first of 2024.

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 37.8% from approximately RMB54.7 million in the first half of 2023 to approximately RMB75.4 million in the first half of 2024.

The effective tax rate of the Group increased from 19.7% in the first half of 2023 to 28.4% in the first half of 2024, primarily due to ESOP costs of approximately RMB37.1 million being non-deductible before tax at present.

Net Profits

The Group's net profit decreased by 15.0% from approximately RMB223.8 million in the first half of 2023 to approximately RMB190.3 million in the first half of 2024. Net profits of our Chengdu operations and our operations in the Greater Bay Area increased by 25.3% and 13.2% period-on-period, respectively, which were diluted by the increase in labor costs for HRC physicians in the United States and the increase of approximately RMB30.7 million in ESOP amortization costs.

Non-IFRS Measures

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

The Group's non-IFRS adjusted net profit increased by 1.8% from approximately RMB255.0 million for the six months ended June 30, 2023 to approximately RMB259.6 million for the same period in 2024.

The Group's non-IFRS adjusted EBITDA increased by 6.1% from approximately RMB394.1 for the six months ended June 30, 2023 to approximately RMB418.1 million for the same period in 2024.

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the year	190,313	223,801
Add:		
Amortization of ESOP costs ⁽¹⁾	37,115	6,370
Depreciation of property, plant and equipment, amortization of medical practice license and non-compete agreement arising from acquisitions and deferred taxes ⁽²⁾	32,169	24,868
Non-IFRS adjusted net profit	<u>259,597</u>	<u>255,039</u>
Non-IFRS EBITDA	380,948	387,702
Add:		
Amortization of ESOP costs ⁽¹⁾	37,115	6,370
Non-IFRS adjusted EBITDA	<u>418,063</u>	<u>394,072</u>

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.

Inventories

Inventories of the Group decreased by 2.4% from approximately RMB62.4 million as at December 31, 2023 to approximately RMB60.9 million as at June 30, 2024.

Accounts and Other Receivables

Accounts and other receivables of the Group increased by 63.9% from approximately RMB169.4 million as at December 31, 2023 to approximately RMB277.6 million as at June 30, 2024, which was primarily due to an increase in prepayments for the renovation of a Group's building in Shenzhen and the reclassification of receivables that are not related party transactions in the current period.

Accounts and Other Payables

Accounts and other payables of the Group increased by 7.7% from approximately RMB805.1 million as at December 31, 2023 to approximately RMB866.7 million as at June 30, 2024, primarily due to dividends payable by the Company.

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 June 30, 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 30.8% debt and 69.2% equity as at June 30, 2024, compared with 31.6% debt and 68.4% equity as at December 31, 2023. As at June 30, 2024, the Group had unutilised bank facilities of approximately RMB419.7 million and after June 30, 2024, the Group has obtained additional banking facilities of approximately RMB356.3 million. Therefore, the Directors are of the view that the Group has sufficient resources to meet its future business operations and expansion.

Significant Investments, Material Acquisitions and Disposals

Save as disclosed above, as at June 30, 2024, there were no significant investments held by the Company, nor were any material acquisitions or disposals of subsidiaries, associates and joint ventures.

Indebtedness

Borrowings

As at June 30, 2024, the Group had bank borrowings of RMB2,034.9 million (December 31, 2023: RMB2,127.5 million).

Pledge of Assets

As at June 30, 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 June 30, 2024, the Group did not have any material contingent liabilities or guarantees.

Contractual Obligations

As at June 30, 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 period divided by total assets as at the end of the period and multiplied by 100%. As at June 30, 2024, the Group's interest-bearing debt ratio was 13.7% (December 31, 2023: 14.3%). The decrease was mainly due to the decrease in bank borrowings of approximately RMB92.6 million.

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 financial assets at fair value through profit or loss and fixed rate time deposit to be limited because such instruments have a tenor of less than one year or are redeemable on demand.

Liquidity Risk

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

EMPLOYEES AND REMUNERATION POLICY

As at June 30, 2024, the Group and the medical facilities in its network had a total of 3,779 employees, of whom 3,433 were located in China and 346 were located overseas. The staff costs, including Directors' emoluments, were approximately RMB371.5 million for the first half of 2024, as compared to approximately RMB366.3 million for the first half of 2023, representing a period-on-period increase of 1.4%.

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.

INTERIM DIVIDEND

The Board does not recommend payment of an interim dividend for the six months ended June 30, 2024 (for the six months ended June 30, 2023: nil).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as set out in Appendix C1 to the Listing Rules as its own code of corporate governance.

The Company has complied with all applicable code provisions of the CG Code during the six months ended June 30, 2024. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he or she has complied with the required standards as set out in the Model Code during the six months ended June 30, 2024.

USE OF PROCEEDS FROM LISTING

The total proceeds from the issue of new Shares by the Company in its Listing (after deducting the underwriting fees and related Listing expenses) amounted to approximately HK\$2,808.1 million and the unutilized net proceeds as at June 30, 2024 were kept at the bank accounts of the Group.

The net proceeds from the Listing (adjusted on a pro rata basis based on the actual net proceeds) have been and will be utilized in accordance with the purposes set out in the Prospectus. The table below sets out the planned applications of the net proceeds and actual usage up to June 30, 2024:

<u>Use of proceeds</u>	<u>Planned applications</u> (HK\$ million)	<u>Percentage of total net proceed</u>	<u>Actual usage up to June 30, 2024</u> (HK\$ million)	<u>Net proceeds brought forward for the Reporting Period</u> (HK\$ million)	<u>Unutilized net proceeds as at June 30, 2024</u> (HK\$ million)	<u>Expected timeline for utilizing the remaining unutilized net proceeds⁽²⁾</u>
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%	123.9	167.4	156.9	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%	2,651.2	240.0	156.9	

Notes:

- (1) The Group intends to use (i) 20.0% or HK\$561.6 million to (a) expand and upgrade the medical facilities, (b) acquire additional medical equipment and (c) acquire and/or construct patient care facilities, and (ii) 5.0%, or HK\$140.4 million to recruit and expand medical professional teams and relevant supporting staff, including introducing professional staff specializing in prenatal services.
- (2) The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of market conditions.
- (3) Including the acquisition of equity interests of a hospital in Wuhan with assisted reproductive medical facilities and subsequent capital expenditure in connection with improving the hospital.
- (4) Including (i) formation of joint venture with the shareholders of Mengmei Life Pty. Ltd. and Jinxin Hospital Management Group Limited in relation to, among others, the promotion, customers acquisition and channels management related to IVF and (ii) acquisition of obstetrics, gynecology and pediatric business through Jinxin Medical Management (BVI) Group Limited.
- (5) Namely (i) consultation fees, including but not limited to fees for legal compliance, audit, investor relations/public relations, human resources, and operations; (ii) rental and office expense; and (iii) remuneration packages of the existing management team.

USE OF PROCEEDS FROM PLACING

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

The closing of the Placing took place on February 9, 2021. The net proceeds from the Placing were approximately HK\$1,253.5 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 June 30, 2024:

	<u>Planned applications</u> (HK\$ million)	<u>Percentage of total net proceed</u>	<u>Actual usage up to June 30, 2024</u> (HK\$ million)	<u>Net proceeds brought forward for the Reporting Period</u> (HK\$ million)	<u>Unutilized net proceeds as at June 30, 2024</u> (HK\$ million)	<u>Expected timeline for utilizing the remaining unutilized net proceeds⁽¹⁾</u>
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	1253.5	100%	1,065.5	188.0	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 at a price of HK\$6.725 per Share; and (ii) the Vendor agreed to subscribe as principal for, and the Company agreed to issue, 175,000,000 new Shares, being equivalent to the number of placing Shares thereunder at the same price (the “Top-Up Placing”).

The closing of the placing and subscription under the Top-Up Placing took place on January 9, 2023 and January 16, 2023, respectively. The net proceeds from the Top-Up Placing were approximately HK\$1,162.31 million, which have been and will be utilized in accordance with the purposes set out in the announcements of the Company dated January 5, 2023 and January 16, 2023, respectively. The table below sets out the planned applications of the net proceeds and actual usage up to June 30, 2024:

	<u>Planned applications</u> (HK\$ million)	<u>Percentage of total net proceed</u>	<u>Actual usage up to June 30, 2024</u> (HK\$ million)	<u>Net proceeds brought forward for the Reporting Period</u> (HK\$ million)	<u>Unutilized net proceeds as at June 30, 2024</u> (HK\$ million)	<u>Expected timeline for utilizing the remaining unutilized net proceeds⁽¹⁾</u>
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	<u>1,162.31</u>	<u>100%</u>	<u>1,162.31</u>	<u>86.15</u>	<u>-</u>	

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.

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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). As of June 30, 2024, the Company did not hold any treasury shares.

AUDIT AND RISK MANAGEMENT COMMITTEE

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

REVIEW OF INTERIM RESULTS

The Audit and Risk Management Committee has jointly reviewed with the management the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the unaudited consolidated financial statements of the Group for the six months ended June 30, 2024). The Audit and Risk Management Committee considered that the interim results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

EVENTS AFTER THE REPORTING PERIOD

In April 2024, the Group entered into a share subscription and equity transfer agreement to subscribe for and acquire 30% equity interests in aggregate in Morula, pursuant to which the Group agrees to subscribe for 25% shareholding in Morula and acquire another 5% shareholding held by certain independent third-parties of the Company at a total consideration of approximately RMB189.5 million, and completed the transaction in July 2024.

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

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND 2024 INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jxr-fertility.com), and the 2024 interim report containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

DEFINITIONS

“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
“ARS”	assisted reproductive service(s)
“Audit and Risk Management Committee”	the audit and risk management committee of the Board
“Board” or “Board of Directors”	the board of Directors of the Company
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Chairman”	the Chairman of the Board
“China” or the “PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan
“Company”, “we” or “our”	Jinxin Fertility Group Limited (錦欣生殖醫療集團有限公司*), an exempted company established in the Cayman Islands with limited liability on May 3, 2018
“Director(s)”	the director(s) of the Company
“ESOP”	collectively the RSU Scheme, the 2022 Restricted Share Award Scheme and the Share Option Scheme

“Group”	the Company and its subsidiaries
“HK dollar(s)” or “HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HRC Fertility”	HRC Management and HRC Medical
“HRC Management”	HRC Fertility Management, LLC, a limited liability company established under the laws of Delaware, the United States on November 3, 2015, the Group’s indirect subsidiary
“HRC Medical”	Huntington Reproductive Center Medical Group, a professional corporation established under the laws of California, the United States on January 1, 1995, a connected person of the Company by virtue of being jointly owned by Dr. Michael A. Feinman, Dr. Bradford A. Kolb and Dr. Jane L. Frederick, and the nine clinics and three IVF laboratories in California which it owns
“IFRS”	International Financial Reporting Standards
“IVF”	in vitro fertilization, a process where the egg and sperm are incubated together to a fertilized embryo in an in vitro system to achieve pregnancy
“IVF-ET”	in vitro fertilization and embryo transfer
“Jiuzhou Hospital”	Yunnan Jinxin Jiuzhou Hospital Co., Ltd.* (雲南錦欣九洲醫院有限公司), a company established under the laws of the PRC with limited liability on September 24, 2003 and a subsidiary of the Group
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on June 25, 2019
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules

“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
“Prospectus”	the prospectus issued by the Company dated June 13, 2019
“Renminbi” or “RMB”	Renminbi Yuan, the lawful currency of the PRC
“Reporting Period”	the six-month period from January 1, 2024 to June 30, 2024
“Restricted Shares”	any Shares that may be offered by the Company to any selected Eligible Participant under the 2022 Restricted Share Award Scheme
“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), a company established under the laws of the PRC with limited liability on September 12, 2016, our indirect subsidiary
“Sichuan Jinxin Xinan Hospital”	collectively, Sichuan Jinxin Xinan Hospital (Bisheng Campus) and Sichuan Jinxin Xinan Hospital (Jingxiu Campus)
“Sichuan Jinxin Xinan Hospital (Bisheng Campus)”	Sichuan Jinxin Xinan Women & Children Hospital (Bisheng Campus) (四川錦欣西囡婦女兒童醫院畢昇院區), 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
“Subsidiary Director(s)”	the director(s) of any subsidiary of the Company
“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
“Western United States”	the region in the United States comprising of the states Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming
“Wuhan Jinxin Hospital”	Wuhan Jinxin Integrated Gynecology and Obstetrics Hospital Co., Ltd. (武漢錦欣中西醫結合婦產醫院有限公司), a company established in the PRC with limited liability on February 17, 2006, the Group’s indirect subsidiary

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

By order of the Board
Jinxin Fertility Group Limited
Zhong Yong
Chairman

Hong Kong, August 29, 2024

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Zhong Yong, Dr. John G. Wilcox, Mr. Dong Yang, Ms. Lyu Rong and Dr. Geng Lihong, as executive Directors; Mr. Fang Min, Ms. Hu Zhe and Ms. Yan Xiaoqing, as non-executive Directors; and Dr. Chong Yat Keung, Mr. Li Jianwei, Mr. Wang Xiaobo and Mr. Ye Changqing, as independent non-executive Directors.

* *For identification purposes only*