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 YEAR ENDED DECEMBER 31, 2022

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the year ended December 31, 2022 was approximately RMB2,364.5 million, representing an increase of 28.6% when compared with that of approximately RMB1,838.8 million for the year ended December 31, 2021.

- Net profit of the Group for the year ended December 31, 2022 was approximately RMB117.9 million, representing a decrease of 66.7% when compared with that of approximately RMB353.7 million for the year ended December 31, 2021. Non-IFRS adjusted net profit(1) of the Group for the year ended December 31, 2022 was approximately RMB274.1 million, representing a decrease of 39.8% when compared with that of approximately RMB455.3 million for the year ended December 31, 2021.

- Non-IFRS EBITDA(2) of the Group for the year ended December 31, 2022 was approximately RMB367 million, representing a decrease of 33.1% when compared with that of approximately RMB548.5 million for the year ended December 31, 2021. Non-IFRS adjusted EBITDA(3) of the Group for the year ended December 31, 2022 was approximately RMB479.1 million, representing a decrease of 23% when compared with that of approximately RMB622.5 million for the year ended December 31, 2021.

- Basic earnings per share for the year ended December 31, 2022 amounted to RMB0.05. Non-IFRS adjusted basic earnings per share(4) for the year ended December 31, 2022 amounted to RMB0.11.

- The Board does not recommend payment of a final dividend for the year ended December 31, 2022 (for the year ended December 31, 2021: HK$7.38 cents per Share).

Non-IFRS Measures

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

Notes:

(1) Non-IFRS adjusted net profit is calculated as net profit for the Reporting Period, excluding (i) ESOP expenses; (ii) amortization and depreciation of medical practice license, non-compete agreement and property, plant and equipment arising from acquisitions; (iii) imputed interest income from related parties; (iv) one-off loss made by Wuhan Jinxin Hospital due to the temporary suspension of its ARS business, which officially resumed its ARS operation on August 31, 2022; and (v) one-off loss from the disposal of Kangseed Investment, to better reflect the Company's current business and operations.

(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 (i) ESOP expenses; (ii) imputed interest income from related parties; (iii) one-off loss incurred by Wuhan Jinxin Hospital due to the temporary suspension of its ARS business, which officially resumed its ARS operation on August 31, 2022; and (iv) one-off loss from the disposal of Kangseed Investment, to better reflect the Company's current business and operations.

(4) Non-IFRS adjusted basic earnings per share is calculated as non-IFRS adjusted net profit divided by weighted average number of ordinary shares for the purpose of calculating basic earnings per share.

ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2022

The Board of Directors is pleased to announce the audited consolidated annual results of the Group for the year ended December 31, 2022, together with the comparative figures for the corresponding period in 2021.

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTES	**2022** ***RMB'000***	2021 *RMB'000*
Revenue	3	**2,364,479**	1,838,826
Cost of revenue		**(1,490,160)**	(1,067,344)
Gross profit		**874,319**	771,482
Other income	4	**50,152**	55,966
Other expenses	5	**(8,110)**	(605)
Other gains and losses, net	6	**(58,052)**	62,440
Research and development expenses		**(17,474)**	(10,651)
Selling and distribution expenses		**(151,435)**	(61,716)
Administrative expenses		**(458,853)**	(327,730)
Share of results of associates		**(4,414)**	(6,823)
Share of result of a joint venture		**44**	(3,290)
Finance costs	7	**(71,853)**	(21,146)
Profit before taxation	8	**154,324**	457,927
Income tax expenses	9	**(36,375)**	(104,230)
Profit for the year		**117,949**	353,697
Other comprehensive income (expense):			
Items that will not be reclassified to profit or loss:			
Exchange difference on translation from functional currency to presentation currency		**899,187**	(233,406)
Fair value gain (loss) on equity instrument at fair value through other comprehensive income ("**FVTOCI**")		**1,930**	(3,891)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(571,468)**	80,522
Other comprehensive income (expense) for the year		**329,649**	(156,775)
Total comprehensive income for the year		**447,598**	196,922

	NOTES	**2022** **RMB'000**	2021 RMB'000
Profit (loss) for the year attributable to:			
– Owners of the Company		**121,124**	339,901
– Non-controlling interests		**(3,175)**	13,796
		117,949	353,697
Total comprehensive income (expense) for the year attributable to:			
– Owners of the Company		**447,949**	183,600
– Non-controlling interests		**(351)**	13,322
		447,598	196,922
Earnings per share:	11		
– Basic (RMB)		**0.05**	0.14
– Diluted (RMB)		**0.05**	0.14

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2022

	NOTES	2022 RMB'000	2021 RMB'000
Non-current assets			
Property, plant and equipment		**2,529,756**	1,092,059
Right-of-use assets		**565,425**	400,928
Goodwill	12	**3,484,725**	2,719,747
Licenses		**1,576,176**	1,238,186
Non-compete agreement		**20,312**	19,828
Contractual right to provide management services		**1,963,321**	1,797,310
Trademarks		**2,644,863**	2,151,480
Investments in preferred shares measured at fair value through profit or loss ("**FVTPL**")		**105,743**	169,930
Interests in associates accounted for using equity method		**–**	–
Interest in a joint venture		**25,254**	210
Equity instrument at FVTOCI		**–**	5,279
Loan receivable		**6,699**	17,074
Financial assets at FVTPL	13	**–**	177,747
Pledged bank deposits		**–**	180,000
Refundable deposits		**58,912**	65,610
Prepayments		**203,506**	47,417
Deferred tax assets		**88,516**	7,020
Life insurance policy		**22,452**	–
Amounts due from associates		**32,503**	129,959
Amounts due from other related parties		**–**	62,474
		13,328,163	10,282,258
Current assets			
Inventories	14	**62,545**	46,807
Accounts and other receivables	15	**188,680**	142,685
Amounts due from other related parties		**211,338**	420,453
Tax recoverable		**40,063**	5,166
Time deposits		**13,399**	846,959
Other financial assets at FVTPL		**71,300**	218,737
Bank balances and cash		**1,316,549**	862,325
		1,903,874	2,543,132

	NOTES	**2022** *RMB'000*	2021 *RMB'000*
Current liabilities			
Accounts and other payables	16	**916,929**	445,518
Amounts due to related parties		**47,528**	415,139
Lease liabilities		**63,256**	62,180
Tax payables		**81,581**	107,438
Bank borrowing	17	**18,618**	37,746
Convertible bonds		**1,636,059**	–
Other financial liabilities		**–**	3,501
		2,763,971	1,071,522
Net current (liabilities) assets		**(860,097)**	1,471,610
Total assets less current liabilities		**12,468,066**	11,753,868
Non-current liabilities			
Lease liabilities		**375,986**	370,894
Deferred tax liabilities		**1,186,363**	1,011,341
Bank borrowing	17	**2,070,678**	126,000
Loan payables		**99,911**	–
Convertible bonds		**–**	1,492,932
		3,732,938	3,001,167
Net assets		**8,735,128**	8,752,701
Capital and reserves			
Share capital		**166**	165
Reserves		**8,639,577**	8,545,135
Equity attributable to owners of the Company		**8,639,743**	8,545,300
Non-controlling interests		**95,385**	207,401
Total equity		**8,735,128**	8,752,701

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

Jinxin Fertility Group Limited (the "**Company**", together with its subsidiaries collectively referred to as the "**Group**") was incorporated and registered as an exempted company in the Cayman Islands with limited liability under Companies Law (2018 Revision) of the Cayman Islands, Cap. 22 (Law 3 of 1961) as amended or supplemented or otherwise modified from time to time on 3 May 2018 and the shares of the Company have been listed on The Stock Exchange 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 annual report.

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

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

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("**IASB**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:

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

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

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") — Continued

Impacts on application of Amendment to IFRS 3 Reference to the Conceptual Framework

The Group has applied the amendments to business combinations for which the acquisition date was on or after 1 January 2022. The amendments update a reference in IFRS 3 *Business Combinations* so that it refers to the *Conceptual Framework for Financial Reporting* issued by IASB in March 2018 (the "**Conceptual Framework**") instead of the International Accounting Standards Committee's *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting* issued in September 2010), add a requirement that, for transactions and events within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, an acquirer applies IAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination and add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments in the current year has had no impact on the Group's consolidated financial statements.

New and amendments to IFRSs in issue but not yet effective

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

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IAS 1	Non-current Liabilities with Covenants[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

[1] Effective for annual periods beginning on or after 1 January 2023.
[2] Effective for annual periods beginning on or after a date to be determined.
[3] Effective for annual periods beginning on or after 1 January 2024.

Except for the amendments to IFRSs mentioned below, the directors of the Company (the "**Directors**") anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") — Continued

New and amendments to IFRSs in issue but not yet effective — Continued

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

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

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

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

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if the entity classify liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group's outstanding liabilities as at 31 December 2022, the application of the amendments will not result in reclassification of the Group's liabilities.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") — Continued

New and amendments to IFRSs in issue but not yet effective — Continued

Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

IAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 *Making Materiality Judgements* (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies.

Amendments to IAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty — that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in IAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

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

During the year ended 31 December 2022, the Group's revenue is mainly contributed from its operations in Chengdu, Shenzhen, Wuhan, Kunming, the U.S.A. and Hong Kong special administrative region ("**Hong Kong**") (2021: Chengdu, Shenzhen, Wuhan, the U.S.A. and Hong Kong). The Group acquired a new operation in Kunming during the year ended 31 December 2022 as a result from acquisition of Kunming Group.

Information reported to the chief executive officer, 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. during the years ended 31 December 2022 and 2021. The following is an analysis of the Group's revenue and results by operating and reportable segments.

For the year ended 31 December 2022:

	Greater China *RMB'000*	**U.S.A.** *RMB'000*	**Consolidated** *RMB'000*
Revenue			
Segment revenue from external customers	**1,902,035**	**462,444**	**2,364,479**
Segment profit	**428,372**	**(79,756)**	**348,616**
Unallocated administrative expenses			**(87,437)**
Share-based compensation benefits			**(33,024)**
Loss on fair value changes of investments in preferred shares measured at FVTPL			**(76,733)**
Gain on deemed disposal of partial investments in preferred shares measured at FVTPL			**36,310**
Certain loss on fair value changes of financial assets at FVTPL			**(13,505)**
Certain gains on fair value changes of other financial assets at FVTPL			**2,851**
Gain on fair value change of other financial liabilities at FVTPL			**3,501**
Certain exchange gain, net			**8,784**
Certain interest income from banks			**866**
Certain interest income from time deposits			**9,177**
Interest income from pledged bank deposits			**2,153**
Share of result of associates			**(4,414)**
Gain on disposal of an associate			**4,348**
Interest on convertible bonds			**(4,710)**
Certain interest on bank borrowing			**(42,459)**
Profit before taxation			**154,324**

3. REVENUE AND SEGMENT INFORMATION — Continued

For the year ended 31 December 2021:

	Greater China *RMB'000*	U.S.A. *RMB'000*	Consolidated *RMB'000*
Revenue			
Segment revenue from external customers	1,379,542	459,284	1,838,826
Segment profit	419,514	80,809	500,323
Unallocated administrative expenses			(33,182)
Share-based compensation benefits			(76,342)
Gain on fair value changes of investments in preferred shares measured at FVTPL			3,979
Certain gain on fair value changes of financial assets at FVTPL			22,506
Gain on fair value change of other financial liabilities at FVTPL			8,362
Certain exchange gain, net			12,965
Certain imputed interest income from related parties			461
Certain interest income from banks			1,599
Certain interest income from time deposits			22,193
Interest income from pledged bank deposits			1,886
Share of result of associates			(6,823)
Profit before taxation			457,927

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit before taxation for each respective segment excluding unallocated administrative expenses (including the corporate expenses), share-based compensation benefits, loss on fair value changes of investments in preferred shares measured at FVTPL, gain on deemed disposal of partial investments in preferred shares measured at FVTPL, certain loss on fair value change of financial assets at FVTPL, certain gains on fair value changes of other financial assets at FVTPL, gain on fair value change of other financial liabilities at FVTPL, certain net exchange gain, certain imputed interest income from related parties, certain interest income resulted from the corporate bank balances (including pledged bank deposits and time deposits), share of result of associates, gain on disposal of an associate, interest on convertible bonds, and certain interest on bank borrowing (2021: excluding unallocated administrative expenses (including the corporate expenses), share-based compensation benefits, gain on fair value changes of investments in preferred shares measured at FVTPL, certain gain on fair value changes of financial assets at FVTPL, gain on fair value change of other financial liabilities at FVTPL, certain net exchange gain, certain imputed interest income from related parties, certain interest income resulted from the corporate bank balances (including pledged bank deposits and time deposits), and share of result of associates).

3. REVENUE AND SEGMENT INFORMATION — Continued

Segment assets and liabilities

The following is an analysis of the Group's asset and liabilities by reportable and operating segments:

	2022	2021
	RMB'000	*RMB'000*
Segment assets		
Greater China	**10,579,560**	7,382,524
U.S.A.	**4,291,280**	3,918,470
Total segment assets	**14,870,840**	11,300,994
Equity instrument at FVTOCI	**–**	5,279
Corporate time deposits	**–**	826,959
Corporate bank balances and cash	**106,720**	73,390
Pledged bank deposits	**–**	180,000
Investments in preferred shares measured at FVTPL	**105,743**	169,930
Corporate financial assets at FVTPL	**–**	140,007
Corporate amounts due from an associate	**15,434**	13,348
Life insurance policy	**22,452**	–
Unallocated (other assets)	**110,848**	115,483
Total	**15,232,037**	12,825,390

	2022	2021
	RMB'000	*RMB'000*
Segment liabilities		
Greater China	**2,968,337**	1,381,690
U.S.A.	**932,351**	809,314
Total segment liabilities	**3,900,688**	2,191,004
Convertible bonds	**1,636,059**	1,492,932
Consideration payable for acquisition of Jinxin Medical Group	**–**	302,518
Corporate bank borrowing	**930,678**	–
Unallocated (other liabilities)	**29,484**	86,235
Total	**6,496,909**	4,072,689

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

- All assets are allocated to operating segments, other than equity instrument at FVTOCI, corporate time deposits, corporate bank balances and cash, pledged bank deposits, investments in preferred shares measured at FVTPL, corporate financial assets at FVTPL, corporate amounts due from an associate, life insurance policy and other unallocated corporate assets; and

3. REVENUE AND SEGMENT INFORMATION — Continued

Segment assets and liabilities — Continued

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

For the year ended 31 December 2022

	Greater China *RMB'000*	**U.S.A.** *RMB'000*	**Unallocated** *RMB'000*	**Total** *RMB'000*
Amounts included in the measure of segment profit or loss or segment assets:				
Addition to non-current assets *(Note)*	**312,553**	**152,813**	**24,787**	**490,153**
Addition to non-current assets through acquisitions of subsidiaries *(Note 11)*	**2,791,152**	**–**	**–**	**2,791,152**
Depreciation and amortisation	**207,386**	**52,753**	**3,423**	**263,562**
Loss on disposal of property, plant and equipment	**25**	**34,518**	**–**	**34,543**

For the year ended 31 December 2021

	Greater China *RMB'000*	U.S.A. *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Amounts included in the measure of segment profit or loss or segment assets:				
Addition to non-current assets *(Note)*	61,699	14,832	35,484	112,015
Addition to non-current assets through acquisitions of subsidiaries	3,449,554	–	–	3,449,554
Depreciation and amortisation	118,692	46,845	4,085	169,622
Loss on disposal of property, plant and equipment	2	–	–	2

Note: Non-current assets excluded financial instruments and addition to non-current assets through acquisitions of subsidiaries.

3. REVENUE AND SEGMENT INFORMATION — Continued

Segment assets and liabilities — Continued

Disaggregation of revenue from contracts with customers

	Notes	**2022** *RMB'000*	2021 *RMB'000*
Types of services			
Assisted reproductive services — Greater China			
A point in time recognition	(i)	**659,620**	687,567
Over time recognition	(i)	**394,156**	472,894
		1,053,776	1,160,461
Management services — Over time recognition			
– U.S.A.	(ii), (iii)	**355,552**	432,239
– Greater China	(i)	**147,285**	95,980
		502,837	528,219
Ambulatory surgery centre facilities services — U.S.A.			
– A point in time recognition	(ii)	**76,215**	23,735
Ancillary medical services			
A point in time recognition			
– U.S.A.	(ii)	**30,677**	3,310
– Greater China	(i)	**93,790**	48,785
		124,467	52,095
Ancillary medical services — Greater China			
Over time recognition	(i)	**26,489**	18,730
		150,956	70,825
Obstetrics, gynecology and pediatrics medical services — Greater China			
A point in time recognition	(i)	**312,390**	23,340
Over time recognition	(i)	**158,686**	10,958
		471,076	34,298
Sales of medicines, consumables and equipment — Greater China			
A point in time recognition	(i)	**109,619**	21,288
Total		**2,364,479**	1,838,826

3. REVENUE AND SEGMENT INFORMATION — Continued

Segment assets and liabilities — Continued

Disaggregation of revenue from contracts with customers — Continued

Notes:

(i) Revenue generated in the Greater China which amounted RMB1,902,035,000 (31 December 2021: RMB1,379,542,000).

(ii) Revenue generated in the U.S.A. which amounted to RMB462,444,000 (31 December 2021: RMB459,284,000).

(iii) Management services fee under the MSA for the year ended 31 December 2022 amounted to RMB405,004,000 (31 December 2021: RMB491,460,000), net of cost reimbursed of RMB49,452,000 (31 December 2021: RMB59,221,000) as purchasing agent for pharmaceuticals procurement pursuant to HRC Medical's and USC's medication supply program.

All services are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed. The Group applies the practical expedient of not disclosing the information about its remaining performance obligation when the performance obligation is part of a contract that has an original expected duration of one year or less.

Geographical information

At 31 December 2022, the non-current assets located in the Greater China, the U.S.A., and Lao People's Democratic Republic ("**Laos**") amounted to RMB8,936,931,000, RMB4,152,246,000, and RMB52,356,000, respectively (31 December 2021: RMB5,797,857,000, RMB3,785,893,000, and RMB53,345,000, respectively). Non-current assets as at 31 December 2022 and 2021 excluded equity instrument at FVTOCI, loan receivable, financial assets at FVTPL, pledged bank deposits, refundable deposits, deferred tax assets, amounts due from associates and amounts due from other related parties.

Information about major customers

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

	2022	2021
	RMB'000	*RMB'000*
HRC Medical	**351,142**	436,846

4. OTHER INCOME

	2022	2021
	RMB'000	*RMB'000*
Imputed interest income from related parties	**196**	2,319
Interest income from banks	**16,814**	7,838
Interest income from time deposits	**9,182**	22,405
Interest income from pledged bank deposits	**2,153**	1,886
Government grants *(Note)*	**6,990**	6,921
Consulting service income	**2,561**	6,834
Others	**12,256**	7,763
	50,152	55,966

Note: Government grants mainly represented amounts received by Jinxin Women and Children Hospital for its newly granted Class Three Grade A qualification as private hospital and grants on cost incurred for research and development projects of Shenzhen Zhongshan Hospital with no unfulfilled conditions (2021: the grants on cost incurred for research and development projects of Shenzhen Zhongshan Hospital with no unfulfilled conditions).

5. OTHER EXPENSES

	2022	2021
	RMB'000	*RMB'000*
Donations	**3,411**	–
Compensation to patients	**3,360**	272
Others	**1,339**	333
	8,110	605

6. OTHER GAINS AND LOSSES, NET

	2022	2021
	RMB'000	*RMB'000*
Loss on disposal/write-off of property, plant and equipment	**(34,543)**	(2)
Exchange gain, net	**9,422**	13,122
Fair value change of other financial assets at FVTPL	**6,205**	6,856
Fair value change of investments in preferred shares measured at FVTPL	**(76,733)**	3,979
Gain on deemed disposal of partial investments in preferred shares measured at FVTPL	**36,310**	–
Fair value change of financial assets at FVTPL	**(5,526)**	30,026
Fair value change of other financial liabilities at FVTPL	**3,501**	8,362
Gains on early termination of leases	**203**	–
Gain on disposal of investments in an associate	**4,348**	–
Others	**(1,239)**	97
	(58,052)	62,440

7. FINANCE COSTS

	2022	2021
	RMB'000	*RMB'000*
Interest on bank borrowings *(Note)*	**45,263**	5,589
Interest on convertible bonds	**4,710**	379
Interest on lease liabilities	**21,880**	15,178
	71,853	21,146

Note:

	2022	2021
	RMB'000	*RMB'000*
Total borrowing cost	**81,688**	5,589
Less: amounts capitalised in construction in progress	**(36,425)**	–
	45,263	5,589

Borrowing costs capitalised during the year arose on the specific borrowings.

8. PROFIT BEFORE TAXATION

	2022	2021
	RMB'000	*RMB'000*
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	**4,336**	3,200
Directors' remuneration	**12,942**	8,242
Other staff costs		
– salaries, allowances and other benefits	**661,964**	449,669
– retirement benefit schemes contributions for other staff	**65,989**	32,507
– share-based compensation benefits	**33,024**	76,342
Total staff costs	**773,919**	566,760
Cost of inventories recognised as expenses (representing pharmaceutical products and consumables used, included in cost of revenue)	**650,928**	513,785
Amortisation of licenses (included in administrative expenses)	**39,034**	23,662
Amortisation of non-compete agreement (included in administrative expenses)	**1,393**	448
Depreciation of property, plant and equipment	**150,422**	98,585
Depreciation of right-of use assets	**72,713**	46,927
Less: capitalised in building under construction	**(2,168)**	–
Depreciation of right-of-use assets recognised in profit and loss	**70,545**	46,927

9. INCOME TAX EXPENSES

	2022	2021
	RMB'000	*RMB'000*
Current tax:		
PRC EIT	**91,962**	89,151
Hong Kong Profits Tax	**4,046**	1,890
U.S.A. Federal Income Tax	**–**	612
U.S.A. State Income Tax	**235**	1,656
	96,243	93,309
Deferred tax:		
Current year	**(59,868)**	10,921
	36,375	104,230

The Company is tax exempted under the laws of the Cayman Islands and its subsidiaries incorporated in the BVI are also tax exempted under the laws of the BVI from a BVI tax perspective.

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for year 2022 and 2021.

9. INCOME TAX EXPENSES — Continued

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

Certain subsidiaries of the Company are subject to U.S.A. corporate tax representing 21% of the applicable U.S.A. Federal Income Tax rate and an average of 8.84% for California State Income Tax rate for the years ended 31 December 2022 and 2021 for their operations in the U.S.A.

Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to the retained profits of the PRC subsidiaries amounting to approximately RMB784,026,000 as at 31 December 2022 (31 December 2021: RMB646,109,000), as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

The income tax expenses for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2022	2021
	RMB'000	*RMB'000*
Profit before taxation	**154,324**	457,927
Tax at PRC EIT rate of 25%	**38,581**	114,482
Tax effect of share of results of associates	**1,104**	1,706
Tax effect of share of results of a joint venture	**(11)**	823
Tax effect of expenses not deductible for tax purposes	**1,547**	1,311
Tax effect of income not taxable for tax purpose	**(4,977)**	(16,722)
Tax effect of R&D expense additional deduction	**(1,801)**	(1,992)
Effect of tax exemption and concessions granted to PRC subsidiaries	**(44,483)**	(35,726)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(1,946)**	1,631
Tax effect of tax loss not recognised	**48,361**	38,717
Income tax expenses	**36,375**	104,230

At the end of the reporting period, the Group has accumulated unused tax losses of RMB627,256,000 (2021: RMB95,080,000), subject to approval of relevant tax authorities, available for offset against future profits and recognised accumulated tax losses of RMB338,732,000 (2021: RMB28,080,000) as deferred tax asset. The unrecognised tax losses of RMB53,607,000 (2021: RMB18,272,000) will expire in various years before 2027 (2021: 2026) and other unrecognised tax losses may be carried forward indefinitely.

10. DIVIDENDS

	2022	2021
	RMB'000	*RMB'000*
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2021 final — HK7.38 cents (2021: 2020 final — Nil) *(Note)*	**150,000**	—

Note: A final cash dividend in respect of the year ended 31 December 2021 of HK7.38 cents (equivalent to RMB0.06) per ordinary share, in an aggregate amount of RMB150,000,000 (2021: Nil), has been proposed by the Directors and approved by the shareholders in the annual general meeting held on 28 June 2022.

Except for the final dividend in respect of the year ended 31 December 2021, no other dividend was paid or proposed for ordinary shareholders of the Company during 2022, nor has any dividend been proposed since the end of the reporting period.

11. 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:

	2022	2021
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	**121,124**	339,901
Effect of dilutive potential ordinary shares:		
– Interest on convertible bonds	**4,710**	379
– Exchange loss on convertible bonds	**294**	–
Earnings for the purpose of diluted earnings per share (profit for the year attributable to owners of the Company)	**126,128**	340,280

11. EARNINGS PER SHARE — Continued

	2022	2021
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,496,257**	2,478,210
Effect of dilutive potential ordinary shares:		
– Restricted Shares Units ("**RSUs**") issued by the Company	**7,232**	14,190
– Convertible bonds issued by the Company	**120,980**	11,932
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,624,469**	2,504,332

For the year ended 31 December 2022, the weighted average number of ordinary shares for the purpose of calculation of basic earnings per share has been adjusted for the effect of ordinary shares held by the nominee under the RSU Scheme by the RSU Scheme's Nominee and the effect of the ordinary shares issued by the Company (2021: the weighted average number of ordinary shares for the purpose of calculation of basic earnings per share has been adjusted for the effect of ordinary shares held by the nominee under the RSU Scheme by the RSU Scheme's Nominee and the effect of the ordinary shares issued and repurchased by the Company).

For the years ended 31 December 2022 and 2021, the weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share has been adjusted for the effect of assumption of the conversion of all potential dilutive ordinary shares arising from restricted shares and the conversion of the Company's outstanding convertible bonds.

12. GOODWILL

	RMB'000
COST	
At 1 January 2021	889,642
Arising from acquisitions of subsidiaries	1,849,102
Exchange realignment	(18,997)
At 31 December 2021	2,719,747
Arising from acquisitions of subsidiaries	542,941
Exchange realignment	222,037
At 31 December 2022	3,484,725

13. FINANCIAL ASSETS AT FVTPL

	RMB'000
At 1 January 2021	–
Purchase	149,244
Gains on fair value change	30,026
Exchange realignment	(1,523)
At 31 December 2021	177,747
Loss on fair value change	(5,526)
Disposal	(127,320)
Exchange realignment	8,338
Derecognised upon acquisition of a subsidiary	(53,239)
At 31 December 2022	–

Note: During the year ended 31 December 2021, Sichuan Jinxin Fertility acquired 10% equity interests in Guangdong Kangzhi, which holds 51% equity interests in each of Yunan Jiuzhou Hospital and Kunming Hewanjia Hospital, at a consideration of RMB37,740,000. In addition, the Company through its wholly-owned subsidiary, Jinxin Fertility Group (BVI) Company Limited, subscribed 15% limited partnership interest in 天津濱海遠欣股權投資中心 (有限合夥) (Tianjin Binhai Yuanxin Equity Investment Center (Limited Partnership), "**Binhai Yuanxin**") at a total consideration of approximately US$17,250,000 (equivalent to approximately RMB111,504,000). Binhai Yuanxin indirectly holds 89.9663% equity interests in Guangdong Kangzhi Hospital and 99.9625% equity interests in each of Guangzhou Yunzhicai and Guangzhou Hejia. Guangzhou Yunzhicai holds 49% equity interests in Yunnan Jiuzhou Hospital, and Guangzhou Hejia holds 49% of equity interests in Kunming Hewanjia Hospital. Accordingly, the Group was entitled to approximately 19.33% economic interests in each of Yunnan Jiuzhou Hospital and Kunming Hewanjia Hospital.

On 9 June 2022, Jinxin Fertility Group (BVI) Company Limited disposed 15% limited partnership interest in Binhai Yuanxin at total consideration of RMB127,320,000, representing cash consideration of US$16,290,000 (equivalent to approximately RMB108,838,000) and discharged of residual payables of US$2,307,000 (equivalent to approximately RMB18,482,000).

On 13 July 2022, the Group acquired additional 90% equity interests in Guangdong Kangzhi, 89.7959% equity interests in Guangzhou Yunzhicai and 89.7959% equity interests in Guangzhou Hejia at a total consideration of RMB954,125,000. Upon completion, the Group (i) owns 100% equity interests in Guangdong Kangzhi, 89.7959% equity interests in Guangzhou Yunzhicai and 89.7959% equity interests in Guangzhou Hejia, respectively.

13. FINANCIAL ASSETS AT FVTPL — Continued

Note: — Continued

As part of the acquisition, Jinrun Fude, a 100% owned structured entity of the Group, entered into a capital injection agreement with each of Yunnan Jiuzhou Hospital and Kunming Hewanjia Hospital to subscribe for 30% equity interests, therefore diluting (i) Guangdong Kangzhi's and Guangzhou Yunzhicai's interests on Yunnan Jiuzhou Hospital to 35.7% and 34.3%, respectively, and (ii) Guangdong Kangzhi's and Guangzhou Hejia's interests on Kunming Hewanjia Hospital to 35.7% and 34.3%, respectively. Consequently, the Group ultimately controls 66.5% equity interests in each of Yunnan Jiuzhou Hospital and Kunming Hewanjia Hospital through Guangdong Kangzhi, Guangzhou Yunzhicai and Guangzhou Hejia, and controls 30% equity interests in each of Yunnan Jiuzhou Hospital and Kunming Hewanjia Hospital through Jinrun Fude by virtue of contractual arrangements. As such, the Group is entitled to approximately 96.5% economic interests in each of Yunnan Jiuzhou Hospital and Kunming Hewanjia Hospital.

14. INVENTORIES

	2022	2021
	RMB'000	*RMB'000*
Pharmaceutical products	**26,170**	10,378
Consumables and others	**36,375**	36,429
	62,545	46,807

15. ACCOUNTS AND OTHER RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Accounts receivables	**83,319**	64,330
Other receivables and prepayment:		
Prepayments on acquisitions of equity interests *(Note i)*	**153,082**	19,127
Prepayments to a director of a subsidiary *(Note ii)*	**37,587**	–
Prepayments to suppliers	**83,133**	79,408
Interest receivables	**383**	2,644
Loan receivables *(Note iii)*	**27,187**	23,153
Others	**14,194**	18,514
	398,885	207,176
Less: Loan receivable classified as non-current assets *(Note iii)*	**6,699**	17,074
Prepayments classified as non-current assets	**203,506**	47,417
Accounts and other receivables classified as current assets	**188,680**	142,685

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 Hospital, and mutually agreed to transfer the amounts due from Chengdu Jinxin Aijian Hospital 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 RMB38,661,000).

iii. The amount represent US$962,000 (equivalent to approximately RMB6,699,000) (2021: US$953,000 (equivalent to approximately RMB6,079,000)) loan receivable from IVF Universal, LLC, a supplier to the Group, and US$2,942,000 (equivalent to approximately RMB20,488,000) (2021: US$2,678,000 (equivalent to approximately RMB17,074,000)) loan receivable from a shareholder of an associate. These amounts are unsecured and interest-free. The loan receivable from a supplier is expected to collect in 2024 (2021: the loan receivable from a shareholder of an associate is expected to collect in 2023) and is therefore classified as non-current assets in the consolidated statement of financial position.

As at 1 January 2021, accounts receivables amounted to RMB11,289,000.

15. ACCOUNTS AND OTHER RECEIVABLES — Continued

The individual customers of Chengdu Xinan Hospital, Shenzhen Zhongshan Hospital, Wuhan Jinxin Hospital, Hong Kong Assisted Reproduction Centre Ltd ("**HK ARC**"), Hong Kong Reproductive Health Centre Ltd ("**HK RHC**"), Jinxin Women and Children 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 Hospital and Jinxin Women and Children Hospital usually settle by cash and the payment terms are normally from 60 to 180 days from the transaction date.

The Directors are of the view that there have been no significant increase in credit risk of default because the amounts are from local social insurance bureau, similar government departments or insurance companies with good credit rating and continuous repayment.

The accounts receivables are assessed individually for impairment allowance based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forward-looking information at the reporting date. The Directors considered that the ECL for accounts receivables is insignificant as at 31 December 2022 and 2021.

In determining the recoverability of accounts receivables, the management of the Group considers any change in the credit quality of the accounts receivables from the date credit was initially granted up to the end of the reporting period.

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

	2022	2021
	RMB'000	*RMB'000*
Within 90 days	**46,768**	47,873
91 to 180 days	**22,496**	12,360
Over 180 days	**14,055**	4,097
	83,319	64,330

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

16. ACCOUNTS AND OTHER PAYABLES

	2022	2021
	RMB'000	*RMB'000*
Accounts payables	**217,723**	147,357
Other payables:		
Consideration payable for Shenzhen Hengyu	**37,234**	–
Consideration payable for acquisition of a subsidiary	**33,670**	–
Construction payables	**86,435**	5,923
Loan payables *(Note i)*	**290,488**	–
Dividend payables	**10,504**	–
Refundable customers' deposits	**100,734**	93,992
Accrued employee expenses (including social insurances and housing fund contributions)	**159,052**	138,606
Value-added tax and other tax payables	**28,282**	17,986
Deferred income *(Note ii)*	**10,081**	4,140
Interest payables	**12,075**	1,214
Consideration payable for investment in financial assets at FVTPL	**–**	18,482
Others	**30,562**	17,818
	799,117	298,161
Total accounts and other payables	**1,016,840**	445,518
Less: Loan payables as non-current liabilities *(Note i)*	**(99,911)**	–
Total accounts and other payables as current liabilities	**916,929**	445,518

16. ACCOUNTS AND OTHER PAYABLES — Continued

Notes:

(i) The amounts represent unsecured, interest-free loan payables to the former shareholders of Shenzhen Hengyu. Pursuant to the equity transfer agreement entered into on 4 February 2022, certain consideration is payable by the Group to the former shareholders upon completion of certain construction milestones, which is due to be settled for over one year. Accordingly, as at 31 December 2022, the amount of RMB99,911,000 is expected to be paid after one year and is therefore classified as non-current liabilities in the consolidated statement of financial position.

(ii) The amount mainly represents government grants received for research and development projects but with conditions not yet fulfilled.

The credit period of accounts payables is from 30 to 90 days from the invoice date.

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

	2022	2021
	RMB'000	*RMB'000*
Within 90 days	**151,802**	139,017
91 to 180 days	**16,954**	6,539
181 to 365 days	**35,526**	168
Over 365 days	**13,441**	1,633
	217,723	147,357

17. BANK BORROWING

	2022	2021
	RMB'000	*RMB'000*
Bank borrowing, guaranteed	**2,089,296**	163,746

The carrying amounts of the above borrowing are repayable:

Within one year	**18,618**	37,746
Within a period of more than one year but not exceeding two years	**714,020**	54,000
Within a period of more than two years but not exceeding three years	**1,356,658**	72,000
	2,089,296	163,746

The bank borrowing amounting to RMB163,746,000 as at 31 December 2021 carries fixed interest rate which is determined at loan prime rate less 0.33% per annum upon drawdown of the bank borrowing and is secured by pledged bank deposits. The bank borrowing has been settled on 15 July 2022.

On 28 December 2021, the Company obtained syndicated bank facility amounted to US$300,000,000 (equivalent to approximately RMB2,070,678,000) which is guaranteed by the Company's subsidiaries. Credit Suisse AG, Singapore branch, incorporated in Switzerland with limited liability, and China CITIC Bank International Limited act 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 loans carry interest at variable market rates of London Inter-bank Offered Rate ("**LIBOR**") plus a fixed interest of 2.2% and are repayable by installments of 15%, 20% and 65% of the principal upon 24, 30 and 36 months of the utilisation date.

As at 31 December 2022, the bank borrowing amounting to RMB10,000,000 carries fixed interest rate of 3.5% per annum and is repayable on 13 December 2023. The bank borrowing amounting to RMB8,618,000 carries fixed interest rate of 3.6% and is repayable on 24 October 2023. Both bank borrowings are guaranteed by Jinxin Medical Investment Company Ltd (錦欣醫療投資有限公司), which is a subsidiary of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS UPDATES

In 2022, the global economy continued to be affected by the COVID-19 pandemic, which slowed down its recovery, and the recurrence of the pandemic also posed greater challenges to our assisted reproductive business. In facing the impact of the pandemic on the business, the Company continued to optimize and enhance its capabilities from all aspects, including clinical standards, talent nurturing, scientific research and innovation, inventing new disciplines in the assisted reproduction industry, organization construction, supply chain management, production capacity expansion, adopting new information systems and business integration, thus laying the foundation for business recovery and growth in the post-pandemic era. In the past year, the Company has also achieved remarkable results in these areas.

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

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

Women and Children Hospital is the only private Class III Grade A obstetrics, gynaecology and paediatrics hospitals in Sichuan Province and also one of the largest private obstetrics, gynaecology and paediatrics hospitals in China. In 2022, we had integrated our ARS, obstetrics, gynaecology and paediatrics business to create synergies and produced positive results. In Chengdu, the number of patients who received ARS and became successfully pregnant through Chengdu Xinan Hospital and in turn sought for obstetrics services and maintained a clinical profile in the obstetrics department of Jinxin Women and Children Hospital in 2022 increased by 63% compared to 2021, and the number of patients who visited the infertility division of Jinxin Women and Children Hospital and in turn visited Chengdu Xinan Hospital for initial diagnosis of IVF in 2022 increased by 47% compared to 2021. Through leveraging on our advantages in ARS, and obstetrics, gynecology and pediatrics medical services, we were able to reinforce our specialities and capability to treat specific diseases, such as establishing obstetric clinics designated for IVF, and we expect that this will allow us to better attract and serve patients.

Chengdu operations

Chengdu Xinan Hospital

We always position our patients as our top priority and are committed to improving the success rate of IVF and enhancing the patient experience. Since our establishment, we have consistently provided our patients with quality medical services compliant with international standards and that our medical services are of high quality.

In order to provide patients with superior and personalized ARS treatment solutions, we classify our outpatient services at Chengdu Xinan Hospital into five specialized categories: (i) patients with repeated IVF failures and thin endometrium; (ii) elder patients (aged 35 or above); (iii) younger patients (aged below 35); (iv) patients with PCOS (Polycystic Ovary Syndrome); and (v) IVF and artificial insemination (especially for ethnic minorities). Furthermore, we arrange "one-on-one consultants" for patients who have experienced IVF failure in order to better respond to their special needs both physically and psychologically and thus improve their success rate. In 2022, the success rate of IVF for our Chengdu Xinan Hospital and Jinjiang IVF Center reached 56.1%, increasing by 0.8% as compared to 2021.

We continuously monitor and develop our VIP services. Chengdu Xinan Hospital has successfully launched three VIP service packages to satisfy the diversified and personalized needs of its patients. In 2022, we actively explored and optimized the structure of our VIP service packages to cater for the needs of our patients who purchase our higher-end premium services, so as to increase the demand for such services. In 2022, the penetration rate of VIP services in Chengdu Xinan Hospital reached 8.4%.

We endeavour to enhance patient satisfaction. We have been adhering to using patient satisfaction as one of the key performance indicators (KPI) for our employees to provide better service and enhance our patients' experience. In 2022, the satisfaction ratings of patients undergoing embryo transfers at Chengdu Xinan Hospital increased by 0.6% to 93.6% as compared to 93% in 2021. Doctors with high patient satisfaction ratings also enhanced the reputation of Chengdu Xinan Hospital in the ARS market.

We continue to expand our two-way referrals network and improve the utilization of high-quality medical technology and diversify our patient acquisition networks by leveraging on our leading position of Chengdu Xinan Hospital in the ARS market in Sichuan Province. In 2022, Chengdu Xinan Hospital cooperated with 86 medical institutions by way of two-way referrals or entering into specialty alliance cooperation agreements.

Jinxin Women and Children Hospital

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

In addition to the obstetrics business, other businesses such as pediatrics, gynecology and traditional Chinese medicine, as well as the newly launched ophthalmology and stomatology have also experienced rapid development, resulting in the formation of a business trend featuring obstetrics as a specialty and synergizing it with the other departments. In 2022, the obstetrics and neonatology departments of Jinxin Women and Children Hospital have become the key medical specialty development targets in Chengdu.

The Group will continue to educate and innovate the assisted reproductive industry. For the year ended December 31, 2022, Jinxin Women and Children Hospital continued to provide 22 medical education programs, of which, 3 were at the national level, 16 were at the provincial level, and 3 were at the municipal level. In 2022, Jinxin Women and Children Hospital has received the awards as a "Key Specialist of Neonatology in Chengdu City (成都市新生兒科重點專科)" and a "Key Specialist of Obstetrics in Chengdu City (成都市產科重點專科)". Going forward, Jinxin Women and Children Hospital intends to integrate its strengths in assisted reproductive services with obstetrics and gynecology to establish new collaborative and synergistic disciplines such as IVF obstetrics.

The Group has conducted an internal restructuring in November 2022 and completed in December 2022 to enable Jinxin Women and Children Hospital to further expand its scope of offerings and provide medical services involving Molecular Genetics Services in accordance with the applicable PRC laws. As of December 31, 2022, there were only 12 medical institutions in Sichuan Province qualified to provide pre-natal molecular genetics services and all of which are public hospitals. The inclusion of Molecular Genetics Services, being the cutting-edge technology for pre-natal examination, is vital to the Group's future development for its ability to diagnose birth defects during pregnancy term with higher accuracy, as compared to the use of cytogenetics. We expect the inclusion of Molecular Genetics Services to further strengthen the Group's competitiveness and reputation.

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

In 2022, the number of patients who received ARS and became successfully pregnant in Chengdu Xinan Hospital and in turn sought for obstetrics services and maintained a clinical profile in the obstetrics department of Jinxin Women and Children Hospital increased by 63% compared to 2021, and the number of patients who visited the infertility division at Jinxin Women and Children Hospital and in turn visited Chengdu Xinan Hospital for an initial diagnosis of IVF in 2022 increased by 47% compared to 2021. Through leveraging our advantages in ARS and obstetrics, gynecology and pediatrics medical services, we were able to reinforce our specialities and capability to treat specific diseases, such as establishing obstetric clinics designated for IVF, and we expect that this will allow us to better attract and serve patients.

Operations in Shenzhen and Greater Bay Area

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

In 2022, we have further acquired equity interest and increased our control in Shenzhen Zhongshan Hospital from 79.44% to 99.90% effective shareholding interests. This will enable us to (i) enhance our control and influence over the management and operations of Shenzhen Zhongshan Hospital; (ii) increase our share of economic benefits generated by Shenzhen Zhongshan Hospital; and (iii) have greater flexibility in the formulation of business strategies in Shenzhen Zhongshan Hospital.

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

In addition, Shenzhen Zhongshan Hospital values the driving force generated by scientific research towards clinical applications, encourages scientific innovation and transfers research to clinical applications. In 2022, the number of articles published by Shenzhen Innovation Center in the core journals under the Science Citation Index (SCI) ("**SCI Journals**") reached a record high, totaling 18 articles and the accumulated number of articles in SCI Journals published by Shenzhen Innovation Center has surpassed 100 articles as of the end of 2022. Amongst all, our research in relation to the analysis of endometrial receptivity has entered into clinical stage in the second half of 2022.

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

Operations in Wuhan and Kunming

On August 31, 2022, Wuhan Jinxin Hospital has officially resumed its IVF license and recommenced its ARS operations. In July 2022, the Company completed the acquisition of controlling interests in Jiuzhou Hospital and Hewanjia Hospital, with our control in these hospitals increased to 96.50% effective shareholding interest, thereby further expanding the Company's market share and influence in Southwest China, and further collaborating with Jinrui Medical Center in Laos.

United States operations

While the COVID-19 pandemic significantly impacted the number of international patients visiting HRC Fertility for treatments, the local business has demonstrated sufficient resilience during the pandemic and continued to grow during the Reporting Period. Furthermore, we have successfully established new clinics and recruited new doctors with a view to increasing business capacity and reserving talents for business development and international business recovery in the future.

HRC Management continued to collaborate with the University of Southern California ("**USC**"), a leading private research university in the United States, and its fertility medicine practice of the reproductive and infertility endocrinology division at the Keck School of Medicine ("**USC Fertility**"). We have further deepened our collaboration with USC Fertility where (i) 3 doctors from USC Fertility practiced and provided clinical services at the

Pasadena Clinic under HRC; (ii) the number of physicians participating in USC's fellowship program increased from 4 to 6 with the support of HRC to nurture more physicians; and (iii) HRC and USC Fertility co-founded a research committee and collaborated on IVF-related clinical research to improve the quality of fertility treatment.

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

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

Furthermore, Dr. Lawrence B. Werlin, MD ("**Dr. Werlin**") joined HRC Medical in 2022. Dr. Werlin was the founder and medical director of Coastal Fertility Medical Center, Irvine, California and from January 1986 to September 1995, he founded and served as a director of Hoag Memorial Hospital Fertility Services.

Dr. Werlin has been a professor in the division of reproductive endocrinology at the University of California, Irvine and has been a member of the clinical faculty since 1982. His credentials as a leader in the reproductive endocrinology and infertility earned Dr. Werlin the respect of his peers and patients. He pioneered the use of preimplantation genetic diagnosis in Southern California and is considered a nationally noted expert in this application. Among his many accomplishments, Dr. Werlin was honored as the recipient of the National Fellowship in Reproductive Medicine at the National Institutes of Health and also served as chairman of the Validation Committee for the Society for Assisted Reproductive Technologies.

With the recruitment of Dr. Wittenberger, Dr. Natalia C. Llarena, and Dr. Werlin, HRC Medical currently has a total of 19 physicians. We believe our excellent management ability and performance will attract more talented physicians to join us, thereby providing the most important asset for HRC Medical to expand its business in the Western United States and further to the entire United States.

Key operating data

The following table sets forth the key operating data generated from our network of assisted reproductive medical facilities for the years ended December 31, 2021 and 2022.

	Year ended December 31,	
	2022	2021
Number of IVF treatment cycles	**26,125**	27,354
Overall success rate		
Chengdu Xinan Hospital and Jinjiang IVF Center	**56.1%**	55.3%
Shenzhen operations	**54.5%**	52.6%
United States operations	**57.1%**	56.2%

During the Reporting Period, the increase in success rate was mainly attributable to the further improvement in clinical and laboratory quality control, upgraded training system for the physicians and embryologists, and further investments into R&D. Success rate largely depends on the patient's age and the level of complication of each individual case and other factors.

OUTLOOK AND FUTURE

With the end of the pandemic, our businesses are expected to recover in 2023. The demand for assisted reproductive technology and services is still strong and has great potential in the global market. The growth of the ARS market in China is particularly promising due to an increased prevalence of infertility caused by lifestyle changes, an increase in the average age of the parents when having their first childbirth, rising health awareness and environmental pollution. Compared with Europe and the United States with a market penetration of ARS at approximately 30%, the market penetration of ARS in China is still relatively low. In facing the challenges of decreasing fertility rate, the PRC government had implemented and is expected to continue to implement various policies and measures to encourage fertility, and the PRC government tends to encourage patients in need of ARS in treatment. We expect the penetration rate and market size for assisted reproductive technology will be significantly increased in China.

In facing the challenges of decreasing fertility rate and change in population structure due to aging problem, the PRC government encourages births by adopting various supportive measures. In July 2021, the Central Committee of the Communist Party of China and the State Council issued the "Decision on Optimizing Fertility Policies to Promote Long-term and Balanced Population Development" (《關於優化生育政策促進人口長期均衡發展的決定》), where couples are allowed to have up to three children, and supportive measures are being introduced covering various aspects to encourage births. The "Human Assisted

Reproductive Technology Application Plan (2015–2020)" (《人類輔助生殖技術應用規劃(2015–2020)》) issued by the National Health Commission aims to promote the healthy development of the reproductive medicine industry in an orderly manner to meet the market demands. According to a recent reply by the National Health Commission, it has launched the revision of administrative measures, basis standards and technical specifications related to assisted reproductive technology in order to establish and improve legal egg donation and storage channel. In August 2022, 17 governmental authorities including the National Health Commission issued the "Guidelines on Further Improving and Implementing Supportive Measures for Active Fertility" (《關於進一步完善和落實積極生育支持措施的指導意見》) to guide local governments to consider the affordability of medical insurance (including maternity insurance) funds, relevant technical standards and other factors as a whole, and in accordance with the procedures, gradually list the labor analgesia and assisted reproductive technology programs in the coverage of such medical insurance funds.

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

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

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

Increased productivity, capacity and market share

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

In Yunnan Province, we increased our control in Jiuzhou Hospital and Hewanjia Hospital to approximately 96.50% effective shareholding interest in July 2022. At present, Jiuzhou Hospital and Hewanjia Hospital ranked second in Yunnan Province and first amongst private hospitals in terms of market share, and they can offer services to patients from Guizhou Province. Furthermore, the property where Jiuzhou Hospital situated is a self-owned property. We also plan to renovate Jiuzhou Hospital in the first half of 2023 with a view to optimize the service environment and expand its capacity in preparation for increasing market share in the future.

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

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

Being the only private Class III Grade A obstetrics, gynecology and pediatrics hospital in Sichuan Province, Jinxin Women and Children Hospital possesses advantages in medical quality, service experience and reputation, which has enabled it to accelerate the establishment of an academic hospital integrated with production, academic and research in the region. Chengdu Xinan Hospital and Jinxin Women and Children Hospital have built a very strong reputation among our patients and market influence in ARS and obstetrics, gynecology and pediatrics business, respectively, due to their excellent medical quality and superior service experience. The Group has also conducted an internal restructuring in November 2022 to enable Jinxin Women and Children Hospital to further expand its scope of offerings and provide medical services involving Molecular Genetics Services in accordance with the applicable PRC laws, which will further enhance the Group's competitiveness and reputation. In 2022, the synergy resulting from the integration of assisted reproduction, obstetrics, gynecology and paediatrics businesses has been becoming prominent which included the expansion in the number and scale of service offerings to customers, costs synergies and improved efficiency, and specialty construction. We will continue to deepen the integration of assisted reproduction, obstetrics, gynecology and pediatrics businesses to create enhanced synergistic effects by various means such as online hospital, internal restructuring and specialty construction.

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

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

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

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

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

In the Greater Bay Area, we have included Jinxin Medical Innovation Research Center into the Group's network in January 2022 for more effective management of our scientific research. Jinxin Medical Innovation Research Center is committed to clinical-based scientific research innovation, and ultimately tackle clinical conundrum.

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

In 2022, our hospitals in Chengdu and Shenzhen have published a total of 106 scientific papers, including 38 articles on SCI Journals and obtained 35 scientific research projects, of which, include 1 project at national-level, 7 projects at provincial level, and 27 projects at municipality level. Furthermore, our hospitals in Chengdu and Shenzhen also obtained 7 patents, of which, include 3 invention patents and 4 utility patents.

Amongst all, the research in relation to the analysis of endometrial receptivity independently developed by Shenzhen Zhongshan Hospital officially entered into clinical stage.

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

Talent recruitment and nurturing plan

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

We will continue to implement the "physician as partner" mechanism to grant outstanding physicians with equity ownership as partners of the Company, sharing the fruits from the development of the Company. We have adopted the 2022 Restricted Share Award Scheme in February 2022 and its purposes are to (i) provide our employees with the opportunity to acquire proprietary interests in the Company; (ii) encourage our employees to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole; and (iii) provide the Company with a flexible means of retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to our employees. As of the date of this announcement, the Company has granted 65,853,241 Restricted Shares in aggregate to employees, Directors and Subsidiary Directors. For further details, please refer to the section headed "Events After Reporting Period" in this announcement.

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

We also established the "Jinxin Academy" and invited renowned experts to give public lectures, aiming to (i) attract young physicians who are interested in assisted reproductive technology and improve their professional skills; and (ii) reserve talents for the expansion of the Company and the industry. As of December 2022, 1,422 people signed up for the new term of training at the Jinxin Academy, involving 743 hospitals or medical institutions, and 86% of them were not from our Group. For the year ended December 31, 2022, we provided training courses on assisted reproductive technology to 1,378 clinical staff.

Embrace the digital transformation and adoption of AI technology in its hospitals

In 2022 in collaboration with Jinxin Technology, we have self-developed and established a service platform "Jinxin Members (錦欣會員)" and began its pilot testing on our operations in Chengdu City with an accumulated number of 39,641 members as of December 31, 2022. Furthermore, we have also established a digital platform for our customers which digitizes their appointment making and consultation payment process. By integrating medical resources of our hospitals over digital platforms, we offer a continuum of online and offline integrated healthcare services before, during and after medical consultations. Also, this allows our hospital to facilitate a more efficient and pleasant hospital visit for our patients and improve its overall hospital operations.

The digital platforms have an online hospital service module that covers the whole cycle of reproductive healthcare. It has administrative functions which allows for patients to make appointments and pay for consultations, and has a consultation system which allows for online consultations, follow-up consultations, prescription processing and providing information on reproductive services.

Due to our self-development of several new technologies and online applications, we have introduced a new number of information systems to business and subsequently applied for 1 patent and 17 software copyrights in 2022.

Environmental, Social and Governance (ESG)

We have dedicated ourselves to enhancing our ESG initiatives in many ways. On the one hand, we believe, through our efforts in ESG, we will continue to create value for the society and gain recognition from the society and patients. In 2022, 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. During the Reporting Period, we obtained a total of 7 patents and published 106 academic articles, including 38 articles published on SCI Journals. Meanwhile, we insist on being patient-oriented, promote digital transformation of our hospitals, strengthen the medical quality management of our hospitals, provide patients with quality medical services throughout the lifecycle of their fertility treatment, establish a perfect patient communication mechanism and take 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. In particular with the resurgence of the pandemic in China, we acted promptly to support pandemic prevention and control in 2022. As of December 31, 2022, the Group and its related entities sent 16,616 nucleic acid sampling personnel and completed 7,810,755 nucleic acid sampling.

Financial Review

Revenue

Revenue of the Group increased by 28.6% from approximately RMB1,838.8 million for the year ended December 31, 2021 to approximately RMB2,364.5 million for the year ended December 31, 2022. The overall increase was primarily attributable to an increase in revenue due to the consolidation of Jinxin Women and Children Hospital into our Group since November 26, 2021 and Jiuzhou Hospital and Hewanjia Hospital since July 13, 2022, which was partially offset by (i) decrease in revenue generated by our ARS in Chengdu and our Shenzhen operations resulting from the impact of the pandemic in 2022; and (ii) a decrease in revenue generated by our Wuhan operation resulting from temporary suspension of its ARS business, which officially resumed its ARS operations on August 31, 2022.

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

	Year ended December 31,			
	2022		2021	
	RMB'000	***%***	*RMB'000*	*%*
Chengdu Operations				
ARS	**656,870**	**27.8%**	729,476	39.7%
Management service fee	**147,285**	**6.2%**	95,980	5.2%
Obstetrics, gynecology, pediatrics medical services and sales of medicines, consumables and equipment	**580,695**	**24.6%**	55,586	3.0%
Sub-total	**1,384,850**	**58.6%**	881,042	47.9%
Shenzhen operations				
ARS	**311,866**	**13.2%**	379,617	20.6%
Ancillary medical services	**36,426**	**1.5%**	47,310	2.6%
Sub-total	**348,292**	**14.7%**	426,927	23.2%

	Year ended December 31,			
	2022		2021	
	RMB'000	*%*	*RMB'000*	*%*
Yunnan Operations				
ARS	**51,488**	**2.2%**	–	–
Ancillary medical services	**40,937**	**1.7%**	–	–
Sub-total	**92,425**	**3.9%**	–	–
Wuhan operations				
ARS	**5,112**	**0.2%**	43,182	2.3%
Ancillary medical services	**11,876**	**0.5%**	11,721	0.6%
Sub-total	**16,988**	**0.7%**	54,903	3.0%
Hong Kong operations				
ARS	**28,440**	**1.2%**	8,186	0.4%
Ancillary medical services	**31,040**	**1.3%**	8,484	0.5%
Sub-total	**59,480**	**2.5%**	16,670	0.9%
United States operations				
Management service fee	**355,552**	**15.1%**	432,239	23.5%
Ancillary medical services(1)	**106,892**	**4.5%**	27,045	1.5%
Sub-total	**462,444**	**19.6%**	459,284	25.0%
Total	**2,364,479**	**100.0%**	1,838,826	100.0%

Note:

(1) Ancillary medical services provided by HRC Management include ambulatory surgery centre facility services and PGT (preimplantation genetic testing) services. HRC Medical reclassified revenue generated from procedures, such as egg retrieval and biopsy, from management service fee into ancillary medical services, thus increasing revenue generated from ancillary medical services and decreasing revenue generated from management service fee in 2022.

Chengdu operations

The revenue contributed by the operations in Chengdu increased by 57.2% from approximately RMB881 million for the year ended December 31, 2021 to approximately RMB1,384.9 million for the year ended December 31, 2022, primarily due to (i) the revenue contributed by Jinxin Women and Children Hospital being consolidated to our Group since November 26, 2021; and (ii) an increase in management service fees charged to Jinjiang IVF Center.

The revenue from ARS provided at Chengdu Xinan Hospital decreased by 10% from approximately RMB729.5 million for the year ended December 31, 2021 to approximately RMB656.9 million for the year ended December 31, 2022, primarily due to a decrease in IVF treatment cycles resulting from the impact of the pandemic in 2022, together with a slight decrease in the average spending per IVF treatment cycle performed at Chengdu Xinan Hospital resulted from the decrease in VIP cycles performed in Chengdu Xinan Hospital. We explored to optimize our VIP packages to cater the diversified needs of our patients by way of restructuring our VIP packages, which led to a slight decrease in VIP penetration rate in 2022.

Revenue from management services provided in Chengdu increased by 53.5% from approximately RMB96 million for the year ended December 31, 2021 to approximately RMB147.3 million for the year ended December 31, 2022, primarily due to the increase in management service fee charged to Jinjiang IVF Center. We appointed a well regarded physician from Chengdu Xinan Hospital to act as the president of Jinjiang IVF Center in June 2021, which attributed to the significant increase of IVF treatment cycles at Jinjiang IVF Center.

Our Chengdu operations were affected by the pandemic during the Reporting Period, and the total revenue generated from Chengdu Xinan Hospital including both ARS revenue and management service fees decreased by 7.2% from approximately RMB822 million for the year ended December 31, 2021 to approximately RMB763.1 million for the year ended December 31, 2022.

Shenzhen operations

The revenue contributed by the Group's Shenzhen operations decreased by 18.4% from approximately RMB426.9 million for the year ended December 31, 2021 to approximately RMB348.3 million for the year ended December 31, 2022, primarily due to the impact of the pandemic in Shenzhen, considering that our Shenzhen operations are located in the most serverely impacted district by COVID-19 during the Reporting Period.

Wuhan operations

The revenue contributed by the Group's Wuhan operations decreased by 69.1% from approximately RMB54.9 million for the year ended December 31, 2021 to approximately RMB17.0 million for the year ended December 31, 2022, primarily due to the temporary suspension of ARS business in November 26, 2021, which have officially resumed its ARS operations on August 31, 2022.

Hong Kong operations

The revenue contributed by Jinxin Women Group increased by 256.8% from approximately RMB16.7 million for the year ended December 31, 2021 to approximately RMB59.5 million for the year ended December 31, 2022, primarily due to the consolidation of revenue generated from Jinxin Women Wellness into our Group since September 5, 2021.

United States operations

The revenue contributed by the Group's United States operations increased by 0.7% from approximately RMB459.3 million for the year ended December 31, 2021 to approximately RMB462.4 million for the year ended December 31, 2022, primarily due to the increase in aggregated IVF treatment cycles performed at HRC and USC Fertility Center with which HRC entered into management service agreement in August 2021.

Ancillary medical services provided by HRC Management include ambulatory surgery center facility services and preimplantation genetic testing (PGT) services. Revenue contributed by such ancillary medical services increased by 295.2% from approximately RMB27.0 million for the year ended December 31, 2021 to approximately RMB106.9 million for the year ended December 31, 2022, primarily due to reclassifying of the revenue generated from procedures such as egg retrieval and biopsy conducted as part of the IVF treatments being reclassified as ancillary medical services since April 2022.

Cost of Revenue

Cost of revenue of the Group increased by 39.6% from approximately RMB1,067.3 million for the year ended December 31, 2021 to approximately RMB1,490.2 million for the year ended December 31, 2022. The increase of the cost of revenue was mainly attributed to the consolidation of Jinxin Women and Children Hospital into our Group since November 26, 2021 and Jiuzhou Hospital and Hewanjia Hospital since July 13, 2022.

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

Gross Profit and Gross Profit Margin

Gross profit of the Group increased by 13.3% from approximately RMB771.5 million for the year ended December 31, 2021 to approximately RMB874.3 million for the year ended December 31, 2022. The increase was mainly attributed to the consolidation of Jinxin Women and Children Hospital into our Group since November 26, 2021 and Jiuzhou Hospital and Hewanjia Hospital since July 13, 2022. The Group's gross profit margin decreased from 42.0% for the year ended December 31, 2021 to 37.0% for the year ended December 31, 2022. The decrease in the gross profit margin was due to (i) the one-off loss incurred by Wuhan Jinxin Hospital due to the temporary suspension of ARS business, which officially resumed its ARS operation on August 31, 2022; (ii) the consolidation of Jinxin Women and Children Hospital , Jiuzhou Hospital and Hewanjia Hospital which have slightly lower gross profit margins than the Group's existing businesses; and (iii) the slight decrease in gross profit margin of the existing businesses of the Group, including Chengdu, Shenzhen and US operations, resulting from impact of the pandemic on their profitability.

Other Income

Other income of the Group decreased by 10.4% from approximately RMB56.0 million for the year ended December 31, 2021 to approximately RMB50.2 million for the year ended December 31, 2022, primarily due to the decrease in the interests income from time deposits.

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

Other Gains and Losses

Other gains and losses primarily represent gains and losses on fair value change of financial assets/investment at fair value at fair value through profit or loss ("**FVTL**"), on disposal of assets/ investments, and on net exchange. The Group recorded other gains and losses, net, of approximately RMB58.1 million for the year ended December 31, 2022, primarily resulting from the disposal of Kangseed Investment and the Eden Assets.

Research and Development Expenses

Research and development expenses of the Group increased by 64.1% from approximately RMB10.7 million for the year ended December 31, 2021 to approximately RMB17.5 million for the year ended December 31, 2022, primarily due to an increase in the number of R&D staff and the cost of materials and equipments used by the Group's R&D institutions.

Research and development expenses primarily consist of staff costs of the Group's research and development team at Shenzhen Zhongshan Hospital, which conducts projects in assisted reproductive technology, in particular, reproductive immunology, and cost of materials used by its research and development team.

Selling and Distribution Expenses

Selling and distribution expenses primarily consist of marketing and promotional expenses associated with organizing educational activities and cooperating with third parties agencies and partners and staff cost of the Group's marketing team. Selling and distribution expenses of the Group increased by 145.4% from approximately RMB61.7 million for the year ended December 31, 2021 to approximately RMB151.4 million for the year ended December 31, 2022, primarily due to (i) an increase in marketing expenses and agency fees incurred by HRC Management in connection with the preparations made to cater for recovery of both local and international businesses from the COVID-19 pandemic in 2023, and (ii) the promotion of Jiuzhou Hospital and Hewanjia Hospital which used to invest heavily on marketing activities. As part of the integration with the rest of our Group, we are expecting to optimize patient recruitment for Jiuzhou Hospital and Hewanjia Hospital and decrease the marketing expenses in the future.

Administrative Expenses

Administrative expenses primarily consist of staff costs, including ESOP expenses, depreciation and amortization, repairment and maintenance expenses, property-related expenses and others. Administrative expenses of the Group increased by 40% from approximately RMB327.7 million for the year ended December 31, 2021 to approximately RMB458.9 million for the year ended December 31, 2022, primarily due to the (i) the consolidation of Jinxin Women and Children Hospital into our Group since November 26, 2021 and Jiuzhou Hospital and Hewanjia Hospital since July 13, 2022; (ii) an increase in staff costs resulting from inflation in the United States; and (iii) an increase in expense incurred in connection with the relocation of two satellite clinics and establishment of San Diego clinic under HRC Management operations.

Finance Costs

Finance costs of the Group increased from approximately RMB21.1 million for the year ended December 31, 2021 to approximately RMB71.9 million for the year ended December 31, 2022, mainly due to the interest incurred for the syndicated bank facility amounting to US$300 million which was drawn down in full in March 2022.

Income Tax Expenses

Income tax expenses of the Group primarily consist of PRC enterprise income tax and US income tax. Income tax expenses of the Group decreased by 65.1% from approximately RMB104.2 million for the year ended December 31, 2021 to approximately RMB36.4 million for the year ended December 31, 2022, primarily due to the decrease in the Group's profit before taxation.

The effective tax rate of the Group increased from 22.8% for the year ended December 31, 2021 to 23.6% for the year ended December 31, 2022, primarily due to the increase in tax losses not deductible from our offshore holding companies.

Non-IFRS Measures

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

The following tables set forth the reconciliation of the Group's non-IFRS financial measures for the years ended December 31, 2022 and 2021 to the nearest measures prepared in accordance with IFRS:

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Profit for the year	**117,949**	353,697
Add:		
ESOP expenses[1]	**33,024**	76,342
Amortization and depreciation of medical practice license, non-compete agreement and property, plant and equipment arising from acquisitions[2]	**44,127**	27,556
Imputed interest income from related parties[3]	**(196)**	(2,319)
One-off loss made by Wuhan Jinxin Hospital due to the temporary suspension of its ARS business[4]	**38,809**	–
One-off loss made by disposal of Kangseed Investment[5]	**40,423**	–
Non-IFRS adjusted net profit	**274,136**	455,276
Non-IFRS EBITDA	**366,997**	548,493
Add:		
ESOP expenses[1]	**33,024**	76,342
Imputed interest income from related parties[3]	**(196)**	(2,319)
One-off loss made by Wuhan Jinxin Hospital due to the temporary suspension of its ARS business[4]	**38,809**	–
One-off loss made by disposal of Kangseed Investment[5]	**40,423**	–
Non-IFRS adjusted EBITDA	**479,057**	622,516

Notes:

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

(2) Amortization and depreciation of medical practice license, non-compete agreement and property, plant and equipment arising from acquisitions: by eliminating the effect of these items from the profit attributable to the owners of the Company, it serves the purpose of demonstrating the endogenous growth of the Company.

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

(4) One-off loss made by Wuhan Jinxin Hospital due to the temporary suspension of its ARS business: this loss was mainly attributable to the temporary suspension of ARS business at Wuhan Jinxin Hospital which recommenced its ARS operations on August 31, 2022.

(5) One-off loss from the disposal of Kangseed Investment: this loss was deemed from the disposal of Kangseed Investment.

Net Profit and Net Profit Margin

As a result of the foregoing, net profit of the Group decreased by 66.7% from approximately RMB353.7 million for the year ended December 31, 2021 to approximately RMB117.9 million for the year ended December 31, 2022. Net profit margin of the Group for the year ended December 31, 2022 was 5%, compared to 19.2% for the year ended December 31, 2021. The lower net profit margin compared to the year ended December 31, 2021 was primarily due to, as presented in the foregoing, the (i) one-off loss incurred by Wuhan Jinxin Hospital due to the temporary suspension of its ARS business that resumed operations on August 31 2022; (ii) an increase in finance cost due to interest incurred for the syndicated bank facility amounting to US$300 million which was drawn down in full in March 2022; (iii) an increase in operating expenses in HRC Management due to inflation, relocation of two clinics and establishment of a new clinic; and (iv) losses from the disposal of Kangseed Investment and the Eden Assets.

Profit attributable to owners of the parent decreased by 64.4% from approximately RMB339.9 million for the year ended December 31, 2021 to approximately RMB121.1 million for the year ended December 31, 2022.

Non-IFRS adjusted net profit[1] of the Group decreased by 39.8% from approximately RMB455.3 million for the year ended December 31, 2021 to approximately RMB274.1 million for the year ended December 31, 2022. The non-IFRS adjusted net profit margin of the Group for the year ended December 31, 2021 was 24.8%, compared to 11.6% for the year ended December 31, 2022. The lower non-IFRS adjusted net profit margin of the Group for the year ended December 31, 2022 was primarily due to, as presented in the foregoing, (i) an increase in finance cost due to interest incurred for the syndicated bank facility amounting to US$300 million which was drawn down in full in March 2022; (ii) an increase in operating expenses in HRC Management due to inflation, relocation of two clinics and establishment of a new clinic; and (iii) losses from disposal of the Eden Assets purchased by HRC Management in 2020.

[1] Non-IFRS adjusted net profit is calculated as net profit for the Reporting Period, excluding (i) ESOP expenses; (ii) amortization and depreciation of medical practice license, non-compete agreement and property, plant and equipment arising from acquisitions; (iii) imputed interest income from related parties; (iv) one-off loss made by Wuhan Jinxin Hospital due to the temporary suspension of its ARS business, which officially resumed its ARS operations on August 31, 2022; and (v) one-off loss from the disposal of Kangseed Investment, to better reflect the Company’s current business and operations.

Non-IFRS adjusted net profit attributable to owners of the parent decreased by 37.2% from RMB441.5 million for the year ended December 31, 2021 to approximately RMB277.3 million for the year ended December 31, 2022.

Non-IFRS EBITDA

Non-IFRS EBITDA[2] of the Group decreased by 33.1% from approximately RMB548.5 million for the year ended December 31, 2021 to approximately RMB367 million for the year ended December 31, 2022. The non-IFRS EBITDA margin of the Group for the year ended December 31, 2022 was 15.5%, compared to 29.8% for the year ended December 31, 2021. The lower non-IFRS EBITDA margin of the Group for the year ended December 31, 2022 was mainly due to (i) one-off loss incurred by Wuhan Jinxin Hospital due to the temporary suspension of its ARS business, which has been resumed on August 31 2022; (ii) an increase in operating expenses in HRC Management due to inflation, relocation of two clinics and establishment of a new clinic; and (iii) losses arising from the disposal of Kangseed Investment and the Eden Assets.

Non-IFRS adjusted EBITDA[3] of the Group decreased by 23% from approximately RMB622.5 million for the year ended December 31, 2021 to approximately RMB479.1 million for the year ended December 31, 2022. The non-IFRS adjusted EBITDA margin of the Group for the year ended December 31, 2022 was 20.3%, compared to 33.9% for the year ended December 31, 2021. The lower non-IFRS adjusted EBITDA margin of the Group for the year ended December 31, 2022 was mainly due to a decrease in adjusted EBITDA margin of HRC operations as a result of the foregoing.

Basic and Diluted Earnings per Share

The basic and diluted earnings per share of the Group for the year ended December 31, 2022 amounted to RMB0.05 and RMB0.05, respectively, as compared with RMB0.14 and RMB0.14, respectively, as that for the year ended December 31, 2021. Please refer to note 11 to the consolidated financial statements in this announcement. Adjusted basic earnings per share of the Group for the year ended December 31, 2022 amounted to RMB0.11, as compared with RMB0.18 as that for the year ended December 31, 2021.

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

[3] Non-IFRS adjusted EBITDA is calculated as non-IFRS EBITDA for the Reporting Period, excluding (i) ESOP expenses; (ii) imputed interest income from related parties; (iii) one-off loss incurred by Wuhan Jinxin Hospital due to the temporary suspension of its ARS business, which officially resumed its ARS operation on August 31, 2022; and (iv) one-off loss from the disposal of Kangseed Investment, to better reflect the Company's current business and operations.

Inventories

Inventories of the Group increased by 33.6% from approximately RMB46.8 million as at December 31, 2021 to approximately RMB62.5 million as at December 31, 2022, which was primarily due to the consolidation of Jiuzhou Hospital and Hewanjia Hospital.

Accounts and Other Receivables

Accounts and other receivables of the Group increased by 32.2% from approximately RMB142.7 million as at December 31, 2021 to approximately RMB188.7 million as at December 31, 2022, which was consistent with our revenue growth.

Goodwill

Goodwill of the Group increased by 28.1% from approximately RMB2,719.7 million as at December 31, 2021 to approximately RMB3,484.7 million as at December 31, 2022, primarily due to the consolidation of Jiuzhou Hospital and Hewanjia Hospital.

Accounts and Other Payables

Accounts and other payables of the Group increased by 105.8% from approximately RMB445.5 million as at December 31, 2021 to approximately RMB916.9 million as at December 31, 2022, primarily due to the increase in dividend payable of RMB10.5 million and increase in payable of RMB290.5 million associated with the acquisition of the new property, being the new hospital building of Shenzhen Zhongshan Hospital.

Liquidity and Capital Resources

The business operations and expansion plans of the Group require a significant amount of capital, including upgrading the Group's existing medical facilities and establishing and acquiring new medical institutions and other working capital requirements. In June 2019, the Group received total proceeds of approximately HK$2,808.1 million from the Listing, after deducting the underwriting fees, commissions and related Listing expenses. In February 2021, the Group received total net proceeds of approximately HK$1,253.5 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. The net proceeds and the loan facilities would be used to fund the capital requirements of the Group. There was no change in the capital structure of the Group during the Reporting Period. The share capital of the Company only comprises ordinary shares. As at the date of this announcement, the authorized share capital of the Company was US$50,000 divided into 5,000,000,000 Shares. The capital structure of the Group was 42.7% debt and 57.3% equity as at December 31, 2022, compared with 31.8% debt and 68.2% equity as at December 31, 2021. Therefore, the Directors are of the view that the Group has sufficient resources to meet its future business operations and expansion plans.

Cash Flows

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

	For the year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Net cash generated from operating activities	**541,740**	343,452
Net cash used in investing activities	**(1,377,837)**	(1,566,182)
Net cash from financing activities	**460,142**	955,054
Cash and cash equivalents at beginning of the year	**1,689,284**	1,964,516
Effect of foreign exchange rate changes	**16,619**	(7,556)
Cash and cash equivalents at end of the year	**1,329,948**	1,689,284

Capital Commitments

The principal capital expenditures of the Group relate primarily to purchases of property, plant and equipment. The following table sets forth a breakdown of the Group's capital expenditures for the years indicated:

	For the year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Capital expenditure in respect of property, plant and equipment contracted for but not provided in the consolidated financial statements	**82,739**	5,306

Significant Investments, Material Acquisitions and Disposals

On February 4, 2022, Hainan Sanya Jinshu Enterprise Management Co., Ltd. (海南三亞錦舒企業管理有限公司), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with certain independent third-party individuals to purchase their equity interests in Shenzhen Hengyu Lianxiang Investment Development Co., Ltd. (深圳市恒裕聯翔投資發展有限公司) at cash consideration of approximately RMB37,234,000.

On July 13, 2022, the acquisition of 90.00% equity interests in Kangzhi Hospital Company do not process, 89.7959% equity interests in Guangzhou Yunzhicai and 89.7959% in Guangzhou Hejia has been completed. Details in relation to the acquisition were set out in the announcements of the Company dated April 21, 2022 and July 13, 2022, respectively.

Save as disclosed in this announcement, as of December 31, 2022, there were no significant investments held by the Company, nor were any material acquisitions or disposals of subsidiaries, associates and joint ventures.

Indebtedness

Lease liabilities

The Group recognized right-of-use assets and corresponding lease liabilities in respect of all leases, except for short-term leases and leases of low value assets. As at December 31, 2022, the Group, as a lessee, had outstanding lease liabilities for the remaining terms of relevant lease agreements in an aggregate amount of RMB439.2 million. The lease liabilities represent payment for right of using underlying assets.

Borrowings

As of December 31, 2022, the Group had bank borrowings of RMB2,089.3 million (December 31, 2021: RMB163.7 million).

Pledge of Assets

As at December 31, 2021, bank deposits of RMB180 million were pledged to secure a bank loan of even amount. The pledged bank deposits have been released upon the settlement of the relevant bank borrowing in 2022. Save as disclosed, the Group did not pledge any other assets.

Contingent Liabilities and Guarantees

As at December 31, 2022, the Group did not have any material contingent liabilities or guarantees.

Contractual Obligations

As of December 31, 2022, the Group did not have any contractual obligations that would have a material effect on its financial position or results of operations.

Gearing Ratio

Gearing ratio is calculated using total borrowings divided by total equity as at the end of such year and multiplied by 100%. As of December 31, 2022, the Group's gearing ratio is 23.9% (as of December 31, 2021: 1.87%).

EMPLOYEES AND REMUNERATION POLICY

As of December 31, 2022, the Group and the medical facilities in its network had a total of 3,158 employees, of whom 2,761 were located in China and 397 were located in the United States. The staff costs, including Directors' emoluments were approximately RMB674.9 million for the year ended December 31, 2022, as compared to approximately RMB457.9 million for the year ended December 31, 2021.

The medical facilities in the Group's network generally enter into individual employment contracts with their employees to cover matters such as wages, benefits and grounds for termination. At each of the assisted reproductive medical facilities, the medical professionals are provided with competitive compensation packages, attractive promotion opportunities, diverse training courses and a professional working environment. Remuneration packages for the employees primarily comprise of: base salary, performance-based compensation and/or discretionary bonus. As required by PRC laws and regulations, the Group participates in various employee social security plans for its employees that are administered by local governments, including housing provident fund, pension, medical, maternity insurance, work-related injury insurance and unemployment insurance.

The Group also offers its employees the option to participate in its RSU Scheme and 2022 Restricted Share Award Scheme, which were adopted on February 15, 2019 and February 17, 2022, respectively. Summary of the principal terms of the RSU Scheme is set out in the section headed "Statutory and General Information — D. RSU Scheme" in Appendix V to the Prospectus. Summary of the principal terms of the 2022 Restricted Share Award Scheme are set out in the announcement of the Company dated February 17, 2022. The Group has not granted any award shares since the adoption of the 2022 Restricted Share Award Scheme and up to December 31, 2022. In January 2023, the Group has granted 65,853,241 Restricted Shares in aggregate to its employees, Directors and Subsidiary Directors. For further details, please refer to the section headed "Events After Reporting Period" in this announcement.

Besides, the Group has adopted the Share Option Scheme to grant options as defined in the Share Option Scheme to selected participants as incentives or rewards for their contributions to the Group, which was adopted on June 3, 2019. Summary of the principal terms of the Share Option Scheme are set out in the section headed "Statutory and General Information — E. Share Option Scheme" in Appendix V to the Prospectus. As of December 31, 2022, no option has been granted pursuant to the Share Option Scheme.

FINAL DIVIDEND

The Board does not recommend payment of a final dividend for the year ended December 31, 2022 (for the year ended December 31, 2021: HK$7.38 cents per Share).

OTHER INFORMATION

AGM AND CLOSURE OF REGISTER OF MEMBERS

The AGM will be held on Wednesday, June 28, 2023. A notice convening the AGM is expected to be published and dispatched to the Shareholders in due course in accordance with the requirements of the Listing Rules.

For determining the qualification as members of the Company to attend and vote at the AGM, the register of members of the Company will be closed from Friday, June 23, 2023 to Wednesday, June 28, 2023, both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, non-registered holders of Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, June 21, 2023.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as set out in Appendix 14 to the Listing Rules as its own code of corporate governance.

The Company has complied with all applicable code provisions of the CG Code during the year ended December 31, 2022. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he or she has complied with the required standards as set out in the Model Code during the year ended December 31, 2022.

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

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

AUDIT AND RISK MANAGEMENT COMMITTEE

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

REVIEW OF ANNUAL RESULTS

The Audit and Risk Management Committee has jointly reviewed with the management and the independent auditor of the Company, the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the audited consolidated financial statements of the Group for the year ended December 31, 2022, which has been agreed by the independent auditors of the Company) of the Group. The Audit and Risk Management Committee and the independent auditors considered that the annual results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

RISK MANAGEMENT

Currency Risk

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

Interest Rate Risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances. Its cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances. The Directors consider that the overall interest rate risk is not significant and no sensitivity analysis is presented. The Company considers the interest rate risk associated with the financial assets at fair value through profit or loss and fixed rate time deposit to be limited because the tenor of such instruments are short, ranging from 62 to 182 days or can be redeemable on demand.

Liquidity Risk

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

USE OF PROCEEDS FROM LISTING

The total proceeds from the issue of new Shares by the Company in its Listing (after deducting the underwriting fees and related Listing expenses) amounted to approximately HK$2,808.1 million and the unutilized net proceeds were kept at the bank accounts of the Group as at December 31, 2022.

The net proceeds from the Listing (adjusted on a pro rata basis based on the actual net proceeds) have been and will be utilized in accordance with the purposes set out in the Prospectus. The table below sets out the planned applications of the net proceeds and actual usage up to December 31, 2022:

Use of proceeds	**Planned applications** *(HK$ million)*	**Percentage of total net proceed**	**Actual usage up to December 31, 2022** *(HK$ million)*	**Net proceeds brought forward for the Reporting Period** *(HK$ million)*	**Unutilized net proceeds as at December 31, 2022** *(HK$ million)*	**Expected timeline for utilizing the remaining unutilized net proceeds[2]**
To expand and upgrade existing assisted reproductive medical facilities in the Group's network in China and recruit medical professionals, including physicians and embryologists, in order to increase capacity, expand its service offering and market share[1]	702.0[1]	25.0%[1]	671.2	671.2	–	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%	–	–	–	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%	42.1	230.1	188.0	By December 2025
For the potential acquisitions of ARS service providers and businesses along the ARS service chain[4]	561.6	20.0%	–	–	–	By December 2021
To improve brand awareness and general ARS awareness in both China and the United States	421.2	15.0%	124.6	384.4	259.8	By December 2025
For the Group's working capital and general corporate purposes[5]	280.9	10.0%	103.2	103.2	–	By June 2022
Total	2,808.1	100%	941.1	1,388.9	447.8	

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 December 31, 2022:

	Planned applications *(HK$ million)*	**Percentage of total net proceed**	**Actual usage up to December 31, 2022** *(HK$ million)*	**Net proceeds brought forward for the Reporting Period** *(HK$ million)*	**Unutilized net proceeds as at December 31, 2022**	**Expected timeline for utilizing the remaining unutilized net proceeds**(1)
To fund potential merger and acquisition opportunities of ARS-licensed providers located in regions in the PRC with relatively high demand for ARS, such as in East China, the Beijing-Tianjin-Hebei region, and other highly potential regions	1,002.8	80.0%	1,002.8	0	–	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%	–	188.02	188.0	By June 2023
For general corporate and working capital purposes	62.7	5.0%	62.7	62.67	–	By June 2022
Total	1,253.5	100%	1,065.5	250.69	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.

EVENTS AFTER THE REPORTING PERIOD

The Group has the following events taken place subsequent to December 31, 2022:

a. On January 5, 2023, an aggregate of 175,000,000 placing shares have been placed by the Company to not less than six placees at the placing price of HK$6.725 per placing share and the Company received total net proceeds of approximately HK$1,162,310,000 (equivalent to approximately RMB999,098,000). The placees, together with their respective ultimate beneficial owners are third parties independent of and not connected with the Company or its connected persons. None of the placees has become a substantial shareholder of the Company immediately upon completion of the placing. The placing has been completed on January 16, 2023. Details of the placing are set out in and the Company's announcements dated January 5, 2023 and January 16, 2023.

b. On January 18, 2023, the board of Directors approved the grant of 65,853,241 restricted shares in aggregate to grantees under the 2022 restricted share award scheme adopted on February 17, 2022. 29,060,994 restricted shares are granted to 159 employees of the Company (who to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company). 36,792,247 restricted shares are proposed to be granted to 5 directors of the Company and 10 directors of the Company's subsidiaries (who are connected persons of the Company). The restricted shares are subject to the acceptance from grantees and other conditions as may be determined by the board of Directors. Details of the grant are set out in and the Company's announcement dated January 18, 2023.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on March 30, 2023. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jxr-fertility.com), and the 2022 annual 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 Restricted Share Award Scheme"	the 2022 restricted share award scheme conditionally adopted by the Company on February 17, 2022, the principal terms of which are summarized in the announcement of the Company dated February 17, 2022
"AGM"	annual general meeting of the Company
"ARC"	Hong Kong Assisted Reproduction Centre Limited (香港輔助生育中心有限公司), a company established in Hong Kong with limited liability on June 14, 2007, the Group's indirect subsidiary
"ARS"	assisted reproductive service(s)
"Audit and Risk Management Committee"	the audit and risk management committee of the Board
"Board" or "Board of Directors"	the board of Directors of the Company
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Chengdu Health"	Chengdu Jinxin Health Management Co., Ltd (成都錦欣健康管理有限公司), a limited liability company established under the laws of the PRC on December 24, 2014, an indirect subsidiary of the Company
"Chengdu Jinxin Aijian Hospital"	Chengdu Jinxin Aijian Hospital Co., Ltd. (成都錦欣愛囡醫院有限公司), a company established in Chengdu, Sichuan Province, PRC with limited liability on May 7, 2021, the Group's subsidiary that is a for-profit specialty hospital

"Chengdu Xinan Hospital"	Chengdu Xinan Gynecological Hospital Co., Ltd. (成都西囡婦科醫院有限公司), a company established in Chengdu, Sichuan Province, PRC with limited liability on November 10, 2015, the Group's subsidiary and successor of Prior Chengdu Xinan Hospital that is a for-profit specialty hospital
"China" or the "PRC"	the People's Republic of China excluding, for the purpose of this 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*), previously known as Sichuan Jinxin Fertility Company Limited, an exempted company established in the Cayman Islands with limited liability on May 3, 2018
"COVID-19"	coronavirus disease of 2019
"Director(s)"	the director(s) of the Company
"Eden Assets"	the assets acquired from a clinic acquired by HRC Management in 2020 for clinical use
"ESOP"	collectively the RSU Scheme, the 2022 Restricted Share Award Scheme and the Share Option Scheme
"Existing Contractual Arrangements"	the series of contractual arrangements, as the case may be, entered into to allow the Company to receive the economic benefits of the entities that the Group controls certain percentage of their shareholding, details on the terms of which are described in the section headed "Contractual Arrangements" in the prospectus of the Company dated June 13, 2019
"Gaoxin Xinan Hospital"	Chengdu Gaoxin Xinan Gynecological Hospital Co., Ltd. (成都高新西囡婦科醫院有限公司), a company established in Chengdu, Sichuan Province, PRC with limited liability on June 13, 2016, successor of Prior Gaoxin Xinan Hospital and the Group's subsidiary before the Reorganization (as defined in the Prospectus) that is a for-profit gynecological and obstetrics specialty hospital
"Grantees"	the eligible participants granted or proposed to be granted the Restricted Shares under the 2022 Restricted Share Award Scheme

"Group"	the Company and its subsidiaries
"Hewanjia Hospital"	Kunming Jinxin Hewanjia Obstetrics and Gynecology Hospital Co., Ltd.* (昆明錦欣和萬家婦產醫院有限公司), a company established under the laws of the PRC with limited liability on January 15, 2014 and a subsidiary of the Group
"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 Management"	HRC Fertility Management, LLC, a limited liability company established under the laws of Delaware, the United States on November 3, 2015, the Group's indirect subsidiary
"HRC Medical"	Huntington Reproductive Center Medical Group, a professional corporation established under the laws of California, the United States on January 1, 1995, a connected person of the Company by virtue of being jointly owned by Dr. Michael A. Feinman, Dr. Bradford A. Kolb and Dr. Jane L. Frederick, and the nine clinics and three IVF laboratories in California which it owns
"IFRS"	International Financial Reporting Standards
"IVF"	in vitro fertilization, a process where the egg and sperm are incubated together to a fertilized embryo in an in vitro system to achieve pregnancy
"Jinjiang District Maternity and Child Health Hospital"	Chengdu Jinjiang District Maternity and Child Health Hospital (成都市錦江區婦幼保健院), a non-profit maternity and child healthcare hospital established in the PRC in 1954, the IVF center of which is jointly managed by the Group
"Jinjiang IVF Center"	the IVF center of Jinjiang District Maternity and Child Health Hospital
"Jinrun Fude"	Chengdu Jinrun Fude Medical Management Company Limited (成都錦潤福德醫療管理有限公司), a limited liability company established under the laws of the PRC with limited liability on May 9, 2018, the Group's subsidiary by virtue of contractual arrangements

"Jinxin Technology"	Chengdu Jinxin Information Technology Company Limited (成都錦欣信息科技有限公司), a company established under the laws of the PRC with limited liability on August 11, 2021 and an indirect subsidiary of a joint venture of the Company, Chengdu Jinxin Shanghui Enterprise Management Co., Ltd. (成都錦欣尚輝企業管理有限公司)
"Jinxin Women and Children Hospital"	Sichuan Jinxin Women and Children Hospital Co., Ltd (四川錦欣婦女兒童醫院有限公司), a company established under the laws of the PRC with limited liability on December 9, 2016 that is a for-profit women and children hospital, the fertility center of which was jointly managed by the Group
"Jinxin Women Wellness"	Jinxin Women Wellness Limited, a company established under the laws of BVI with limited liability on July 1, 2021, the Group's indirect subsidiary and wholly owns the RHC and the ARC
"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
"Kangseed Investment"	a minority shareholding interest investment by the Group in the holding company of a company primarily operating an App for online health management for women
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange on June 25, 2019
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Main Board"	Main Board of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"Molecular Genetics Services"	medical services involving molecular genetics (分子遺傳)
"NexGenomics"	NexGenomics, LLC, a limited liability company established under the laws of California, the United States, on February 4, 2015, wholly owned by HRC Management

"Prior Chengdu Xinan Hospital"	Chengdu Xinan Gynecological Hospital (成都西囡婦科醫院), a privately funded non-enterprise entity (民辦非企業單位) established on March 31, 2010, predecessor of Chengdu Xinan Hospital
"Prior Gaoxin Xinan Hospital"	Chengdu Gaoxin Xinan Gynecological Hospital (成都高新西囡婦科醫院), a privately funded non-enterprise entity (民辦非企業單位) established on May 27, 2013, predecessor of Gaoxin Xinan Hospital
"Prospectus"	the prospectus issued by the Company dated June 13, 2019
"Renminbi" or "RMB"	Renminbi Yuan, the lawful currency of the PRC
"Reporting Period"	the twelve-month period from January 1, 2022 to December 31, 2022
"RHC"	Hong Kong Reproductive Health Centre Limited (香港生育康健中心有限公司), a company established in Hong Kong with limited liability on June 14, 2007, the Group's indirect subsidiary
"RSA Centers"	the three surgical centers located at HRC Medical core clinics in Pasadena, Encino and Newport Beach
"RSU Scheme"	the restricted share award scheme conditionally adopted by the Company on February 15, 2019, the principal terms of which are summarized in "RSU Scheme" in Appendix V to the Prospectus
"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, the principal terms of which are summarized in "Share Option Scheme" in Appendix V to the Prospectus

"Shenzhen Zhongshan Hospital"	Shenzhen Zhongshan Urological Hospital (深圳中山泌尿外科醫院) (previously known as Shenzhen Zhongshan Urological Hospital Co., Ltd (深圳市中山泌尿外科醫院有限公司)), a company established in Shenzhen, PRC with limited liability on May 18, 2004, the Group's indirect subsidiary that is a for-profit specialty hospital
"sq.m"	square metre
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subsidiary Director(s)"	the director(s) of any subsidiary of the Company
"U.S. dollar(s)" or "US$"	United States dollar(s), the lawful currency of the United States of America

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, March 30, 2023

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*