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**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, 2024**

**FINANCIAL HIGHLIGHTS**

- Revenue of the Group for the year ended December 31, 2024 was approximately RMB2,811.6 million, representing an increase of 0.8% when compared with that of approximately RMB2,788.9 million for the year ended December 31, 2023.
- Net profit of the Group for the year ended December 31, 2024 was approximately RMB273.5 million, representing a decrease of 21.2% when compared with that of approximately RMB347.0 million for the year ended December 31, 2023. Non-IFRS adjusted net profit<sup>(1)</sup> of the Group for the year ended December 31, 2024 was approximately RMB416.3 million, representing a decrease of 11.7% when compared with that of approximately RMB471.5 million for the year ended December 31, 2023.
- Non-IFRS EBITDA<sup>(2)</sup> of the Group for the year ended December 31, 2024 was approximately RMB628.8 million, representing a decrease of 11.0% when compared with that of approximately RMB706.1 million for the year ended December 31, 2023. Non-IFRS adjusted EBITDA<sup>(3)</sup> of the Group for the year ended December 31, 2024 was approximately RMB707.3 million, representing a decrease of 9.5% when compared with that of approximately RMB781.2 million for the year ended December 31, 2023.
- Basic earnings per share for the year ended December 31, 2024 amounted to RMB0.11. Non-IFRS adjusted basic earnings per share for the year ended December 31, 2024 amounted to RMB0.16.

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

### **Non-IFRS Measures**

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

#### *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 HRC Fertility for the settlement of an atypical proceeding commenced in 2019; (v) one-off loss from the Kangseed Investment; and (vi) exchange (loss) gain, net.
- (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 made by HRC Fertility for the settlement of an atypical proceeding commenced in 2019; (iv) one-off loss from the Kangseed Investment; and (v) exchange (loss) gain, net.
- (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, 2024**

The Board of Directors is pleased to announce the audited consolidated annual results of the Group for the year ended December 31, 2024, together with the comparative figures for the corresponding period in 2023.

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

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

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

		<b>2024</b>	2023
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit (loss) for the year attributable to:			
– Owners of the Company		<b>283,099</b>	344,723
– Non-controlling interests		<b>(9,632)</b>	2,260
		<b><u>273,467</u></b>	<b><u>346,983</u></b>
Total comprehensive income (expense) for the year attributable to:			
– Owners of the Company		<b>337,199</b>	399,266
– Non-controlling interests		<b>(8,892)</b>	2,742
		<b><u>328,307</u></b>	<b><u>402,008</u></b>
Earnings per share:	10		
– Basic (RMB)		<b><u>0.11</u></b>	<b><u>0.13</u></b>
– Diluted (RMB)		<b><u>0.10</u></b>	<b><u>0.12</u></b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024

		2024	2023
	NOTES	RMB'000	RMB'000
<b>Non-current assets</b>			
Property, plant and equipment		2,811,993	2,595,241
Right-of-use assets		458,909	528,204
Goodwill	11	3,506,618	3,495,983
Licenses		1,486,273	1,531,148
Non-compete agreement		18,186	19,174
Contractual right to provide management services		2,026,410	1,996,613
Trademarks		2,682,046	2,664,197
Investments in preferred shares measured at fair value through profit or loss (“FVTPL”)		–	7,052
Interests in associates accounted for using equity method		391,626	159,431
Financial assets at FVTPL	12	80,000	80,000
Equity instrument at fair value through other comprehensive income (“FVTOCI”)		84,303	–
Interest in a joint venture		26,334	25,093
Loan receivable	14	29,133	28,431
Refundable deposits		64,827	65,620
Prepayments	14	–	184,595
Amounts due from related parties		76,253	28,368
Deferred tax assets		124,487	121,068
Life insurance policy		24,467	23,511
		<u>13,891,865</u>	<u>13,553,729</u>
<b>Current assets</b>			
Inventories	13	50,948	62,428
Accounts and other receivables	14	322,265	169,370
Amounts due from related parties		86,955	213,687
Tax recoverable		58,940	44,063
Time deposits		24,625	87,051
Other financial assets at FVTPL		–	141,569
Bank balances and cash		546,196	624,280
		<u>1,089,929</u>	<u>1,342,448</u>

		<b>2024</b>	2023
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Current liabilities</b>			
Accounts and other payables	15	737,772	805,083
Amounts due to related parties		20,459	12,264
Lease liabilities		53,505	72,199
Tax payables		30,178	52,483
Bank borrowing	16	1,277,537	747,804
		<u>2,119,451</u>	<u>1,689,833</u>
<b>Net current liabilities</b>		<u>(1,029,522)</u>	<u>(347,385)</u>
<b>Total assets less current liabilities</b>		<u>12,862,343</u>	<u>13,206,344</u>
<b>Non-current liabilities</b>			
Lease liabilities		281,372	349,726
Deferred tax liabilities		1,234,225	1,210,705
Bank borrowing	16	992,559	1,379,664
Loan payables	15	–	79,437
		<u>2,508,156</u>	<u>3,019,532</u>
<b>Net assets</b>		<u><u>10,354,187</u></u>	<u><u>10,186,812</u></u>
<b>Capital and reserves</b>			
Share capital		182	180
Reserves		<u>10,274,237</u>	<u>10,091,243</u>
Equity attributable to owners of the Company		10,274,419	10,091,423
Non-controlling interests		<u>79,768</u>	<u>95,389</u>
<b>Total equity</b>		<u><u>10,354,187</u></u>	<u><u>10,186,812</u></u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

## 1. GENERAL INFORMATION

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

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

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

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

## 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

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

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

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

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



## 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS — continued

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

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

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

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.
- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity’s own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 *Financial Instruments: Presentation*.

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

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

## 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS — continued

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

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

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

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2027.

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

### IFRS 18 Presentation and Disclosure in Financial Statements

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

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

### 3. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received and receivable for assisted reproductive and related services, management services, other medical services including gynecology and pediatrics medical services, obstetrics medical services, and sales of consumables and equipment, net of discounts.

During the years ended 31 December 2024 and 2023, the Group's revenue is mainly contributed from its operations in Chengdu, Shenzhen, Wuhan, Kunming, the U.S.A. and Hong Kong Special Administrative Region (“**Hong Kong**”).

Information reported to the chief executive officer, being the chief operating decision maker (“**CODM**”), for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The information reported to CODM is categorised into various jurisdictions, each of which is considered as a separate operating segment by the CODM.

The Group's operating and reportable segments under IFRS 8 *Operating Segments* are operations located in the Mainland China and Hong Kong (“**Greater China**”), and the U.S.A. and Lao People's Democratic Republic (“**Laos**”) (collectively referred to as “**Overseas**”) during the years ended 31 December 2024 and 2023. The following is an analysis of the Group's revenue and results by operating and reportable segments.

For the year ended 31 December 2024:

	<b>Greater China</b> <i>RMB'000</i>	<b>Overseas</b> <i>RMB'000</i>	<b>Consolidated</b> <i>RMB'000</i>
Revenue			
Segment revenue from external customers	<u>2,207,206</u>	<u>604,390</u>	<u>2,811,596</u>
Segment profit	<u>608,435</u>	<u>(3,917)</u>	<u>604,518</u>
Unallocated administrative expenses			(93,857)
Share-based compensation benefits			(47,285)
Certain exchange loss, net			(24,820)
Fair value changes of investments in preferred shares measured at FVTPL			(7,052)
Certain interest income from banks			328
Certain interest income from time deposits			753
Certain interest on bank borrowing			<u>(40,698)</u>
Profit before taxation			<u><u>391,887</u></u>

### 3. REVENUE AND SEGMENT INFORMATION — continued

For the year ended 31 December 2023:

	Greater China <i>RMB'000</i>	Overseas <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Revenue			
Segment revenue from external customers	<u>2,218,608</u>	<u>570,302</u>	<u>2,788,910</u>
Segment profit	<u>635,897</u>	<u>9,540</u>	<u>645,437</u>
Unallocated administrative expenses			(85,674)
Share-based compensation benefits			(53,430)
Certain exchange gain, net			4,180
Certain interest income from banks			185
Interest income from time deposits			9,945
Interest on convertible bonds			(1,310)
Certain interest on bank borrowing			<u>(55,065)</u>
Profit before taxation			<u><u>464,268</u></u>

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, certain net exchange loss, fair value changes of investments in preferred shares measured at FVTPL, certain interest income resulted from the corporate bank balances (including time deposits), and certain interest on bank borrowing. (2023: excluding unallocated administrative expenses (including the corporate expenses), share-based compensation benefits, certain net exchange gain, certain interest income resulted from the corporate bank balances (including time deposits), interest on convertible bonds, and certain interest on bank borrowing).

#### Segment assets and liabilities

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

### 3. REVENUE AND SEGMENT INFORMATION — continued

#### Segment assets and liabilities — continued

##### *Disaggregation of revenue from contracts with customers*

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Types of services</b>		
Assisted reproductive and related services	1,440,302	1,443,918
Management services	544,799	565,619
Other medical services including gynecology and pediatrics medical services	380,071	389,591
Obstetrics medical services	324,989	274,972
Sales of consumables and equipment	121,435	114,810
	<hr/>	<hr/>
Total	<b>2,811,596</b>	<b>2,788,910</b>
	<hr/>	<hr/>
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Timing of revenue recognition</b>		
A point in time recognition	1,522,095	1,490,481
Over time recognition	1,289,501	1,298,429
	<hr/>	<hr/>
Total	<b>2,811,596</b>	<b>2,788,910</b>
	<hr/>	<hr/>

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 2024, the non-current assets located in the Greater China, and Overseas amounted to RMB9,070,095,000, and RMB4,362,767,000 respectively (31 December 2023: RMB9,120,200,000 and RMB4,110,042,000, respectively). Non-current assets as at 31 December 2024 exclude equity instrument at FVTOCI, loan receivable, financial assets at FVTPL, refundable deposits, deferred tax assets and amounts due from related parties — non-current (31 December 2023: exclude loan receivable, financial assets at FVTPL, refundable deposits, deferred tax assets and amounts due from related parties — non-current).

### 3. REVENUE AND SEGMENT INFORMATION — continued

#### Segment assets and liabilities — continued

##### *Information about major customers*

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

	2024 RMB'000	2023 RMB'000
Overseas:		
HRC Medical	<u>468,891</u>	<u>444,627</u>

### 4. OTHER INCOME

	2024 RMB'000	2023 RMB'000
Imputed interest income from related parties	205	22
Interest income from banks	5,257	10,738
Interest income from time deposits	2,014	9,945
Government grants	12,335	32,553
Consulting service income	4,165	6,158
Others	<u>11,105</u>	<u>17,782</u>
	<u>35,081</u>	<u>77,198</u>

### 5. OTHER EXPENSES

	2024 RMB'000	2023 RMB'000
Donations	—	30
Compensations	1,744	31,347
Others	<u>3,150</u>	<u>62</u>
	<u>4,894</u>	<u>31,439</u>

#### *Note:*

During the year ended 31 December 2023, the Group actively sought conciliation on certain litigations and legal claims brought by former patients and employees in the USA. Based on the agreed conciliation or recent constructive developments, an amount of RMB31,347,000 was recognised in the profit or loss during the year ended 31 December 2023, in which RMB17,359,000 was settled during the year ended 31 December 2023 and the remaining amount of RMB13,988,000 was settled during the year ended 31 December 2024.

## 6. OTHER GAINS AND LOSSES, NET

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Loss on disposal/write-off of property, plant and equipment	(64)	(1,066)
Exchange (loss) gain, net	(24,173)	3,988
Fair value change of other financial assets at FVTPL	2,158	6,124
Fair value change of investments in preferred shares measured at FVTPL	(7,052)	–
Gain on early termination of leases	104	1,047
Others	1,398	2,635
	<u>(27,629)</u>	<u>12,728</u>

## 7. FINANCE COSTS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest on bank borrowing ( <i>Note</i> )	40,698	59,673
Interest on convertible bonds	–	1,310
Interest on lease liabilities	16,708	18,658
	<u>57,406</u>	<u>79,641</u>

*Note:*

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Total borrowing cost	122,462	169,864
Less: amounts capitalised in construction in progress	<u>(81,764)</u>	<u>(110,191)</u>
	<u>40,698</u>	<u>59,673</u>

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

## 8. PROFIT BEFORE TAXATION

	2024 RMB'000	2023 RMB'000
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	5,799	4,300
Employee benefit expense (including directors' remuneration)		
– salaries, allowances and other benefits	771,577	752,908
– retirement benefit schemes contributions	97,691	83,639
– share-based compensation benefits	47,285	53,430
Total staff costs	916,553	889,977
Cost of inventories recognised as expenses (representing pharmaceutical products and consumables used, included in cost of revenue)	757,425	753,297
Amortisation of licenses (included in administrative expenses)	44,875	45,028
Amortisation of non-compete agreement (included in administrative expenses)	1,480	1,459
Depreciation of property, plant and equipment	157,123	155,062
Depreciation of right-of use assets	78,038	88,353
Less: capitalised in building under construction	(3,715)	(3,715)
Depreciation of right-of-use assets recognised in profit and loss	74,323	84,638

## 9. INCOME TAX EXPENSES

	2024 RMB'000	2023 RMB'000
Current tax:		
PRC Enterprise Income Tax ("EIT")	112,130	103,966
(Over)/under provision in respect of prior year	(14,136)	3,355
Hong Kong Profits Tax	3,443	4,364
California State Income Tax	159	183
	101,596	111,868
Withholding tax	3,586	21,480
Deferred tax:		
Current year	13,238	(16,063)
	118,420	117,285



## 9. INCOME TAX EXPENSES — continued

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

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for years 2024 and 2023.

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

Certain subsidiaries of the Company are subject to U.S.A. corporate tax representing 21% of the applicable U.S.A. Federal Income Tax rate and an average of 8.84% for California State Income Tax rate for the years ended 31 December 2024 and 2023 for their operations in the U.S.A.

Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to the retained profits of the PRC subsidiaries amounting to approximately RMB1,147,074,000 as at 31 December 2024 (31 December 2023: RMB968,646,000), as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

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:

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
Profit before taxation	<b>391,887</b>	464,268
Tax at PRC EIT rate of 25%	<b>97,972</b>	116,067
Tax effect of share of results of associates	<b>(978)</b>	(1,277)
Tax effect of share of results of a joint venture	<b>(310)</b>	40
Tax effect of expenses not deductible for tax purposes	<b>1,706</b>	1,224
(Over)/under provision in respect of prior year	<b>(14,136)</b>	3,355
Tax effect of income not taxable for tax purpose	<b>(6,044)</b>	(2,494)
Tax effect of research and development expense additional deduction	<b>(6,666)</b>	(3,795)
Effect of tax exemption and concessions granted to PRC subsidiaries	<b>(55,126)</b>	(54,065)
Tax effect of deductible temporary differences previously not recognised	—	(13,330)
Utilisation of tax losses previously not recognized	<b>(216)</b>	(4,010)
Effect of different tax rates of subsidiaries operating in other jurisdictions	<b>(5,033)</b>	(327)
Withholding tax on interest income among subsidiaries	<b>3,586</b>	21,480
Tax effect of tax loss not recognised	<b>103,665</b>	54,417
Income tax expenses	<b>118,420</b>	117,285

## 9. INCOME TAX EXPENSES — continued

At the end of the reporting period, the Group has accumulated unused tax losses of RMB1,367,268,000 (2023: RMB944,886,000), subject to approval of relevant tax authorities, available for offset against future profits and recognised accumulated tax losses of RMB463,320,000 (2023: RMB454,734,000) as deferred tax asset. The unrecognised tax losses of RMB159,834,000 (2023: RMB66,083,000) will expire in various years before 2029 (2023: 2028) and other unrecognised tax losses may be carried forward indefinitely.

## 10. EARNINGS PER SHARE

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Earnings</b>		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	<b>283,099</b>	344,723
Effect of dilutive potential ordinary shares:		
– Interest on convertible bonds	–	1,310
– Exchange gain on convertible bonds	–	(10,853)
	<hr/>	<hr/>
Earnings for the purpose of diluted earnings per share (profit for the year attributable to owners of the Company)	<b><u>283,099</u></b>	<b><u>335,180</u></b>
	<b>2024 '000</b>	<b>2023 '000</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>2,680,805</b>	2,676,019
Effect of dilutive potential ordinary shares:		
– Restricted Shares Units (“RSUs”) issued by the Company	<b>38,377</b>	29,937
– Convertible bonds issued by the Company	–	29,831
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b><u>2,719,182</u></b>	<b><u>2,735,787</u></b>

## 10. EARNINGS PER SHARE — continued

For the year ended 31 December 2024, the weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share has been adjusted for the effect of assumption of the conversion of all potential dilutive ordinary shares arising from restricted shares (2023: the weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share has been adjusted for the effect of assumption of the conversion of all potential dilutive ordinary shares arising from restricted shares and the conversion of the Company's outstanding convertible bonds).

## 11. GOODWILL

	<i>RMB'000</i>
COST	
At 1 January 2023	3,484,725
Exchange realignment	<u>11,258</u>
At 31 December 2023	3,495,983
Exchange realignment	<u>10,635</u>
At 31 December 2024	<u><u>3,506,618</u></u>

## 12. FINANCIAL ASSETS AT FVTPL

	<i>RMB'000</i>
At 1 January 2023	—
Purchase ( <i>Note</i> )	<u>80,000</u>
At 31 December 2023 and 2024	<u><u>80,000</u></u>

*Note:*

On 26 November 2023, Xizang Jinli Enterprise Management Co., Ltd., a subsidiary of the Group, acquired 7.52% of the aggregate committed capital in WP Healthcare Investment (Wuxi Yixing) Partnership (Limited Partnership) (“**WP Partnership**”), a comprehensive investment fund, as a limited partner with a total subscribe capital of RMB200,000,000. As of 31 December 2024, the capital amounting to RMB80,000,000 has injected by the Group (2023:RMB80,000,000).

### 13. INVENTORIES

	2024 RMB'000	2023 RMB'000
Pharmaceutical products	20,388	29,345
Consumables and others	30,560	33,083
	<u>50,948</u>	<u>62,428</u>

### 14. ACCOUNTS AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Accounts receivables	234,406	73,086
Other receivables and prepayment:		
Prepayments on acquisitions of equity interests	–	153,436
Prepayments to a director of a subsidiary ( <i>Note i</i> )	13,001	25,069
Prepayments to suppliers	52,239	87,000
Interest receivables	442	226
Loan receivable ( <i>Note ii</i> )	29,133	28,431
Others	22,177	15,148
	<u>351,398</u>	<u>382,396</u>
Less: Loan receivable classified as non-current assets ( <i>Note i</i> )	(29,133)	(28,431)
Prepayments classified as non-current assets	–	(184,595)
	<u>–</u>	<u>–</u>
Accounts and other receivables classified as current assets	<u>322,265</u>	<u>169,370</u>

#### Notes:

- i. With effect from 1 December 2022 to 30 November 2025, a director of Shenzhen Zhongshan Hospital is entitled to an aggregate remuneration of HK\$43,300,000 (equivalent to approximately RMB40,100,000).
- ii. The amount represent US\$3,115,000 (equivalent to approximately RMB22,391,000) (2023: US\$3,025,000 (equivalent to approximately RMB21,723,000)) loan receivable from a shareholder of an associate and US\$938,000 (equivalent to approximately RMB6,742,000) (2023: US\$969,000 (equivalent to approximately RMB6,708,000)) loan receivable from IVF Universal, LLC, a supplier to the Group. These amounts are unsecured and interest-free. The loan receivable from a supplier is contracted to collect in 2026 and the loan receivable from a shareholder of an associate is expected to collect in 2026 and are therefore classified as non-current assets in the consolidated statement of financial position.

#### 14. ACCOUNTS AND OTHER RECEIVABLES — continued

As at 1 January 2023, accounts receivables amounted to RMB73,086,000.

The individual customers of Chengdu Xinan Clinic, Shenzhen Zhongshan Hospital, Wuhan Jinxin Hospital, Hong Kong Assisted Reproduction Centre Ltd (“**HK ARC**”), Hong Kong Reproductive Health Centre Ltd (“**HK RHC**”), Sichuan Jinxin Xinan Hospital, Yunan Jiuzhou Hospital and Kunming Hewanjia Hospital would usually settle payments by cash, credit cards, debit cards or governments’ social insurance schemes. Payments by governments’ social insurance schemes will normally be settled by the local social insurance bureau and similar government departments which are responsible for the reimbursement of medical expenses for patients who are covered by the government medical insurance schemes 90 days (2023: 30 to 90) from the transaction date.

The individual customers of HRC Management Group would usually settle by cash or payments through insurance schemes. Payments by insurance schemes will normally be settled by commercial insurance companies from 60 to 365 days from the transaction date.

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

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

The accounts receivables are assessed individually for impairment allowance based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forward-looking information at the reporting date. The Directors considered that the ECL for accounts receivables is insignificant as at 31 December 2023 and 2024.

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

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

	2024 <i>RMB’000</i>	2023 <i>RMB’000</i>
Within 90 days	208,840	44,408
91 to 180 days	15,405	16,653
Over 180 days	10,161	12,025
	<u>234,406</u>	<u>73,086</u>

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

## 15. ACCOUNTS AND OTHER PAYABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Accounts payables	<u>216,965</u>	<u>231,286</u>
Other payables:		
Construction payables	72,916	48,703
Loan payables ( <i>Note i</i> )	110,004	236,075
Refundable customers' deposits	149,874	141,636
Accrued employee expenses (including social insurances and housing fund contributions)	121,928	137,959
Provision	–	13,988
Value-added tax and other tax payables	7,905	12,494
Deferred income ( <i>Note ii</i> )	12,752	11,345
Interest payables	3,816	14,015
Others	<u>41,612</u>	<u>37,019</u>
	<u>520,807</u>	<u>653,234</u>
Total accounts and other payables	<u>737,772</u>	<u>884,520</u>
Less: Loan payables as non-current liabilities ( <i>Note i</i> )	<u>–</u>	<u>(79,437)</u>
Total accounts and other payables as current liabilities	<u><u>737,772</u></u>	<u><u>805,083</u></u>

### Notes:

- (i) The amounts represent unsecured, interest-free loan payables to the former shareholders of 深圳市恒裕聯翔投資發展有限公司 (Shenzhen Hengyu Lianxiang Investment Development Co., Ltd). Pursuant to the equity transfer agreement entered into on 4 February 2022, certain consideration is payable by the Group to the former shareholders upon completion of certain construction milestone, which is due to be settled within one year as at 31 December 2024 (31 December 2023: certain consideration is payable by the Group to the former shareholders upon completion of certain construction milestone, which is due to be settled for over one year).
- (ii) The amount mainly represents government grants received for research and development projects but with conditions not yet fulfilled.

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

## 15. ACCOUNTS AND OTHER PAYABLES — continued

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 90 days	155,863	161,031
91 to 180 days	27,840	34,265
181 to 365 days	18,840	23,629
Over 365 days	14,422	12,361
	<u>216,965</u>	<u>231,286</u>

## 16. BANK BORROWING

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Bank borrowing, guaranteed	<u>2,270,096</u>	<u>2,127,468</u>

The carrying amounts of the above borrowing are repayable:

Within one year	1,277,537	747,804
Within a period of more than one year but not exceeding two years	288,327	1,379,664
Within a period of more than two years but not exceeding five years	646,470	—
Within a period of more than five years	57,760	—
	<u>2,270,096</u>	<u>2,127,468</u>

During the year ended 31 December 2024, the Group obtained new loans amounting to RMB3,294,476,000 (2023: RMB640,062,000) and made repayments amounting to approximately RMB3,183,799,000 (2023: RMB642,902,000). The borrowings carry annual interest rates ranging from 2.15% to 7.3% per annum as at 31 December 2024 (2023: 3.5% to 7.3% per annum) and are repayable between 2025 and 2034 (31 December 2023: repayable between 2024 and 2025).

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY TRENDS

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

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

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



## REGULATORY OVERVIEW

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

In July 2021, the Central Committee of the Communist Party of China and the PRC State Council issued the “Decision on Optimizing Fertility Policies to Promote Long-term and Balanced Population Development” (《關於優化生育政策促進人口長期均衡發展的決定》), pursuant to which couples are allowed to have up to three children. Since then, there are more provinces and cities in China introducing incentive policies to encourage childbirth. For instance, Tianmen City in Hubei Province introduced five measures in September 2023, where families with second and third child can enjoy subsidies of RMB96,300 and RMB165,100, respectively; Panzhihua city in Sichuan Province has set up a childcare subsidy for the first time, any family registered in Panzhihua city with a second or more child will be entitled to a subsidy of RMB500 per month for each child up and until the child reaches the age of 3.

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

cycle, expand assisted reproductive technology resources, and improve the healthcare systems for maternal and infant health, productivity and pediatrics.

In August 2022, 17 governmental authorities including the National Health Commission issued the “Guidelines on Further Improving and Implementing Supportive Measures for Active Fertility” (《關於進一步完善和落實積極生育支持措施的指導意見》) to guide local governments to consider the affordability of medical insurance (including maternity insurance) funds, relevant technical standards and other factors as a whole, and in accordance with the procedures, gradually list the labor analgesia and assisted reproductive technology programs in the coverage of such medical insurance funds. As at the date of this announcement, a total of 31 provinces/municipalities in China and Xinjiang Production and Construction Corps have officially included ARS treatment in the scope of national medical insurance payment, and geographically the coverage has been expanded across mainland China. In addition, Sichuan, Guangdong, Hubei and Yunnan provinces, where the Group’s operating subsidiaries are located, have also started to include ARS treatment in the scope of national medical insurance payment since the fourth quarter of 2024.

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

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

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

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

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

- On February 18, 2024, the Shanghai Pudong New Area Health Commission issued the "Guidelines for the Establishment of Socially-Run Medical Institutions in Pudong New Area (2024 Edition)" (《浦東新區社會辦醫療機構舉辦指引（2024年版）》), supporting and encouraging social entities to establish medical institutions featured by quality, scale, reputation, and uniqueness;
- On June 6, 2024, the General Office of the State Council issued the "Key Tasks for Deepening the Reform of the Medical and Healthcare System in 2024" (《深化醫藥衛生體制改革 2024 年重點工作任務》), which proposed "further promoting the Sanming healthcare reform experience (深入推廣三明醫改經驗)" and "formulating policies to promote and regulate the development of private hospitals";
- On July 21, 2024, the Third Plenary Session of the 20th Central Committee of the Communist Party of China adopted the "Decision of the Central Committee of the Communist Party of China on Further Deepening Reform and Promoting Chinese-style Modernization" (《中共中央關於進一步全面深化改革、推進中國式現代化的決定》) which proposed "guiding and regulating the development of private hospitals";
- On August 30, 2024, the Shaoxing Municipal Health Commission issued the "Implementation Opinions on Strengthening the Development of Specialized Hospitals" (《關於加強專科醫院發展的實施意見》) encouraging privately-operated specialized hospitals to pursue chain operations, group-based development, and brand-building; and

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

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

## **BUSINESS UPDATES**

### **Key Operating Information**

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

***Operating data as at December 31, 2024***

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

***Operating data as at December 31, 2023***

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

*Note:*

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

## *Chengdu operations*

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

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

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



### ***Operations in the Greater Bay Area***

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

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

### ***Operations in Kunming and Wuhan***

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

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

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

### ***Overseas Operations***

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

## **OUTLOOK AND FUTURE**

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

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



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

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

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

- Establishing and institutionalizing quality control standards and regular assessment mechanisms across specialties to monitor the medical quality of our hospitals and specialties, including assisted reproduction success rates. By leveraging the guidance of leading experts and quality control specialists within the Group, this ensures that the success rates at all hospitals consistently remain above the industry average;
- Establishing hardware and software service standards and methods based on patient satisfaction and recommendation rates to create a positive patient experience across all hospitals. This includes, without limitation: hardware and visual optimization, standardization of service processes, full-cycle service and management by designated case managers for patients, patient satisfaction surveys, supervision of quality services across the Group, centralized analysis and resolution of patient feedback issues, as well as internal and external exchanges and study regarding quality service;
- Gradually refining online and offline means for brand promotion across hospitals to establish a strong brand presence and expand market reach. This includes, without limitation: grassroots education campaigns, community free clinics, brand events, specialist alliances, developing IP for doctors, creating specialty and disease-specific IPs, building new media matrices, and fostering community groups; and
- Elevating discipline development to a strategic priority of the Group, strengthening talent cultivation, and continuously enhancing the medical capabilities of hospitals. This includes, without limitation: professional promotions, expert guidance, exchange and training programs, academic conferences, introduction of new technologies, and research on innovative methods.

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

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

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

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

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

## **Focus on developing consumer medical care with excellence and prudence**

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

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

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

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

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

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

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

## Expand our business network through all self-establishment or acquisitions

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

In China, we intend to enter markets with high growth potential through acquisitions, such as provincial capital cities and cities with radiation effect. Aside from market potential, when conducting mergers and acquisitions in China, we will also take into account various important factors such as economic environment, competitive landscape, IVF penetration rate, target valuation and post-investment integration or consolidation to determine our mergers and acquisitions strategy, enabling a swift integration of resources and assisting the new hospitals to rapidly improve in respect of medical quality, operation management, market share and others. In addition to maintaining continuous engagement with potential acquisition targets, we are also actively exploring innovative incubation models for acquisition targets. We established a strategic partnership with Warburg Pincus by becoming one of the limited partners of its fund in November 2023, which is expected to increase the breadth and depth of the Company's exploration of acquisition opportunities by leveraging on the fund's advantages. We believe the strategic partnership complements the Company's strategic layout and supports the Group's mergers and acquisition investment strategies.

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

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

## **Talent recruitment and nurturing plan**

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

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

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

We will continue to implement the “physician as partner” mechanism to grant equity ownership to outstanding physicians as partners of the Company, sharing the fruits from the development of the Company. Our 2022 Share Award Scheme, which was adopted on February 17, 2022 and amended on June 25, 2024, aims to (i) provide our employees with the opportunity to acquire proprietary interests in the Company; (ii) encourage our employees to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole; and (iii) provide the Company with a flexible means of retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to our employees. Summary of the principal terms of the 2022 Share Award Scheme are set out in the circular of the Company dated May 31, 2024.

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



## **Environmental, Social and Governance (ESG)**

We have dedicated ourselves to enhancing our ESG initiatives in numerous aspects and provide regular updates to our stakeholders in our ESG reports. On the one hand, we believe, through our efforts in ESG, we will continue to create value for the society and gain recognition from the society and patients. In 2024, we insisted on the strategic position of constructing new disciplines of assisted reproduction, actively promoting the new disciplines in each hospital and carrying out scientific research and innovation. We have combined our own physician training model and business experience to develop professional courses for internal staff and industry talents, empower the growth of industry medical and nursing staff, and steadily improve medical quality and medical standards. Meanwhile, we insist on being patient-oriented, promoting digital transformation of our hospitals, strengthening the medical quality management of our hospitals, providing patients with quality medical services throughout the lifecycle of their fertility treatment, establishing a perfect patient communication mechanism and taking multiple measures to continuously ensure patient safety.

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

## **Financial Review**

### ***Revenue***

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

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

### **Cost of Revenue**

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

### **Gross Profit and Gross Profit Margin**

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

### **Other Income**

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

### **Other Gains and Losses**

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



## **Research and Development Expenses**

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

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

## **Selling and Distribution Expenses**

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

## **Administrative Expenses**

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

## **Finance Costs**

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

## **Income Tax Expenses**

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

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

## **Net Profits**

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

## **Non-IFRS Measures**

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

The Group's non-IFRS adjusted net profit decreased by 11.7% from approximately RMB471.5 million for the year ended December 31, 2023 to approximately RMB416.3 million for the year ended December 31, 2024.

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

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

*Notes:*

- (1) Amortization of ESOP costs: ESOP costs are regarded as non-cash items.
- (2) Depreciation property, plant and equipment, amortization of medical practice license and non-compete agreement arising from acquisitions and deferred taxes: by eliminating the effect of these items from the profit attributable to the owners of the Company, it serves the purpose of demonstrating the endogenous growth of the Company.

- (3) Imputed interest income from related parties: this imputed interest is arisen from advanced payments by the Company on behalf of its related parties, which is merely a result of accounting treatment and therefore is regarded as non-operating item.
- (4) One-off loss made by HRC Fertility for the settlement of an atypical proceeding: this loss was caused by closing an atypical claim which commenced in 2019.
- (5) One-off loss from the Kangseed Investment.
- (6) Exchange (loss) gain, net: the exchange loss, net, was caused by the fluctuations between the foreign exchange rates at the time of repayment of loan in an amount of US\$1.87 million and the foreign exchange rate at the time of the beginning of the Reporting Period.

### **Basic and Diluted Earnings per Share**

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

### **Inventories**

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

### **Accounts and Other Receivables**

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

### **Accounts and Other Payables**

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

## Liquidity and Capital Resources

The business operations and expansion plans of the Group require a significant amount of capital, including upgrading the Group's existing medical facilities and establishing and acquiring new medical institutions and other working capital requirements. In June 2019, the Group received total proceeds of approximately HK\$2,808.1 million from the Global Offering, after deducting the underwriting fees, commissions and related Listing expenses. In February 2021, the Group received total net proceeds of approximately HK\$1,253.5 million from the Placing (as defined hereinafter). The Group also obtained additional funding from syndicated loan facilities of up to US\$300 million in 2021 and a drawdown in full of such bank facilities in March 2022. On January 5, 2023, an aggregate of 175,000,000 placing Shares were placed by the Company to not less than six placees at the placing price of HK\$6.725 per placing Share, and the Company received total net proceeds of approximately HK\$1,162.31 million (equivalent to approximately RMB999.0 million). The placees, together with their respective ultimate beneficial owners, are third parties independent of and not connected with the Company or its connected persons. None of the placees had placing was completed on January 16, 2023. The share capital of the Company only comprises ordinary shares. As at December 31, 2024, the authorized share capital of the Company was US\$50,000 divided into 5,000,000,000 Shares. The capital structure of the Group was 31.0% debt and 69.0% equity as at December 31, 2024, compared with 31.6% debt and 68.4% equity as at December 31, 2023. As at December 31, 2024, the Group had unutilized bank facilities of approximately RMB563.5 million and after December 31, 2024, the Group has obtained additional banking facilities of approximately RMB1,189.1 million. Therefore, the Directors are of the view that the Group has sufficient resources to meet its future business operations and expansion.

## Cash Flows

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

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

## Capital Commitments

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

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

## Significant Investments, Material Acquisitions and Disposals

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

## Indebtedness

### *Lease liabilities*

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

### *Borrowings*

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

### ***Pledge of Assets***

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

### ***Contingent Liabilities and Guarantees***

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

### ***Contractual Obligations***

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

### ***Interest-bearing Debt Ratio***

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

## **RISK MANAGEMENT**

### **Currency Risk**

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



## **Interest Rate Risk**

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

## **Liquidity Risk**

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

## **EMPLOYEES AND REMUNERATION POLICY**

As at December 31, 2024, the Group and the medical facilities in its network had a total of 3,192 employees, of whom 2,860 were located in China and 332 were located overseas. The staff costs, including Directors' emoluments, were approximately RMB916.6 million for the year ended December 31, 2024, as compared to approximately RMB889.9 million for the year ended December 31, 2023, representing a year-on-year increase of 3.0%.

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

## **FINAL DIVIDEND**

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



## **OTHER INFORMATION**

### **AGM AND CLOSURE OF REGISTER OF MEMBERS**

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

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

### **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

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

The Company has complied with all the applicable code provisions as set out in Part 2 of the CG Code during the year ended December 31, 2024. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

### **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he or she has complied with the required standards as set out in the Model Code during the year ended December 31, 2024.

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

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

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

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

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

## 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, 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, 2024, 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.

## **EVENTS AFTER THE REPORTING PERIOD**

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

## USE OF PROCEEDS FROM LISTING

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

The net proceeds from the Listing (adjusted on a pro rata basis based on the actual net proceeds) have been and will be utilized in accordance with the purposes set out in the Prospectus. The table below sets out the planned applications of the net proceeds and actual usage up to December 31, 2024:

Use of proceeds	Planned applications (HK\$ million)	Percentage of total net proceed (HK\$ million)	Actual usage up to December 31, 2024 (HK\$ million)	Net proceeds brought forward for the Reporting Period (HK\$ million)	Unutilized net proceeds as at December 31, 2024	Expected timeline for utilizing the remaining unutilized net proceeds <sup>(2)</sup>
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 <sup>(1)</sup>	702.0 <sup>(1)</sup>	25.0%	702.0	–	–	By December 2022
For the potential acquisition of additional assisted reproductive medical facilities in provinces in China we are currently not operating in <sup>(3)</sup>	561.6	20.0%	561.6	–	–	By December 2021
For investment in research and development to enhance overall performance and maintain the Group's position at the forefront of assisted reproductive technology	280.8	10.0%	233.2	167.4	47.5	By December 2026
For the potential acquisitions of ARS service providers and businesses along the ARS service chain <sup>(4)</sup>	561.6	20.0%	561.6	–	–	By December 2021
To improve brand awareness and general ARS awareness in both China and the United States	421.2	15.0%	421.2	72.6	–	By December 2025
For the Group's working capital and general corporate purposes <sup>(5)</sup>	280.9	10.0%	280.9	–	–	By June 2022
<b>Total</b>	<b>2,808.1</b>	<b>100%</b>	<b>2,760.6</b>	<b>240.0</b>	<b>47.5</b>	

*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, 2024:

	Planned applications (HK\$ million)	Percentage of total net proceed	Actual usage up to December 31, 2024 (HK\$ million)	Net proceeds brought forward for the Reporting Period (HK\$ million)	Unutilized net proceeds as at December 31, 2024	Expected timeline for utilizing the remaining unutilized net proceeds <sup>(1)</sup>
To fund potential merger and acquisition opportunities of ARS-licensed providers located in regions in the PRC with relatively high demand for ARS, such as in East China, the Beijing Tianjin-Hebei region, and other highly potential regions	1,002.8	80.0%	1,002.8	–	–	By December 2021
To fund potential merger and acquisition opportunities of ARS-licensed providers located outside the PRC, such as Southeast Asia and other Asia pacific countries	188.0	15.0%	188.0	188.0	–	By June 2025
For general corporate and working capital purposes	62.7	5.0%	62.7	–	–	By June 2022
<b>Total</b>	<b><u>1,253.5</u></b>	<b><u>100%</u></b>	<b><u>1,253.5</u></b>	<b><u>188.0</u></b>	<b><u>–</u></b>	

*Note:*

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

## USE OF PROCEEDS FROM TOP-UP PLACING

On January 5, 2023, the Company entered into a placing and subscription agreement with JINXIN Fertility Investment Group Limited as vendor (the “**Vendor**”) and Morgan Stanley Asia Limited as placing agent (the “**Top-Up Placing Agent**”), pursuant to which (i) the Vendor agreed to sell, and the Top-Up Placing Agent agreed to procure purchaser to purchase, on a fully underwritten basis, 175,000,000 Shares at a price of HK\$6.725 per Share; and (ii) the Vendor agreed to subscribe as principal for, and the Company agreed to issue, 175,000,000 new Shares, being equivalent to the number of placing Shares thereunder at the same price (the “**Top-Up Placing**”).

The closing of the placing and subscription under the Top-Up Placing took place on January 9, 2023 and January 16, 2023, respectively. The net proceeds from the Top-Up Placing were approximately HK\$1,162.31 million, which have been and will be utilized in accordance with the purposes set out in the announcements of the Company dated January 5, 2023 and January 16, 2023, respectively. The table below sets out the planned applications of the net proceeds and actual usage up to December 31, 2024:

	Planned applications (HK\$ million)	Percentage of total net proceed	Actual usage up to December 31, 2024 (HK\$ million)	Net proceeds brought forward for the Reporting Period (HK\$ million)	Unutilized net proceeds as at December 31, 2024	Expected timeline for utilizing the remaining unutilized net proceeds <sup>(1)</sup>
To redeem and repay the relevant part of the outstanding convertible bonds issued by the Company on November 26, 2021 in the principal amount of HK\$1,814,706,000	987.96	85.0%	987.96	–	–	By June 2023
For the Group’s working capital and general corporate purposes	174.35	15.0%	174.35	86.15	–	By December 2024
<b>Total</b>	<b>1,162.31</b>	<b>100%</b>	<b>1,162.31</b>	<b>86.15</b>	<b>–</b>	

*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.

## **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, 2024 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 28, 2025. 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](http://www.hkexnews.hk)) and the Company ([www.jxr-fertility.com](http://www.jxr-fertility.com)). In accordance with the requirements under the Listing Rules which are applicable during the Reporting Period, the 2024 annual report containing all the information required by the Listing Rules will be despatched to the Shareholders (if applicable) and published on the respective websites of the Stock Exchange and the Company in due course.

## **DEFINITIONS**

“2022 Share Award Scheme”	the 2022 restricted share award scheme conditionally adopted by the Company on February 17, 2022 and amended by the Company on June 25, 2024, the principal terms of which are summarized in the circular of the Company dated May 31, 2024
“AGM”	annual general meeting of the Company
“ARS”	assisted reproductive service(s)
“Audit and Risk Management Committee”	the audit and risk management committee of the Board
“Board” or “Board of Directors”	the board of Directors of the Company
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules



“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
“Director(s)”	the director(s) of the Company
“ESOP”	collectively the Pre-IPO RSU Scheme, the 2022 Share Award Scheme and the Share Option Scheme
“Global Offering”	the Hong Kong Public Offering and the International Offering (both as defined in the Prospectus)
“Group”	the Company and its subsidiaries
“HK dollar(s)” or “HK\$” or “HKD”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HRC Fertility”	HRC Management and HRC Medical
“HRC 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
“ICSI”	Intracytoplasmic Sperm Injection

“IFRS”	International Financial Reporting Standards
“IVF”	in vitro fertilization, a process where the egg and sperm are incubated together to a fertilized embryo in an in vitro system to achieve pregnancy
“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
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“Pre-IPO RSU Scheme”	the restricted share award scheme conditionally adopted by the Company on February 15, 2019, which has been terminated as at June 30, 2024
“Prospectus”	the prospectus issued by the Company dated June 13, 2019
“Renminbi” or “RMB”	Renminbi Yuan, the lawful currency of the PRC
“Reporting Period”	the twelve-month period from January 1, 2024 to December 31, 2024
“Restricted Shares”	any Shares that may be offered by the Company to any selected Eligible Participant under the 2022 Share Award Scheme

“Share(s)”	ordinary share(s) in the capital of the Company with nominal value of US\$0.00001 each
“Shareholder(s)”	holder(s) of Share(s)
“Share Option Scheme”	the share option scheme conditionally adopted by the Company on June 3, 2019, which has been terminated as at June 30, 2024
“Shenzhen Zhongshan Hospital”	Shenzhen Zhongshan Obstetrics and Gynecology Hospital (深圳中山婦產醫院), a company established in Shenzhen, PRC with limited liability on May 18, 2004, the Group’s indirect subsidiary that is a for-profit specialty hospital
“Sichuan Jinxin Xinan Hospital”	collectively, Sichuan Jinxin Xinan Hospital (Bisheng Campus) and Sichuan Jinxin Xinan Hospital (Jingxiu Campus)
“Sichuan Jinxin Xinan Hospital (Bisheng Campus)”	Sichuan Jinxin Xinan Women & Children Hospital (Bisheng Campus) (四川錦欣西囡婦女兒童醫院畢昇院區), a company established in Chengdu, Sichuan Province, the PRC with limited liability on November 10, 2015, the Group’s subsidiary
“Sichuan Jinxin Xinan Hospital (Jingxiu Campus)”	Sichuan Jinxin Xinan Women & Children Hospital (Jingxiu Campus) (四川錦欣西囡婦女兒童醫院靜秀院區), a company established under the laws of the PRC with limited liability on December 9, 2016 that is a for-profit women and children hospital, the fertility center of which was jointly managed by the Group
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“U.S. dollar(s)” or “US\$” or “USD”	United States dollar(s), the lawful currency of the United States of America

“Wuhan Jinxin Hospital”

Wuhan Jinxin Integrated Gynecology and Obstetrics Hospital Co., Ltd. (武漢錦欣中西醫結合婦產醫院有限公司), a company established in the PRC with limited liability on February 17, 2006, the Group’s indirect subsidiary

*In this 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**  
**Dong Yang**  
*Chief Executive Officer and Executive Director*

Hong Kong, March 28, 2025

*As at the date of this announcement, the board of directors of the Company comprises Dr. John G. Wilcox, Mr. Dong Yang, Ms. Lyu Rong and Dr. Geng Lihong, as executive directors; Mr. Zhong Yong, as Chairman and non-executive director, and 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*