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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)

TERMINATION OF CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION IN RELATION TO NEW HRC CLINIC LEASE AGREEMENT

TERMINATION OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the Prospectus in relation to, among other things, the HRC Clinic Lease Agreement entered into between HRC Management (an indirect subsidiary of the Company) and the Lessors in relation to the leasing of the HRC Clinic Premises and provision of management services such as office maintenance services.

On August 20 2020, HRC Management and the Lessors, after friendly negotiation, have mutually agreed to an early termination of the HRC Clinic Lease Agreement with effect from December 31, 2020.

CONNECTED TRANSACTION IN RELATION TO NEW HRC CLINIC LEASE AGREEMENT

On August 20, 2020, HRC Management, as lessee, entered into the New HRC Clinic Lease Agreement with the Lessors, as lessors, pursuant to which the Lessors agreed to lease the second floor of the three story office building located at the HRC Clinic Premises to HRC Management, for a term of 10 years commencing from January 1, 2021 to December 31, 2030.

LISTING RULES IMPLICATIONS

The Lessors are wholly-owned by some of the Physician Shareholders, namely, Dr. Robert Boostanfar, Dr. Bradford A. Kolb, Dr. John G. Wilcox and Dr. Michael A. Feinman, respectively. Pursuant to Rule 14.07 of the Listing Rules, each of the Lessors is an associate of the Physician Shareholders, which are the substantial shareholders of the Company and hence a connected person of the Company.

In accordance with IFRS 16 applicable to the Company, the transaction contemplated under the New HRC Clinic Lease Agreement will be recognized as an acquisition of right-of-use assets which will constitute a one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the value of the right-of-use assets to be recognized by the Company in connection with the New HRC Clinic Lease Agreement exceed 0.1% but are less than 5%, the New HRC Clinic Lease Agreement is subject to reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Reference is made to the Prospectus in relation to, among other things, the HRC Clinic Lease Agreement entered into between HRC Management (an indirect subsidiary of the Company) and the Lessors in relation to the leasing of the HRC Clinic Premises and provision of management services such as office maintenance services.

TERMINATION OF CONTINUING CONNECTED TRANSACTIONS

On August 20, 2020, HRC Management and the Lessors, after friendly negotiation, have mutually agreed to an early termination of the HRC Clinic Lease Agreement with effect from December 31, 2020. The parties also confirmed that none of them shall have any claim against the other parties arising from such early termination.

CONNECTED TRANSACTION IN RELATION TO NEW HRC CLINIC LEASE AGREEMENT

On August 20, 2020, HRC Management, as lessee, entered into the New HRC Clinic Lease Agreement with the Lessors, as lessors, pursuant to which the Lessors have agreed to lease the second floor of the three story office building of the HRC Clinic Premises to HRC Management, for a term of 10 years commencing from January 1, 2021 to December 31, 2030.

The principal terms of the New HRC Clinic Lease Agreement are summarized as follows:

Date:	August 20, 2020
Parties:	HRC Management (as lessee) The Lessors (as lessors)
Term:	A term of 10 years from January 1, 2021 to December 31, 2030
Premises:	Approximately 9,658 rentable sq. ft. on the second floor of a three-story office building located at 333 South Arroyo Parkway, Pasadena, California, the Unites States
Rent:	US\$35,555.17 per month, which is determined after arm's length negotiation with reference to the prevailing market rent of properties of comparable size and quality situated in the same locality which is available and is expected to be satisfied by the internal resources of the Group
Payment Terms:	The rent shall be payable on the first day of each month commencing from January 1, 2021

The value of the right-of-use assets to be recognized by the Company under the New HRC Clinic Lease Agreement amounted to approximately US\$4,673,000, which represents the present value of aggregated lease payments to be made under the New HRC Clinic Lease Agreement in accordance with IFRS 16.

REASONS FOR TERMINATION OF CONTINUING CONNECTED TRANSACTIONS AND ENTERING INTO OF NEW HRC CLINIC LEASE AGREEMENT

In view of the Group's growing business needs and continuous business expansion in the United States, the Company considers that the current office space for the clinical operations may not be sufficient to satisfy the Group's customer demands in the near future. As such, with an aim to further enhancing the quality of its medical services and facilities as well as attracting more high-end customers, the Group intends to obtain lease from Independent Third Parties for a new office space with a more prominent location, larger capacity and more advanced design and will move its entire clinical operations from HRC Clinical Premises to such new premises. On the other hand, the second floor of the HRC Clinic Premises will be retained for the purpose of laboratory experimentation with a larger area. Not only will such enlarged capacity allow the Group to provide more testing services to its customers, wider variety of services including acupuncture, emotional therapy and other administrative services will also be introduced, thereby generate more revenue to the Group.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Termination Agreement and the New HRC Clinic Lease Agreement are on normal commercial terms, which are fair and reasonable, and in the interests of the Company and its Shareholders as a whole. Also, the Directors consider that the early termination of the HRC Clinic Lease Agreement will not have any material adverse impact to the Group's business and operational activities.

INFORMATION ON THE PARTIES

The Group

The Group is principally engaged in provision of assisted reproductive services in clinics and hospitals in China and the United States.

HRC Management

HRC Management is an indirect wholly-owned subsidiary of the Company and a limited liability company established under the laws of Delaware, the United States. It is a management services organization that provides management and ancillary services to HRC Medical, which is a California medical service corporation that renders medical services and treatment related to advanced fertility treatments.

The Lessors

The Lessors are collectively, HRC Properties LLC, 333 Arroyo Parkway LLC, JGWilcox Capital Building LLC and Michael Feinman Real Estate LLC, each of which is wholly owned by Dr. Robert Boostanfar, Dr. Bradford A. Kolb, Dr. John G. Wilcox and Dr. Michael A. Feinman, respectively. Therefore, the Lessors are the connected persons of the Company. Each of the Lessors is a limited liability company established under the laws of California, the United States, and principally engaged in holding the ownership of the HRC Clinic Premises.

LISTING RULES IMPLICATIONS

The Lessors are wholly-owned by some of the Physician Shareholders, namely, Dr. Robert Boostanfar, Dr. Bradford A. Kolb, Dr. John G. Wilcox and Dr. Michael A. Feinman, respectively. Pursuant to Rule 14.07 of the Listing Rules, each of the Lessors is an associate of the Physician Shareholders, which are the substantial shareholders of the Company and hence a connected person of the Company.

In accordance with IFRS 16 applicable to the Company, the transaction contemplated under the New HRC Clinic Lease Agreement will be recognized as an acquisition of right-of-use assets which will constitute a one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the value of the right-of-use assets to be recognized by the Company in connection with the New HRC Clinic Lease Agreement exceed 0.1% but are less than 5%, the New HRC Clinic Lease Agreement is subject to reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Dr. John G. Wilcox, an executive Director, is interested in the transactions contemplated under the Termination Agreement and the New HRC Clinic Lease Agreement as manager of HRC Management and has abstained from voting on the relevant board resolutions of the Company in relation to the above transactions. Save as the aforementioned, none of the Directors has any material interest in the above transactions or is otherwise required to abstain from voting on the board resolutions of the Company approving the above transactions.

DEFINITIONS

In this announcement, unless context otherwise requires, the following expressions have the following meanings:

“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors of the Company
“Company”	Jinxin Fertility Group Limited (錦欣生殖醫療集團有限公司*), a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HRC Clinic Lease Agreement”	the lease agreement dated October 25, 2018 entered into between HRC Management and the Lessors
“HRC Clinic Premises”	certain premises of approximately 22,163 sq. ft. located at 333 South Arroyo Parkway, Pasadena, California, the Unites States
“HRC Management”	HRC Fertility Management, LLC, a limited liability company established under the laws of Delaware, the United States on November 3, 2015, an indirect subsidiary of the Company
“HRC Medical”	Huntington Reproductive Center Medical Group, a professional corporation established under the laws of California, the United States on January 1, 1995
“IFRS”	International Financial Reporting Standards issued by International Accounting Standards Board
“Independent Third Party(ies)”	person(s) who is(are) third party(ies) independent of the Company and its connected persons
“Lessors”	collectively, HRC Properties LLC, 333 Arroyo Parkway LLC, JGWilcox Capital Building LLC and Michael Feinman Real Estate LLC, which together own the HRC Clinic Premises
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“New HRC Clinic Lease Agreement”	the new lease agreement dated August 20, 2020 entered into between HRC Management and the Lessors
“Physician Shareholders”	collectively, Dr. Michael A. Feinman, Dr. Daniel A. Potter, Dr. Jane L. Frederick, Dr. David Tourgeman, Dr. Bradford A. Kolb, Dr. John G. Wilcox, Dr. Jeffrey Nelson and Dr. Robert Boostanfar, each a certified physician in California, the United States
“Prospectus”	the prospectus issued by the Company dated June 13, 2019

“Shareholders”	shareholders of the Company
“sq. ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“Termination Agreement”	the agreement dated August 20, 2020 entered into between HRC Management and the Lessors in relation to the early termination of the HRC Clinic Lease Agreement
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent

By order of the Board
Jinxin Fertility Group Limited
Wang Bin
Chairman

Hong Kong, August 24, 2020

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Zhong Ying, Dr. John G. Wilcox, Mr. Zhong Yong and Mr. Dong Yang, as executive Directors; Mr. Wang Bin, Mr. Fang Min and Ms. Hu Zhe, as non-executive Directors; and Dr. Chong Yat Keung, Mr. Lim Haw Kuang, Mr. Wang Xiaobo and Mr. Ye Changqing, as independent non-executive Directors.

* *For identification purpose only*