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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)

CONNECTED TRANSACTIONS

(1) ACQUISITION OF 5.46% EQUITY INTEREST IN SHENZHEN ZHONGSHAN HOSPITAL

(2) SUBSCRIPTION OF NEW SHARES

BY CONNECTED PERSON UNDER SPECIFIC MANDATE

THE ACQUISITION

The Board is pleased to announce that on April 13, 2022 (after trading hours), the Purchaser has entered into the Equity Transfer Agreement with Mr. Zeng, pursuant to which the Purchaser agreed to purchase, and Mr. Zeng agreed to sell the Target Equity Interest in Shenzhen Zhongshan Hospital at the Consideration of HKD157,500,000 in accordance with the terms and conditions thereof.

As of the date of this announcement, the Company indirectly holds 70.00% equity interest in Shenzhen Zhongshan Hospital and controls the 24.44% equity interest in Shenzhen Zhongshan Hospital by virtue of the Existing Contractual Arrangements. The remaining equity interest in Shenzhen Zhongshan Hospital is held by Mr. Zeng as to 5.46% and Ms. Qian Minhui as to 0.10%. Therefore, Shenzhen Zhongshan Hospital is a non-wholly owned subsidiary of the Company. Upon completion of the Acquisition, the Company will indirectly hold 70.00% equity interest in Shenzhen Zhongshan Hospital and control 29.90% equity interest in Shenzhen Zhongshan Hospital by virtue of the contractual arrangements. Hence, Shenzhen Zhongshan Hospital will continue to be a non-wholly owned subsidiary of the Company and the financial results of Shenzhen Zhongshan Hospital will continue to be consolidated into the financial statements of the Group and based on discussion with its auditors, the Company has confirmed that it has the right to do so under the prevailing accounting principles.

THE SUBSCRIPTION

The Board is further pleased to announce that on April 13, 2022 (after trading hours), the Company has entered into the Subscription Agreement with Mr. Zeng, pursuant to which the Company has conditionally agreed to allot and issue, and Mr. Zeng has conditionally agreed to subscribe for 15,000,000 Subscription Shares at the Subscription Price of HK\$6.50 per Subscription Share for a total consideration of HK\$97,500,000, representing a premium of approximately 11.30% over the closing price of HK\$5.84 per Share as quoted on the Stock Exchange on the Last Trading Date and the date of the Subscription Agreement.

LISTING RULES IMPLICATIONS

The Acquisition

Shenzhen Zhongshan Hospital is an indirect non-wholly owned subsidiary of the Company. As of the date of this announcement, Mr. Zeng is a director of Shenzhen Zhongshan Hospital and hence, a connected person of the Company at the subsidiary level. Accordingly, the Acquisition constitutes a connected transaction of the Company. By virtue of Rule 14A.101 of the Listing Rules, as the Board has approved the Acquisition, and the independent non-executive Directors have confirmed that the terms of the Acquisition are fair and reasonable, and the Acquisition is on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole. Accordingly, the Acquisition is subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Further, as all applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition are less than 5%, the Acquisition does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

The Subscription

As at the date of this announcement, Mr. Zeng is a director of Shenzhen Zhongshan Hospital, a subsidiary of the Company, and is, therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Subscription constitutes a connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE ACQUISITION

The Board is pleased to announce that on April 13, 2022 (after trading hours), the Purchaser has entered into the Equity Transfer Agreement with Mr. Zeng, pursuant to which the Purchaser has agreed to purchase, and Mr. Zeng has agreed to sell the Target Equity Interest in Shenzhen Zhongshan Hospital at the Consideration of HK\$157,500,000 in accordance with the terms and conditions thereof.

As of the date of this announcement, the Company indirectly holds 70.00% equity interest in Shenzhen Zhongshan Hospital and controls 24.44% equity interest in Shenzhen Zhongshan Hospital by virtue of the Existing Contractual Arrangements. The remaining equity interest in Shenzhen Zhongshan Hospital is held by Mr. Zeng as to 5.46% and Ms. Qian Minhui as to 0.10%. Therefore, Shenzhen Zhongshan Hospital is a non-wholly owned subsidiary of the Company.

Upon completion of the Acquisition, the Company will indirectly hold 70.00% equity interest in Shenzhen Zhongshan Hospital and control 29.90% equity interest in Shenzhen Zhongshan Hospital by virtue of the contractual arrangements. Hence, Shenzhen Zhongshan Hospital will continue to be a non-wholly owned subsidiary of the Company and the financial results of Shenzhen Zhongshan Hospital will continue to be consolidated into the financial statements of the Group and based on discussion with its auditors, the Company has confirmed that it has the right to do so under the prevailing accounting principles.

The principal terms of the Equity Transfer Agreement are summarized below:

THE EQUITY TRANSFER AGREEMENT

Date

April 13, 2022

Parties

- (1) Jinrun Fude, a subsidiary of the Company by virtue of the Existing Contractual Arrangements, as the purchaser
- (2) Mr. Zeng, as the vendor

Equity interests to be acquired

Pursuant to the Equity Transfer Agreement, the Purchaser agreed to purchase, and Mr. Zeng agreed to sell, the Target Equity Interest in Shenzhen Zhongshan Hospital. Upon Completion of the Acquisition, Shenzhen Zhongshan Hospital, the WFOE, the Purchaser and the Registered Shareholders will enter into new contractual arrangements in respect of the Target Equity Interest in Shenzhen Zhongshan Hospital to be held by the Purchaser.

Consideration and payment terms

Pursuant to the Equity Transfer Agreement, the total amount of the Consideration shall be HK\$157,500,000, of which (i) HK\$60,000,000 shall be paid in cash to Mr. Zeng within ten (10) Business Days after the execution of the Equity Transfer Agreement; and (ii) HK\$97,500,000 shall be paid in cash to Mr. Zeng on or before Completion. The payments of the Consideration will be funded by the internal resources of the Group.

Basis of Consideration

The Consideration was arrived at after an arm's length negotiation between the Purchaser and Mr. Zeng with reference to various factors including: (i) the consideration payable by the Company for the Prior Acquisition; (ii) the historical financial performance of Shenzhen Zhongshan Hospital; and (iii) the benefits derived from the Group's enhanced control and influence over the management and operation of Shenzhen Zhongshan Hospital as set out in the section headed "Reasons for and Benefits of the Acquisition". Having considered the aforesaid factors, the Directors consider that the Consideration is fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

Conditions precedent

Completion of the Acquisition will be subject to and conditional upon the fulfillment (or if applicable, waiver) of the following conditions:

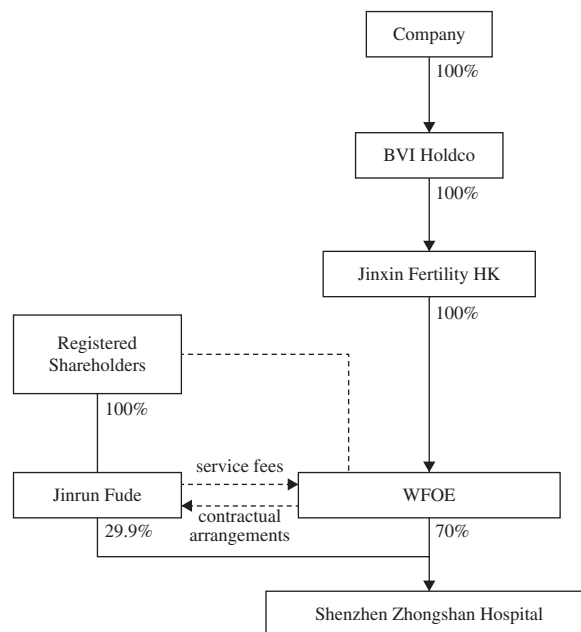
- (a) all necessary approvals, consents, filings and registration for the Acquisition (including, but not limited to, the approvals and documents required for the entering into of the new contractual arrangements) having been obtained and completed; and
- (b) the representations and warranties given by Mr. Zeng as the vendor under the Equity Transfer Agreement being true, accurate and complete in all material respects, and there being no material breach of the obligations or undertakings by him under the Equity Transfer Agreement.

Completion of the Acquisition

Completion of the Acquisition is expected to take place in June 2022, and in any event within two months after the execution of the Equity Transfer Agreement, or such other date as agreed in writing between the Company and Mr. Zeng.

STRUCTURE OF SHENZHEN ZHONGSHAN HOSPITAL UPON COMPLETION OF THE ACQUISITION

The shareholding structure of Shenzhen Zhongshan Hospital upon completion of the Acquisition is set out below:



Notes:

- (1) The Registered Shareholders are Ms. Yan Xiaoqing and Ms. Zhu Yujuan, who hold 51% and 49% of the equity interests in Jinrun Fude, respectively.
- (2) The exclusive operation service agreements, exclusive option agreements, powers of attorney, equity pledge agreements and spouse undertaking together form the legal relationship under the contractual arrangements.

Upon Completion of the Acquisition, Shenzhen Zhongshan Hospital will enter into the new contractual arrangements with the WFOE and the Purchaser, the terms and conditions of which shall be the same as the Existing Contractual Arrangements in all material respects, upon which the economic benefit in relation to the Target Equity Interest in Shenzhen Zhongshan Hospital held by the Purchaser will be consolidated into the Group's results. The Company will publish further announcement(s) in accordance with the Listing Rules and Guidance Letter HKEx-GL-77-14 issued by the Stock Exchange.

THE SUBSCRIPTION

The Board is pleased to further announce that on April 13, 2022 (after trading hours), the Company has entered into the Subscription Agreement with Mr. Zeng, pursuant to which the Company has conditionally agreed to allot and issue, and Mr. Zeng has conditionally agreed to subscribe for 15,000,000 Subscription Shares at the Subscription Price of HK\$6.50 per Subscription Share for a total consideration of HK\$97,500,000.

The salient terms of the Subscription Agreement are set out as follows:

THE SUBSCRIPTION AGREEMENT

Date

April 13, 2022

Parties to the Subscription Agreement

- (a) the Company
- (b) Mr. Zeng, as the subscriber

The Subscription

Pursuant to the Subscription Agreement, the Company conditionally agreed to allot and issue (pursuant to the Specific Mandate), and Mr. Zeng conditionally agreed to subscribe for, 15,000,000 Subscription Shares at the Subscription Price of HK\$6.50 for each Subscription Share. The total amount of the cash consideration payable by Mr. Zeng shall be HK\$97,500,000.

The Subscription Shares

The total number of Subscription Shares is 15,000,000 Shares, which represents approximately 0.60% of the existing issued share capital of the Company as at the date of this announcement and approximately 0.60% of the enlarged issue share capital of the Company immediately following Completion of the Subscription (assuming that there are no other changes in the share capital of the Company between the date of the Subscription Agreement and the date of the Completion of the Subscription).

The nominal value of the Subscription Shares is US\$150 (equivalent to approximately HK\$1,170).

The Subscription Price

The Subscription Price of HK\$6.50 per Subscription Share:

- (a) represents a premium of approximately 11.30% over the closing price of HK\$5.84 per Share as quoted on the Stock Exchange on the Last Trading Date and the date of the Subscription Agreement;
- (b) represents a premium of approximately 7.62% over the average of the closing price of HK\$6.04 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Date; and
- (c) represents a premium of approximately 5.69% over the average of the closing price of HK\$6.15 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the Last Trading Date.

The net Subscription Price, after deduction of relevant expenses, is estimated to be approximately HK\$6.42 per Subscription Share. The cash consideration of HK\$97,500,000 is payable in cash by Mr. Zeng on or before Completion of the Subscription. The Subscription Price was arrived at after arm's length negotiations between the Company and Mr. Zeng taking into account the prevailing market price of the Shares. The Board considers that the Subscription Price is fair and reasonable in light of the prevailing market conditions and the recent price performance of the Shares. The independent non-executive Directors will consider the advice from the independent financial adviser and will include their opinions in the circular of the EGM.

Ranking

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects with Shares in issue at the time of allotment and issue of the Subscription Shares.

Conditions Precedent

Completion of the Subscription is conditional upon fulfillment of the following conditions:

- (a) the passing of the resolution(s) at the EGM by the Independent Shareholders to approve the Subscription Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate to allot and issue the Subscription Shares.

- (b) the Listing Committee of the Stock Exchange having granted (conditionally or unconditionally) the listing of, and permission to deal in, the Subscription Shares on the main board of the Stock Exchange and such listing and permission not subsequently revoked; and
- (c) the Company having obtained all necessary approvals and consents in relation to the Subscription Agreement and the transactions contemplated thereunder and such approvals and consents remaining valid,

None of the conditions precedent can be waived by any parties to the Subscription Agreement. The Company shall use its endeavors to fulfill the conditions precedent on or before June 30, 2022.

In the event that the conditions precedents are not fulfilled on or before August 31, 2022, the Subscription Agreement will lapse and become null and void forthwith and the parties thereto shall be released from all obligations thereunder.

Completion of the Subscription

Completion of the Subscription shall take place within five (5) Business Days after fulfilment of the conditions precedent or any other date as agreed by the parties to the Subscription Agreement.

At Completion of the Subscription, Mr. Zeng shall pay to the Company cash consideration of HK\$97,500,000 under the Subscription Agreement for the subscription of the Subscription Shares.

On the date of Completion of the Subscription, the Company shall issue and deliver share certificates in relation to the Subscription Shares to Mr. Zeng.

Specific Mandate to Issue Subscription Shares

The Subscription Shares will be allotted and issued pursuant to the Specific Mandate proposed to be sought from the Independent Shareholders at the EGM.

APPLICATION FOR LISTING

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares on the main board of the Stock Exchange.

USE OF PROCEEDS

The gross proceeds from the Subscription will amount to HK\$97,500,000 and the net proceeds, after deduction of the related expense, from the Subscription is expected to be approximately HK\$96,317,000, representing a net Subscription Price of approximately HK\$6.42 per Subscription Share. The Company intends to apply the net proceeds to the expansion and upgrading of Shenzhen Zhongshan Hospital by December 2023.

CAPITAL RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has not carried out any equity capital raising activities in the 12 months immediately preceding the date of this announcement.

SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon Completion of the Subscription (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to the date of Completion of the Subscription), are summarized as follows:

	As at the date of this announcement		Immediately following the Completion of the Subscription	
	<i>Number of Shares</i>	<i>Approximate shareholding percentage (%)</i>	<i>Number of Shares</i>	<i>Approximate shareholding percentage (%)</i>
Substantial Shareholder				
HRC Investment Holding, LLC	324,652,505	12.98	324,652,505	12.90
JINXIN Fertility Investment Group Limited ⁽¹⁾	319,471,061	12.77	319,471,061	12.69
Amethyst Gem Holdings Limited ⁽²⁾	214,128,491	8.56	214,128,491	8.51
Amethyst Gem Investments Ltd ⁽²⁾	214,128,491	8.56	214,128,491	8.51
Ametrine Gem Investments Ltd ⁽²⁾	214,128,491	8.56	214,128,491	8.51
Warburg Pincus (Bermuda) Private Equity GP Ltd. ⁽²⁾	214,128,491	8.56	214,128,491	8.51
Warburg Pincus (Cayman) China GP LLC ⁽²⁾	214,128,491	8.56	214,128,491	8.51
Warburg Pincus (Cayman) China GP, L.P. ⁽²⁾	214,128,491	8.56	214,128,491	8.51
Warburg Pincus (Cayman) XII, L.P. ⁽²⁾	214,128,491	8.56	214,128,491	8.51
Warburg Pincus China (Cayman), L.P. ⁽²⁾	214,128,491	8.56	214,128,491	8.51
Warburg Pincus Partners II (Cayman), L.P. ⁽²⁾	214,128,491	8.56	214,128,491	8.51
Warburg Pincus XII GP LLC ⁽²⁾	214,128,491	8.56	214,128,491	8.51
Hillhouse Capital Advisors, Ltd. ⁽³⁾	186,863,349	7.47	186,863,349	7.42
Gaoling Fund, L.P. ⁽³⁾	161,915,349	6.47	161,915,349	6.43
Directors				
Zhong Yong	500,000	0.02	500,000	0.02
Dong Yang	864,000	0.03	864,000	0.03
Lyu Rong	200,000	0.01	200,000	0.01
Yan Xiaoqing	500,000	0.02	500,000	0.02
Mr. Zeng ⁽⁴⁾	7,562,756	0.30	22,562,756	0.90
Public				
Public Shareholders	1,285,195,291	51.37	1,285,195,291	51.06
Total	2,501,852,802	100	2,516,852,802	100

Notes:

- (1) JINXIN Fertility Investment Group Limited is ultimately controlled by the individual Shareholders, and none of the individual shareholders are interested in 10% or more of the Company's issued share capital upon Listing and remain as one of the Company's substantial shareholders upon Listing and as at the date of this announcement.
- (2) Amethyst Gem is our substantial Shareholder, the entire interest of which is wholly owned by Amethyst Gem Investments Ltd, which is 83.45% owned by Ametrine Gem Investments Ltd and 16.55% owned by Amethyst Gem Investors, L.P., the general partner of which is Amethyst Gem GP Ltd. Ametrine Gem Investments Ltd and Amethyst Gem GP Ltd. are owned 50% by Warburg Pincus China and 50% by Warburg Pincus XII. The general partner of Warburg Pincus China is Warburg Pincus (Cayman) China GP, LP, the general partner of which is Warburg Pincus (Cayman) China GP LLC; while the general partner of Warburg Pincus XII is Warburg Pincus (Cayman) XII, L.P., the general partner of which is Warburg Pincus (Cayman) XII GP LLC. The managing member of Warburg Pincus (Cayman) China GP LLC and the sole member of Warburg Pincus (Cayman) XII GP LLC is Warburg Pincus Partners II (Cayman), L.P., the general partner of which is Warburg Pincus (Bermuda) Private Equity GP Ltd..
- (3) Hillhouse Capital Advisors, Ltd. is the investment manager of Gaoling Fund, L.P. and is therefore deemed to be interested in the Shares held by Gaoling Fund, L.P.
- (4) Mr. Zeng wholly-owns YU PENG XIANG Company Limited, a BVI incorporated limited liability company, which is interested in 7,562,756 Shares as of the date of the announcement.

GENERAL INFORMATION

Information on Shenzhen Zhongshan Hospital

As of the date of this announcement, Shenzhen Zhongshan Hospital is a subsidiary of the Company. The Company indirectly holds 70.00% equity interest in Shenzhen Zhongshan Hospital through the WFOE, Jinxin Fertility HK and BVI Holdco, and controls 24.44% equity interest in Shenzhen Zhongshan Hospital held by the Purchaser (as to 18.98%) and Mr. Zeng (as to 5.46%) by virtue of the Existing Contractual Arrangements. The remaining 5.56% equity interest in Shenzhen Zhongshan Hospital is held by Mr. Zeng as to 5.46% and Ms. Qian Minhui as to 0.10%.

Shenzhen Zhongshan Hospital was established and commenced operations in May 2004, and was later acquired by the Group in January 2017. Shenzhen Zhongshan Hospital is a private for-profit specialty hospital specializing in assisted reproductive services.

The unaudited net assets of Shenzhen Zhongshan Hospital as at December 31, 2021 were approximately RMB574.65 million. The unaudited net profit (both before and after taxation) of Shenzhen Zhongshan Hospital for the years ended December 31, 2020 and 2021 were as follows:

	For the year ended December 31,	
	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Net profit before taxation	101,449	130,013
Net profit after taxation	76,982	101,039

The original acquisition cost of the equity interest in Shenzhen Zhongshan Hospital to Mr. Zeng was approximately RMB1.092 million, being the corresponding paid up capital of Shenzhen Zhongshan Hospital.

Information on Mr. Zeng

Mr. Zeng is both the vendor under the Acquisition and the subscriber under the Subscription. He is the senior vice president of the Group, the technical director of Chengdu Xinan Hospital and the president of Shenzhen Zhongshan Hospital. He is primarily responsible for medical research and development of the Group and management of Shenzhen Zhongshan Hospital. As of the date of this announcement, he is a substantial shareholder and a director of Shenzhen Zhongshan Hospital, an indirect non-wholly owned subsidiary of the Company.

Information on the Group

The Company is a company incorporated under the laws of the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange. The Company is an investment holding company and the Group is principally engaged in the provision of assisted reproductive services in the PRC, Hong Kong and the United States.

REASONS FOR AND BENEFITS OF THE ACQUISITION AND THE SUBSCRIPTION

The Acquisition together with the Prior Acquisition will enable the Group to further increase its control in the equity interest in Shenzhen Zhongshan Hospital to approximately 99.90%, thereby enabling the Group to (i) enhance its control and influence over the management and operation of Shenzhen Zhongshan Hospital, (ii) increase its share of economic benefits generated by Shenzhen Zhongshan Hospital, and (iii) have greater flexibility in the formulation of business strategies in Shenzhen Zhongshan Hospital to the Group.

Shenzhen Zhongshan Hospital contributes significantly to the Group's revenue and plays a pivotal role in the long-term strategic development of the Group's business operations. Since its establishment, Mr. Zeng has been working at Shenzhen Zhongshan Hospital and is currently the president of Shenzhen Zhongshan Hospital and is responsible for its overall management and development. The Company believes that the Subscription will further reinforce the commitment of Mr. Zeng to the Group by aligning his interests to the Shareholders through ownership of the Shares and his continuing support would be beneficial to the long-term business development and increasing the value of the Group.

In view of the above, the Directors (including all the independent non-executive Directors) are of the view that the terms of each of the Equity Transfer Agreement and the Subscription Agreement as well as the transactions contemplated thereunder are fair and reasonable, and the Acquisition and the Subscription are on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

None of the Directors has a material interest in the Equity Transfer Agreement and Subscription Agreement and therefore is not required to abstain from voting on the board resolutions relating to the Equity Transfer Agreement and the Subscription Agreement as well as the transactions contemplated thereunder.

LISTING RULES IMPLICATION

The Acquisition

Shenzhen Zhongshan Hospital is an indirect non-wholly owned subsidiary of the Company. As of the date of this announcement, Mr. Zeng is a director of Shenzhen Zhongshan Hospital and hence, a connected person of the Company at the subsidiary level. Accordingly, the Acquisition constitutes a connected transaction of the Company. By virtue of Rule 14A.101 of the Listing Rules, as the Board has approved the Acquisition, and the independent non-executive Directors have confirmed that the terms of the Acquisition are fair and reasonable, and the Acquisition is on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole. The Acquisition is subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Further, as all applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition are less than 5%, the Acquisition does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules

The Subscription

As at the date of this announcement, Mr. Zeng is a director of Shenzhen Zhongshan Hospital, a subsidiary of the Company, and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Subscription constitutes a connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors, namely, Dr. Chong Yat Keung, Mr. Li Jianwei, Mr. Wang Xiaobo and Mr. Ye Changqing, has been established to consider the terms of the Subscription Agreement and the transactions contemplated thereunder, and to advise the Independent Shareholders as to whether the aforesaid transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription.

GENERAL

The EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the Subscription Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate to allot and issue the Subscription Shares. A circular, containing (i) details of the Subscription Agreement; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder; and (iv) the notice of the EGM and a proxy form, will be despatched to the Shareholders. It is expected that the circular will be despatched in due course.

To the best knowledge of the Directors after making all reasonable enquiries, save for YU PENG XIANG Company Limited, a BVI incorporated limited liability company wholly-owned by Mr. Zeng, none of Mr. Zeng or his associates have interests in the Shares as at the date of this announcement, therefore, no other Shareholders will be required to abstain from voting in respect of the resolution(s) that would be proposed to approve the Subscription Agreement and the transactions contemplated thereunder at the EGM.

As Completion of the Acquisition and Completion of the Subscription are subject to the satisfaction of the conditions precedent as set out in the Equity Transfer Agreement and the Subscription Agreement respectively, the Acquisition and the Subscription may or may not proceed. Shareholders and prospective investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

“Acquisition”	the acquisition of the Target Equity Interest and the transactions contemplated under the Equity Transfer Agreement
“Announcement”	the announcement made by the Company dated January 27, 2022 regarding the entering of the equity transfer agreement between the Purchaser and Mr. Mei Hua, pursuant to which, the Purchaser has agreed to purchase and Mr. Mei Hua has agreed to sell 15.00% equity interest in Shenzhen Zhongshan Hospital
“Articles of Association”	the articles of association of the Company conditionally adopted on June 3, 2019, and amended from time to time
“associates”	has the meaning ascribed thereto under the Listing Rules
“Business Day”	A day (excluding Saturday) on which banks in Hong Kong are generally open for business throughout their normal business hours
“BVI Holdco”	Jinxin Fertility Group (BVI) Company Limited (previously known as LionRock New Hope (BVI) Company Limited), a limited liability company established under the laws of the BVI on March 1, 2018, our subsidiary
“Chengdu Xinan Hospital”	Chengdu Xinan Gynecological Hospital Co., Ltd. (成都西囡婦科醫院有限公司), a company established in Chengdu, Sichuan Province, the PRC with limited liability on November 10, 2015, the Group’s indirect subsidiary and a for-profit specialty hospital
“China” or “PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, Macao Special Administrative Region of the PRC and Taiwan
“Company”	Jinxin Fertility Group Limited (錦欣生殖醫療集團有限公司*)
“Completion Date”	the date of Completion in accordance with the provisions of the Equity Transfer Agreement

“Completion of the Acquisition”	completion of the Acquisition, as more particularly described under the section headed “Completion of the Acquisition” in this announcement
“Completion of the Subscription”	Completion of the Subscription pursuant to the Subscription Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the consideration payable by the Purchaser to Mr. Zeng pursuant to the Equity Transfer Agreement, details of which are set out under the section “Consideration and payment terms” in this announcement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and if thought fit, approving the Subscription Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate to allot and issue the Subscription Shares
“Equity Transfer Agreement”	the equity transfer agreement dated April 13, 2022 (after trading hours) entered into between the Purchaser and Mr. Zeng in relation to the Acquisition
“Existing Contractual Arrangement”	the series of contractual arrangements, as the case may be, entered into by, among others, the WFOE, the Registered Shareholders, Mr. Zeng, Jinrun Fude and Shenzhen Zhongshan Hospital, details of which are described in the section headed “Contractual Arrangements” in the Prospectus
“Group”, “we” or “us”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board which comprises all the independent non-executive Directors, namely, Dr. Chong Yat Keung, Mr. Li Jianwei, Mr. Wang Xiaobo and Mr. Ye Changqing, established to advise the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholder(s) other than YU PENG XIANG Company Limited and its associates who are required to abstain from voting at the EGM

“IPO Waiver”	the waiver granted by the Stock Exchange to the Company from strict compliance with the requirements of (i) the announcement, circular and independent shareholders’ approval in respect of the transactions contemplated under the Existing Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules; (ii) setting an annual cap for the transactions under the Existing Contractual Arrangements under Rule 14A.53 of the Listing Rules; and (iii) limiting the terms of the Existing Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as the shares of the Company are listed on the Stock Exchange, subject to compliance with the waiver conditions as disclosed in the section headed “Connected Transactions” in the Prospectus
“Jinrun Fude” or “Purchaser”	Chengdu Jinrun Fude Medical Management Company Limited (成都錦潤福德醫療管理有限公司), a limited liability company established under the laws of the PRC on May 9, 2018, the Company’s indirect subsidiary by virtue of the Existing Contractual Arrangements
“Jinxin Fertility HK”	Jinxin Fertility Group (HK) Limited (previously known as LionRock New Hope (HK) Company Limited), a limited liability company established under the laws of Hong Kong on March 14, 2018
“Last Trading Date”	April 12, 2022, being the last full trading day of the Shares on the Stock Exchange immediately prior to the signing of the Subscription Agreement
“Listing Committee”	has the meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on June 25, 2019
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Mr. Zeng”	Mr. Zeng Yong (曾勇), the vendor under the Acquisition and the subscriber under the Subscription
“percentage ratio(s)”	the percentage ratio(s) set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction

“Prior Acquisition”	the prior acquisition of 15.00% equity interest in Shenzhen Zhongshan Hospital entered into between the Purchaser and Mr. Mei Hua and the transactions contemplated under the equity transfer agreement dated January 27, 2022, as set out in the Announcement
“Prospectus”	the prospectus of the Company published on June 13, 2019
“Registered Shareholders”	the two individual shareholders of Jinrun Fude, namely, Ms. Yan Xiaoqing and Ms. Zhu Yujuan
“RMB”	the lawful currency of the PRC
“Shareholder(s)”	holders of the Shares
“Shares”	ordinary share(s) in the share capital of the Company with nominal value of US\$0.00001
“Shenzhen Zhongshan Hospital”	Shenzhen Zhongshan Urological Hospital (深圳中山泌尿外科醫院) (previously known as Shenzhen Zhongshan Urological Hospital Co., Ltd (深圳市中山泌尿外科醫院有限公司)), a company established in Shenzhen, PRC with limited liability on May 18, 2004, the Group’s indirect subsidiary that is a for-profit specialty hospital
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the EGM to grant the authority to the Board for allotment and issue of the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	The conditional subscription agreement dated April 13, 2022 between the Company and Mr. Zeng in relation to the Subscription
“Subscription Price”	the subscription price of HK\$6.50 per Subscription Share
“Subscription Share(s)”	the 15,000,000 new and fully paid Shares to be subscribed for by Mr. Zeng
“Subscription”	the subscription of the Subscription Shares by Mr. Zeng pursuant to the terms and subject to the conditions of the Subscription Agreement
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules
“Target Equity Interest”	the 5.46% equity interest in Shenzhen Zhongshan Hospital held by Mr. Zeng to be transferred to the Purchaser together with all rights and obligations attached to it in accordance with the Equity Transfer Agreement

“WFOE”	Sichuan Jinxin Fertility Medical Investment Management Co., Ltd. (四川錦欣生殖醫療投資管理有限公司), previously known as Sichuan Jinxin Fertility Medical Management Co., Ltd. (四川錦欣生殖醫療管理有限公司) and Chengdu Jinde Corporate Management Company Limited (成都錦德企業管理有限公司), a company established under the laws of the PRC with limited liability on September 12, 2016, an indirect subsidiary of the Company
“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
Zhong Yong
Chairman

Hong Kong, April 13, 2022

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

The English names of the PRC entities referred to in this announcement are merely translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese names shall prevail.

* *For identification purpose only*