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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Jinxin Fertility Group Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)**

**(1) CONNECTED TRANSACTION IN RELATION TO  
SUBSCRIPTION OF NEW SHARES BY A CONNECTED PERSON  
UNDER SPECIFIC MANDATE;  
AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee and  
the Independent Shareholders**



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A letter from the Board is set out on pages 6 to 15 of this circular. A letter from the Independent Board Committee is set out on pages 16 to 17 of this circular. A letter from Lego Corporate Finance Limited containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 34 of this circular.

A notice convening the EGM to be held at Conference Room No. 3, 5th Floor, Chengdu Xinan Gynecology Hospital, 66 Bisheng Road, Jinjiang District, Chengdu, Sichuan, China on Tuesday, June 28, 2022 at 11:15 a.m., is set out on pages EGM-1 and EGM-2 of this circular. Whether or not you are able to attend the EGM, please complete the form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

\* *For identification purpose only*

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“2022 Restricted Share Award Scheme”	the restricted share award scheme adopted by the Company on February 17, 2022
“Acquisition”	the acquisition of the Target Equity Interest and the transactions contemplated under the Equity Transfer Agreement
“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
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday) on which banks in Hong Kong are generally open for business throughout their normal business hours
“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 circular, 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 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
“Director(s)”	the director(s) of the Company

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## DEFINITIONS

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“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 among the Purchaser and Mr. Zeng in relation to the Acquisition
“Existing Contractual Arrangements”	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 Financial Adviser” or “Lego Corporate Finance Limited”	Lego Corporate Finance Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders as to 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

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## DEFINITIONS

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“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
“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
“Latest Practicable Date”	June 2, 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on June 25, 2019
“Listing Committee”	has the meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Registered Shareholders”	the two individual shareholders of Jinrun Fude, namely, Ms. Yan Xiaoqing and Ms. Zhu Yujuan
“Relevant Period”	the period commencing on the date falling six months preceding April 13, 2022, being the date of the Subscription Announcement, up to and including the Latest Practicable Date
“RMB”	the lawful currency of the PRC

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## DEFINITIONS

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“RSU Scheme”	the restricted share award scheme adopted by the Company on February 15, 2019
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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”	the subscription of the Subscription Shares by Mr. Zeng pursuant to the terms and subject to the conditions of the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated April 13, 2022 between the Company and Mr. Zeng in relation to the Subscription
“Subscription Announcement”	the announcement made by the Company dated April 13, 2022 regarding, among other things, the Acquisition and the entering into of the Subscription Agreement between the Company and Mr. Zeng
“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
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules

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## DEFINITIONS

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“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
“US\$”	United States dollar(s), the lawful currency of the United States of America
“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
“%”	per cent

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Zhong Yong  
Dr. John G. Wilcox  
Mr. Dong Yang  
Ms. Lyu Rong  
Dr. Geng Lihong

*Non-executive Directors:*

Mr. Fang Min  
Ms. Hu Zhe  
Ms. Yan Xiaoqing

*Independent Non-executive Directors:*

Dr. Chong Yat Keung  
Mr. Li Jianwei  
Mr. Wang Xiaobo  
Mr. Ye Changqing

*Registered office:*

Cricket Square, Hutchins Drive  
P.O. Box 2681, Grand Cayman  
KY1-1111  
Cayman Islands

*Principal place of business  
in Hong Kong:*

31/F, Tower Two, Times Square  
1 Matheson Street, Causeway Bay  
Hong Kong

June 8, 2022

*To the Shareholders,*

Dear Sir or Madam,

**(1) CONNECTED TRANSACTION IN RELATION TO  
SUBSCRIPTION OF NEW SHARES BY A CONNECTED PERSON  
UNDER SPECIFIC MANDATE;  
AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

The Company refers to the announcement dated April 13, 2022 in relation to the Acquisition and the Subscription of new Shares by the Subscriber under the Specific Mandate. The purpose of this circular is to provide you with, among other things, (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 Lego Corporate Finance Limited to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder; (iv) the notice of the EGM; and (v) other information as required under the Listing Rules.



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## LETTER FROM THE BOARD

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The notice of the EGM is enclosed herein as part of this circular.

### **(1) The Subscription Agreement**

On April 13, 2022, the Company entered into the Subscription Agreement with Mr. Zeng. Pursuant to the Subscription Agreement, 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:

#### *Principal terms of 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 Latest Practicable Date and approximately 0.60% of the enlarged issue share capital of the Company immediately following the 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).

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## LETTER FROM THE BOARD

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### *The Subscription Price*

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

- (a) represents a premium of approximately 86.22% as compared with the net asset value per Share as at December 31, 2021 of HK\$3.49 per Share;
- (b) 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;
- (c) 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;
- (d) 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; and
- (e) represents a premium of approximately 9.43% over the closing price of HK\$5.94 per Share as quoted on the Stock Exchange on the Latest Practicable 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 the 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 and the Group's historical performances as well as current market condition. 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.

### *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;

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## LETTER FROM THE BOARD

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- (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, 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, 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.

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## LETTER FROM THE BOARD

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### *Information on the Company and the Subscriber*

#### Information on the Company

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.

#### Information on Mr. Zeng

Mr. Zeng is 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 circular, he is a substantial shareholder and a director of Shenzhen Zhongshan Hospital, an indirect non-wholly owned subsidiary of the Company.

### *Reasons for and Benefits of the Subscription*

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 in 2004, Mr. Zeng has been the president of Shenzhen Zhongshan Hospital and is responsible for its overall management and development. Mr. Zeng's contribution in Shenzhen Zhongshan Hospital played an important role in the development of Shenzhen Zhongshan Hospital. In 2021, under the leadership of Mr. Zeng, the service scope of Shenzhen Zhongshan Hospital had expanded which will allow the obstetrics outpatient department to be in full operation, enabling Shenzhen Zhongshan Hospital to upgrade into a Grade III obstetrics hospital in the future. Furthermore, he is also a member of the Group's Medical Quality Control and R&D Committee. The Company believes that the Subscription, being a demonstration of Mr. Zeng's confidence in the long-term development and performance of the Group in view of the recent recovery of the Group's financial performance and position from COVID-19 pandemic, 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 the Subscription Agreement as well as the transactions contemplated thereunder are fair and reasonable, and the Subscription is on normal commercial terms or better, and although not in the ordinary and usual course of business of the Company, is in the interests of the Company and its Shareholders as a whole.

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

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## LETTER FROM THE BOARD

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### *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.

Reference is made to the announcement of the Company dated February 4, 2022 in relation to the acquisition of the property located at Hengshenyong United Building, Meilin Street, Futian District, Shenzhen, the PRC, and terms used herein this paragraph shall bear the same meanings as those defined in the aforementioned announcement. Upon completion of construction of the Project, renovation work is required to be conducted on the Property, which is preliminarily estimated to be within RMB300.0 million. The net proceeds of the Subscription will also partially fund the renovation work of the Property.

### *Other Financing Alternatives of the Group*

The Company has not considered other alternative fundraising methods, as the Directors are of the view that the major objective of the Subscription is to further reinforce the commitment of Mr. Zeng to the Group by aligning his interests to the Shareholders through ownership of the Shares instead of a pure fundraising exercise.

### *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 Latest Practicable Date.

### *Potential Dilution Effect of the Shareholding Structure of the Company as a Result of the Subscription*

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

	<b>As at the Latest Practicable Date</b>		<b>Immediately following the Completion of the Subscription</b>	
	<i>Number of Shares</i>	<i>Approximate shareholding percentage (%)</i>	<i>Number of Shares</i>	<i>Approximate shareholding percentage (%)</i>
<b>Substantial Shareholder</b>				
HRC Investment Holding, LLC	324,652,505	12.98	324,652,505	12.90
JINXIN Fertility Investment Group Limited <sup>(1)</sup>	319,471,061	12.77	319,471,061	12.69

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## LETTER FROM THE BOARD

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	<b>As at the Latest Practicable Date</b>		<b>Immediately following the Completion of the Subscription</b>	
	<i>Approximate shareholding</i>		<i>Approximate shareholding</i>	
	<i>Number of Shares</i>	<i>percentage (%)</i>	<i>Number of Shares</i>	<i>percentage (%)</i>
Hillhouse Capital Advisors, Ltd. <sup>(2)</sup>	186,863,349	7.47	186,863,349	7.42
Gaoling Fund, L.P. <sup>(2)</sup>	161,915,349	6.47	161,915,349	6.43
<b>Directors</b>				
Zhong Yong	2,500,000	0.10	2,500,000	0.10
Dong Yang	1,864,000	0.07	1,864,000	0.07
Lyu Rong	3,504,000	0.14	3,504,000	0.14
Yan Xiaoqing	500,000	0.02	500,000	0.02
<b>The Subscriber</b>				
Mr. Zeng <sup>(3)</sup>	7,562,756	0.30	22,562,756	0.90
<b>Public</b>				
Public Shareholders	<u>1,654,935,131</u>	<u>66.15</u>	<u>1,654,935,131</u>	<u>65.75</u>
<b>Total</b>	<u><u>2,501,852,802</u></u>	<u><u>100</u></u>	<u><u>2,516,852,802</u></u>	<u><u>100</u></u>

*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 Latest Practicable Date.
- (2) 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..
- (3) Mr. Zeng wholly-owns YU PENG XIANG Company Limited, a company incorporated in the BVI with limited liability, which is interested in 7,562,756 Shares as at the Latest Practicable Date.

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## LETTER FROM THE BOARD

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### *Listing Rules Implications*

As at the Latest Practicable Date, 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.

Lego Corporate Finance Limited has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription.

## **(2) EGM**

The EGM will be held at Conference Room No. 3, 5th Floor, Chengdu Xinan Gynecology Hospital, 66 Bisheng Road, Jinjiang District, Chengdu, Sichuan, China on Tuesday, June 28, 2022 at 11:15 a.m.. The notice of the EGM is set out on pages EGM-1 and EGM-2 of this circular. Whether or not you are able to attend the EGM, please complete the form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and, in such event, the proxy form previously submitted shall be deemed to be revoked.

The votes of the Independent Shareholders at the EGM will be taken by poll in accordance with Rule 13.39(4) of the Listing Rules and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules. To the best knowledge of the Directors after making all reasonable enquiries, the Subscriber and his associates hold an aggregate of 7,562,756 Shares as at the Latest Practicable Date and will abstain from voting on the resolution at the EGM. No other Shareholder has any material interest in the Subscription Agreement and therefore will be required to abstain from voting in respect of the resolution that would be proposed to approve the Subscription Agreement and the transactions contemplated thereunder at the EGM. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no voting trust or other agreement

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## LETTER FROM THE BOARD

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or arrangement or understanding entered into by or binding upon any Shareholder; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby he/she has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his/her Shares to a third party, either generally or on a case-by-case basis. Accordingly, to the best knowledge, information and belief of the Directors, there exists no discrepancy between any Shareholder's beneficial shareholding interest in the Company and the number of Shares in respect of which such Shareholder will control or will be entitled to exercise control over the voting right at the EGM.

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

### *Closure of Register of Members*

For the purposes of determining Shareholders' eligibility to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, June 23, 2022 to Tuesday, June 28, 2022, both days inclusive, during which period no transfer of Shares will be registered. The record date for such purposes is Tuesday, June 28, 2022.

In order to be eligible to attend and vote at the EGM, all properly completed transfer forms 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, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Wednesday, June 22, 2022.

### *Recommendation*

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 16 to 17 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder; and (ii) the letter from Lego Corporate Finance Limited set out on pages 18 to 34 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Subscription together with the principal factors and reasons considered by it in concluding its advice.

The Independent Board Committee, having taken into account the advice of Lego Corporate Finance Limited, considers that the terms of the Subscription Agreement are fair and reasonable so far as the Independent Shareholders are concerned and that the Subscription is on normal commercial terms and in the interests of the Company and the Shareholders as whole. The Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreement are fair and reasonable so far as the Independent Shareholders are concerned and the Subscription is in the interests of the Company and the



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## LETTER FROM THE BOARD

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Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favor of the ordinary resolution to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder.

### **FURTHER INFORMATION**

Your attention is also drawn to the additional information set out in the appendix and the notice of EGM, which form part of this circular.

Yours faithfully,  
By order of the Board  
**Jinxin Fertility Group Limited**  
**Zhong Yong**  
*Chairman*



**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)**

June 8, 2022

*To the Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF  
NEW SHARES BY A CONNECTED PERSON UNDER SPECIFIC  
MANDATE**

We refer to the circular of the Company to the Shareholders dated June 8, 2022 (the “**Circular**”), in which this letter forms part. Unless the context requires otherwise, capitalized terms used in this letter will have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members to form the Independent Board Committee to advise the Independent Shareholders on whether or not the Subscription Agreement and the transactions contemplated thereunder are on normal commercial terms, and although not in the ordinary and usual course of business of the Company, whether it is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Lego Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription. Details of its advice, together with the principal factors and reasons taken into consideration in arriving at such advice, are set out on pages 18 to 34 of the Circular. Your attention is also drawn to the letter from the Board set out on pages 6 to 15 of the Circular and the additional information set out in the appendix to the Circular.

Having considered the terms of the Subscription Agreement and the situation of the Company, and the factors and reasons considered by Lego Corporate Finance Limited and its opinion as stated in its letter of advice, we consider that (i) the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and (ii) although the entering into of the Subscription Agreement is not in the ordinary and usual course of business of the Company, it is in the

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favor of the ordinary resolution to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder.

Yours faithfully,  
Independent Board Committee of  
**Jinxin Fertility Group Limited**

**Chong Yat Keung**  
*Independent*  
*Non-executive Director*

**Li Jianwei**  
*Independent*  
*Non-executive*  
*Director*

**Wang Xiaobo**  
*Independent*  
*Non-executive*  
*Director*

**Ye Changqing**  
*Independent*  
*Non-executive*  
*Director*

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## LETTER FROM LEGO CORPORATE FINANCE LIMITED

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*The following is the full text of the letter of advice from Lego Corporate Finance Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, in respect of the Subscription, which has been prepared for the purpose of inclusion in this circular.*



June 8, 2022

*To the Independent Board Committee and the Independent Shareholders*

Dear Sirs or Madams,

**CONNECTED TRANSACTION IN RELATION TO  
SUBSCRIPTION OF NEW SHARES BY A CONNECTED PERSON  
UNDER SPECIFIC MANDATE**

### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated June 8, 2022 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

As set out in the Letter from the Board, among other matters, on April 13, 2022, the Company entered into the Subscription Agreement with Mr. Zeng (the “Subscriber”). Pursuant to the Subscription Agreement, 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 total number of Subscription Shares is 15,000,000 Shares, representing approximately 0.60% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 0.60% of the enlarged issue share capital of the Company immediately following the Completion (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).

As at the Latest Practicable Date, 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.

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## LETTER FROM LEGO CORPORATE FINANCE LIMITED

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

The Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and whether the Subscription is in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote in respect of the relevant resolution to be proposed at the EGM to approve the Subscription Agreement and the connected transaction contemplated thereunder. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

### OUR INDEPENDENCE

As at the Latest Practicable Date, Lego Corporate Finance Limited did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to the independence of Lego Corporate Finance Limited. In the last two years, there was no engagement between the Company and Lego Corporate Finance Limited. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we had received or will receive any fees or benefits from the Company or any other party to the transactions. Accordingly, we consider that we are eligible to give independent advice in respect of the terms of the Subscription Agreement and the connected transaction contemplated thereunder.

### BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Company and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group (the “**Management**”); and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects at the time they were made and up to the Latest Practicable Date and may be relied upon. We have also assumed that all such statements of belief, opinions and intention of the Directors and the Management and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and/or the Management. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the Management were true, accurate, complete and not misleading in all respects at the time they were made and continued to be so up to the Latest Practicable Date.

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## LETTER FROM LEGO CORPORATE FINANCE LIMITED

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We consider that we have reviewed the sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Management, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group or the Subscriber or any of their respective subsidiaries and associates.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our recommendation in respect of the Subscription, we have considered the following principal factors and reasons:

#### **1. Background information of the Group and the Subscriber**

##### *Information on the Company*

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.

##### *Information on Mr. Zeng*

Mr. Zeng is 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. Mr. Zeng is primarily responsible for medical research and development activities of the Group and management of Shenzhen Zhongshan Hospital. As of the date of the Circular, he is a substantial shareholder and a director of Shenzhen Zhongshan Hospital, an indirect non-wholly owned subsidiary of the Company.

#### **2. Financial information of the Group**

The following table summarises the consolidated financial information of the Group for the three years ended December 31, 2021 (“FY2021”) as extracted from the Company’s annual report for the year ended December 31, 2020 (“2020 Annual Report”) and the Company’s annual report for the year ended December 31, 2021 (“2021 Annual Report”).

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**LETTER FROM LEGO CORPORATE FINANCE LIMITED**

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	<b>For the year ended 31 December</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>RMB'000</i> <i>(audited)</i>	<i>RMB'000</i> <i>(audited)</i>	<i>RMB'000</i> <i>(audited)</i>
Revenue	1,648,496	1,426,088	1,838,826
– Assisted reproductive services (ARS)	931,878	978,847	1,160,461
– Management service fee	648,489	375,090	528,219
– Ancillary medical services	68,129	72,151	94,560
– Obstetrics, gynecology and pediatrics medical services	–	–	34,298
– Sales of medicines, consumables and equipment	–	–	21,288
Profit for the year	420,677	260,496	353,697

	<b>As at 31 December</b>	
	<b>2020</b>	<b>2021</b>
	<i>RMB'000</i> <i>(audited)</i>	<i>RMB'000</i> <i>(audited)</i>
Total assets	9,163,227	12,825,390
Total liabilities	1,700,741	4,072,689
Net asset	7,462,486	8,752,701

***Year ended December 31, 2019 vs year ended December 31, 2020***

The Group's revenue decreased by approximately 13.5% from approximately RMB1,648.5 million for the year ended December 31, 2019 to approximately RMB1,426.1 million for the year ended December 31, 2020. Such decrease was mainly attributable to the significant decrease in the revenue generated from the management services fee. Due to the outbreak of COVID-19 and the travel restrictions imposed by the United States, the revenue generated from the management services provided by HRC Medical in the United States decreased, by approximately 37.1%, from approximately RMB544.4 million for the year ended December 31, 2019 to approximately RMB342.4 million for the year ended December 31, 2020.

As a result of the decrease in revenue for the year ended December 31, 2020, and the significant increase in administrative expenses for the year ended December 31, 2020 by approximately 30.3% to approximately RMB275.3 million mainly as a result of the increase in employees share option expenses, the Group's profit for the year ended December 31, 2020 decreased by approximately 38.0% to approximately RMB260.5 million.

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## LETTER FROM LEGO CORPORATE FINANCE LIMITED

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### *Year ended December 31, 2020 vs year ended December 31, 2021*

The Group's revenue increased by approximately 28.9% from approximately RMB1,426.1 million for the year ended December 31, 2020 to approximately RMB1,838.8 million for the year ended December 31, 2021. As stated in the 2021 Annual Report, such increase was mainly resulted from the recovery of the Group's operations from COVID-19 pandemic as well as the increasing patients' need for fertility treatments. In 2021, the revenue contributed by the Group's operations in the Greater China and the United States increased by approximately 31.8% and 21.0%, respectively, as compared to the year ended December 31, 2020.

The Group recorded a profit for the year ended December 31, 2021 in the amount of approximately RMB353.7 million, representing an increase of approximately 35.8% as compared to the financial year ended December 31, 2020. The increase was mainly attributable to the combined reasons of (i) increase in revenue by approximately 28.9% to approximately RMB412.7 million as compared to the financial year ended December 31, 2020; (ii) increase in selling and distribution expenses by approximately 49.2% to approximately RMB61.7 million as compared to the year ended December 31, 2020 primarily due to an increase in staff cost of the Group's marketing team and marketing expense of Wuhan Jinxin Hospital and Shenzhen Zhongshan Hospital; and (iii) increase in administrative expenses by approximately 19.1% to approximately RMB327.7 million as compared to the year ended December 31, 2020 primarily due to the increase in employee share option expenses and depreciation and amortisation expenses.

### *Financial position of the Group*

The Group recorded total assets of approximately RMB12,825.4 million as at December 31, 2021, representing an increase of approximately 40.0%, as compared to approximately RMB9,163.2 million as at December 31, 2020. The increase in total assets of the Group as at December 31, 2021 was mainly attributable to (i) the increase in goodwill from approximately RMB889.6 million as at December 31, 2020 to approximately RMB2,719.7 million as at December 31, 2021 due to consolidation of Jinxin Medical Group, (ii) the increase in licenses and trademarks from approximately RMB786.0 million and approximately RMB1,255.7 million as at December 31, 2020, respectively, to approximately RMB1,238.2 million and approximately RMB2,151.5 million as at December 31, 2021, respectively.

The total liabilities of the Group was approximately RMB4,072.7 million as at December 31, 2021, representing an increase of approximately 139.5%, as compared to approximately RMB1,700.7 million as at December 31, 2020. The increase in total liabilities of the Group was mainly attributable to (i) the increase in the amounts due to related parties from approximately RMB67.7 million as at December 31, 2020 to approximately RMB415.1 million as at December 31, 2021; (ii) the increase in deferred tax liabilities from approximately RMB791.3 million as at December 31, 2020 to approximately RMB1,011.3 million as at December 31, 2021; and (iii) the increase in convertible bonds from nil as at December 31, 2020 to approximately RMB1,492.9 million as at December 31, 2021.



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## LETTER FROM LEGO CORPORATE FINANCE LIMITED

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The net asset value was approximately RMB8,752.7 million as at December 31, 2021, representing an increase of approximately 17.3% as compared to approximately RMB7,462.5 million as at December 31, 2020. As at December 31, 2021, the bank balances and cash of the Group amounted to approximately RMB862.3 million.

### **3. Reasons for and benefits of the Subscription and use of proceeds**

As stated in the Letter from the Board, 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.

As advised by the Management, Mr. Zeng has joined Shenzhen Zhongshan Hospital since the establishment of Shenzhen Zhongshan Hospital in 2004, and became the president of Shenzhen Zhongshan Hospital since October 2020. He is responsible for the overall management and development of Shenzhen Zhongshan Hospital. According to the 2021 Annual Report, Mr. Zeng is the member of the Group's Medical Quality Control and R&D Committee. The Management further advised us that, Mr. Zeng's contribution in Shenzhen Zhongshan Hospital played an important role in the development of Shenzhen Zhongshan Hospital. According to the 2021 Annual Report, under the leadership of Mr. Zeng, during 2021, the service scope of Shenzhen Zhongshan Hospital had been expanded and the obstetrics outpatient department had been prepared for full operation, which will help prepare the Shenzhen Zhongshan Hospital to upgrade itself into a grade III obstetrics hospital in the future. Having considered the above, we concur with the Directors that Mr. Zeng's continuing support would be beneficial to the long-term business development and increasing the value of the Group. We are also of the view that the Subscription correlates the performance of Mr. Zeng with the Group's business, which helps motivate Mr. Zeng to improve the Group's performance and to create value for the Shareholders. On the other hand, we consider that the Subscription demonstrates Mr. Zeng's confidence in the long-term development and performance of the Group in view of the recent recovery of the Group's financial performance and position from COVID-19 pandemic as discussed in the section headed "2. Financial information of the Group" above.

According to the Letter from the Board, 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.

According to the 2021 Annual Report, Shenzhen Zhongshan Hospital is a specialty hospital focused in the provision of fertility services, particularly to patients of the Greater Bay Area. It has delivered a strong performance in 2021, achieving a growth in revenue, by approximately 42.4%, from approximately RMB299.9 million for the year ended December 31, 2020 to approximately RMB426.9 million for the year ended December 31, 2021. As stated in

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## LETTER FROM LEGO CORPORATE FINANCE LIMITED

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the Letter from the Board, Shenzhen Zhongshan Hospital contributes significantly to the Group's revenue, and we noted from the 2021 Annual Report that its contribution in the Group's revenue increased from approximately 21.0% for the year ended December 31, 2020 to approximately 23.2% for the year ended December 31, 2021. Furthermore, the 2021 Annual Report stated that the Company intends to deepen the Group's strategic focus in the Guangdong-Hong Kong-Macao Greater Bay Area, where it has a significant growth potential to increase their market share and brand awareness in the region, while the 2021 Annual Report further stated that the current premises of Shenzhen Zhongshan Hospital has been operating nearly at its full capacity, more floor space is required in order to expand its current scale of services and offer new services to better serve its customers.

Reference is made to the announcement of the Company dated 4 February 2022 in relation to the acquisition (the "**Acquisition**") by the Group the entire equity interest of Shenzhen Hengyu Lianxiang Investment Development Co., Ltd ("**Shenzhen Hengyu**") whose principal assets is levels 1-3, levels 6-27 and basement levels 1-2 of the building being developed by Shenzhen Hengyu, located at Hengshenyang United Building, Meilin Street, Futian District, Shenzhen, the PRC (the "**Property**"). Shenzhen Hengyu is undertaking the construction and development at the Property (the "**Project**"). Upon completion of the construction, the Project will be a new building with five levels of basement and have 27 levels above ground, and will primarily be used for the provision of medical services by Shenzhen Zhongshan Hospital. The Property is built on top of a Shenzhen metro station which intersects Line 9 and Line 10 and are served by several bus routes. The construction of the Project commenced in December 2018 and is currently at an advance stage of development. The Project is expected to be completed by the third quarter of 2022. The total consideration of the Acquisition is approximately RMB1,727 million (equivalent to approximately HK\$2,116 million), which covers the construction cost until completion of the Project. Consideration of the Acquisition will be funded by the internal resources of the Group. We are advised by the Management that, upon completion of construction of the Project, renovation work is required to be conducted on the Property, which is preliminarily estimated to be within RMB300.0 million. The net proceeds of the Subscription will partially fund the renovation work of the Property.

In order to position Shenzhen Zhongshan Hospital to capture the anticipated growth and increasing demand for ARS services in Shenzhen and within the Greater Bay Area in the next 10 years due to the expected increase in population and demand in the region, the Group has decided to acquire the Property under the Project. The Property will allow Shenzhen Zhongshan Hospital to (i) further diversify its service offerings to provide full fertility lifecycle services covering ARS services, obstetrics, gynecology, pediatrics and andrology medical services, etc.; (ii) expand the VIP service to satisfy the multi-dimensional needs of its patients and enhancing their patient's experience; and (iii) provide sufficient space and a better medical environment to attract patients from the Greater Bay Area, including Hong Kong, in the future. Shenzhen Zhongshan Hospital is planning to utilise its existing premises for out-patient services and redesignate all other existing services and new services to the Property upon completion of the Project.

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## LETTER FROM LEGO CORPORATE FINANCE LIMITED

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Having considered the above, we concur with the Directors that the Subscription and the use of proceeds are in line with the principal business and strategic development plan of the Group.

Having considered the aforesaid reasons, including (i) the Subscription can further reinforce the commitment of Mr. Zeng and align his interest to the Shareholders; (ii) Shenzhen Zhongshan Hospital contributes significantly to the Group's revenue; (iii) Shenzhen Zhongshan Hospital has been operating nearly at its full capacity; and (iv) the strategic development of the Group's business operations, we concur with the Directors that the Subscription is in the interests of the Company and the Shareholders as a whole.

### *Financing alternatives of the Group*

As advised by the Management, we understand that the Company has not considered other alternative fund-raising method, as the Directors are of the view that the major objective of the Subscription is to further reinforce the commitment of Mr. Zeng to the Group by aligning his interests to the Shareholders through ownership of the Shares instead of a pure fund-raising exercise.

In light of (i) the benefits of the Subscription as described above; and (ii) the Subscription demonstrates the Subscriber's commitment to the Group, we concur with the view of the Directors that the Subscription is an appropriate way to invite Mr. Zeng to become a Shareholder and is in the interests of the Company and the Shareholders as a whole.

## **4. Subscription**

### *4.1. Principal terms of the Subscription Agreement*

Set out below is a summary of the principal terms of the Subscription Agreement. Further details of the Subscription Agreement are set out in the Letter from the Board.

#### **Date**

April 13, 2022

#### **Parties to the Subscription Agreement**

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

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## LETTER FROM LEGO CORPORATE FINANCE LIMITED

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### *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 Latest Practicable Date and approximately 0.60% of the enlarged issue share capital of the Company immediately following the Completion (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).

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

### *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.

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## LETTER FROM LEGO CORPORATE FINANCE LIMITED

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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.

### ***4.2. Evaluation of the Subscription Price***

As set out in the Letter from the Board, the Subscription Price of HK\$6.50 per Subscription Share was arrived at after arm's length negotiations between the Company and Mr. Zeng taking into account the prevailing market price of the Shares and the Group's historical performances as well as current market condition.

We note that the Subscription Price of HK\$6.50 per Subscription Share represents:

- (a) a premium of approximately 86.22% as compared with the net asset value per Share as at December 31, 2021 of HK\$3.49 per Share;
- (b) 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;
- (c) 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;
- (d) 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;
- (e) represents a premium of approximately 9.43% over the closing price of HK\$5.94 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

## LETTER FROM LEGO CORPORATE FINANCE LIMITED

### 4.2.1. Review of the historical Share price performance

In order to assess the fairness and reasonableness of the Subscription Price, we have reviewed the daily closing prices of the Shares for the period from 12 April 2021 (being the 12-month period prior to the Last Trading Date) and up to the Last Trading Date, (the “**Review Period**”). We consider that the Review Period is adequate to illustrate the recent price movement of the Shares for conducting a reasonable comparison among the historical closing prices prior to the Latest Practicable Date and such comparison is relevant for the assessment of the fairness and reasonableness of the Subscription Price. The following chart sets out (i) the daily closing prices of the Shares on the Stock Exchange; and (ii) the Hang Seng Index during the Review Period:

**Historical Share price**



Source: the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

During the Review Period, the closing price of the Share followed a decreasing trend in general with the lowest daily closing price per Share at HK\$5.00 on March 15, 2022 and the highest closing price per Share at HK\$22.35 on May 31, 2021, with an average daily closing price per Share of approximately HK\$12.70. The Subscription was in general below the closing prices of the Share during the Review Period and represents (i) a premium of approximately 30% over the lowest daily closing price during the Review Period; (ii) a discount of approximately 70.9% to the highest daily closing price during the Review Period; and (iii) a discount of approximately 48.8% to the average daily closing price during the Review Period.

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## LETTER FROM LEGO CORPORATE FINANCE LIMITED

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Moreover, it is observed from the above chart that, during the Review Period, the performance of the Share price was generally in line with the downward trend of the Hang Seng Index, which indicated that the performance of the Share price was likely subject to the overall market sentiments and conditions during the Review Period.

We have discussed with the Management regarding (i) the financial position of the Group (including the 2021 Annual Report, capital commitments, contingent liabilities and cash and cash equivalents of the Group); (ii) the recent development of the Group's business; and (iii) the business strategies the Group. Based on such review and discussion, as at the Latest Practicable Date, the Directors advised that they were not aware of any material changes in the financial or trading position or outlook of the Group since December 31, 2021, being the date on which the consolidated financial information of the Company were made up and up to and including the Latest Practicable Date. Given that the prevailing historical trading prices have already reflected the market valuation of the Company based on its financial results and corporate actions and the prevailing market sentiment, we are of the view that it is reasonable for the Company to set the Subscription Price with reference to its prevailing Share prices.

#### *4.2.2. Market comparable analysis*

After considering the key features of the Subscription which include, among others, the following: (a) the Company is listed on Main Board of the Stock Exchange; (b) the Subscription involves the allotment and issue of new Shares under Specific Mandate; and (c) the Subscription is a connected transaction, we have identified from the website of the Stock Exchange an exhaustive list of 16 comparable transactions (the “**Comparables**”) announced during the Review Period by Hong Kong listed companies with the following selection criteria:

- (i) subscription of new shares under specific mandate carried out by the companies listed on the Main Board of the Stock Exchange;
- (ii) the subscription was a connected transaction for the relevant listed company; and
- (iii) excluding issues of new shares for restructuring scheme/long-suspended companies, or A shares or domestic shares).

We considered the Review Period as sufficient and appropriate to capture the prevailing market conditions for our analysis based on the following basis (a) the comparable transactions during such period are close to the date of the Subscription Agreements and therefore reflecting the latest market prevailing conditions and considered to be conducted under similar and recent market conditions and

## LETTER FROM LEGO CORPORATE FINANCE LIMITED

sentiments; and (b) there are sufficient comparable companies in this period such that the average figures calculated are not likely to be significantly affected by any individual comparable transaction for our analysis.

We consider the 16 Comparables to be sufficient to assess the fairness and reasonableness of the Subscription Price. Although the circumstances surrounding the Comparables may be different from those relating to the Company, we consider that such Comparables can provide a fair and representative reference of the prevailing market practices in relation to recent connected transactions involving subscription of new shares conducted by companies listed on the Main Board of the Stock Exchange and may help us to assess and evaluate the fairness and reasonableness of the Subscription Price. Set out below is a comparison of the Comparables:

Date	Company	Stock Code	Premium/(discount)	Premium/(discount)	Premium/(discount)	Premium/(discount) of the subscription price over/to consolidated net assets value per share % (Notes 2 & 3)
			of the subscription price over/to closing price per share to the release of the announcement or the date of agreement in relation to respective subscription of shares % (Note 1)	of the subscription price over/to average closing price for the last five trading days prior to the release of the announcement or the date of agreement in relation to respective subscription of shares % (Note 1)	of the subscription price over/to average closing price for the last ten trading days prior to the release of the announcement or the date of agreement in relation to respective subscription of shares % (Note 1)	
April 20, 2021	Meituan	3690	(5.30)	(4.00)	(8.80)	449.41
April 28, 2021	E-House (China) Enterprise Holdings Limited	2048	0.00	(0.13)	(0.40)	(4.58)
May 10, 2021	Zhong Ji Longevity Science Group Limited	767	(12.16)	(16.45)	(9.97)	425.81
May 31, 2021	Hong Kong Resources Holdings Company Limited	2882	(15.25)	(15.25)	(16.39)	Net liabilities position
June 4, 2021	DTXS Silk Road Investment Holdings Company Limited	620	(8.43)	4.40	1.34	243.52
July 19, 2021	Elife Holdings Limited	223	5.77	3.00	(1.08)	137.20
July 21, 2021	Persta Resources Inc.	3395	78.00 (Note 4)	64.00 (Note 4)	75.00 (Note 4)	823.88 (Note 5)



## LETTER FROM LEGO CORPORATE FINANCE LIMITED

Date	Company	Stock Code	Premium/(discount)	Premium/(discount)	Premium/(discount)	Premium/(discount) of the subscription price over/to consolidated net assets value per share % (Notes 2 & 3)
			of the subscription price over/to closing price per share to the release of the announcement or the date of agreement in relation to respective subscription of shares % (Note 1)	of the subscription price over/to average closing price for the last five trading days prior to the release of the announcement or the date of agreement in relation to respective subscription of shares % (Note 1)	of the subscription price over/to average closing price for the last ten trading days prior to the release of the announcement or the date of agreement in relation to respective subscription of shares % (Note 1)	
August 17, 2021	Man Sang International Limited	938	5.26	1.91	(2.44)	1457.31 (Note 5)
October 4, 2021	Coolpad Group Limited	2369	(17.65)	(18.60)	(18.60)	33.33
October 26, 2021	AUX International Holdings Limited	2080	1.61	2.27	1.78	74.10
November 11, 2021	Lingbao Gold Group Company Ltd.	3330	(12.40)	(10.90)	(11.00)	(63.40)
November 28, 2021	iDreamSky Technology Holdings Limited	1119	(9.34)	(8.07)	(7.79)	51.62
December 31, 2021	Wealthking Investments Limited	1140	15.00	21.37	25.00	31.75
January 18, 2022	Zall Smart Commerce Group Ltd.	2098	13.64	12.11	8.70	(0.71)
January 25, 2022	China Ruyi Holdings Limited	136	9.17	8.7	9.17	236.75
March 25, 2022	JD Logistics, Inc.	2618	(9.96)	(13.74)	(6.26)	159.90
	Average		(2.67)	(2.23)	(2.45)	136.52
	Maximum		15.00	21.37	25.00	449.41
	Minimum		(17.65)	(18.60)	(18.60)	(63.40)
	The Company		11.30	7.62	5.69	86.22

*Notes:*

- The relevant figures of the Comparables are referenced to the figures as disclosed in the respective announcements regarding their subscription of shares.
- The net assets value per share for each of the Comparables was extracted from the respective latest financial reports (interim/annual results) of the Comparables. Net assets value per share was calculated based on the reported net assets value of the Comparables divided by the number of their respective issued shares as at the date of the relevant announcement of the Comparables.
- Exchange rate of RMB1 = HK\$1.22; CAD1 = HK\$6.25

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## LETTER FROM LEGO CORPORATE FINANCE LIMITED

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4. We have excluded the share subscription of Persta Resources Inc. (Stock code: 3395) (“Persta”) conducted on 21 July 2021 when arriving at the average, highest and lowest prices of the Comparables as we are of the view that this is an outlier. The subscription price of the shares of Persta in the subscription represents an exceptionally high premium of approximately 78.00%, 64.00%, and 75.00% over the closing price per share on the last trading day, the average closing price for the last five consecutive trading days prior to the last trading day, and the average closing price for the last ten consecutive trading days prior to the last trading day, respectively, as compared with those of the other Comparables.
5. These figures were considered as outliers and were not included in their respective analysis. An outlier of a data set is identified if it is more than 1.5 times interquartile range above the third quartile or below the first quartile. Accordingly, the premium or discount of subscription price of each of these Comparables has been considered as outliers and excluded from comparison.

As illustrated in the table above, (i) the premium of the Subscription Price over the closing price per Share on the Last Trading Date falls within the range of the Comparables from a discount of approximately 17.65% to a premium of approximately 15.00% and is higher than the average discount of the Comparables of approximately 2.67% as compared with their respective closing prices to the release of the announcement or the date of their respective agreement; (ii) the premium of the Subscription Price over the average closing price for the last five trading days prior to the Last Trading Date falls within the range of the Comparables from a discount of approximately 18.6% to a premium of approximately 21.37% and is higher than the average discount of the Comparables of approximately 2.23% as compared with their respective average closing price for the last five trading days prior to the date of the release of the announcement or the date of their respective agreement; and (iii) the premium of the Subscription Price over the average closing price for the last ten trading days prior to the Last Trading Date falls within the range of the Comparables from the a discount of approximately 18.60% to a premium of approximately 25.00% and is higher than the average discount of the Comparables of approximately 2.45% as compared with their respective average closing price for the last ten trading days prior to the to the date of the release of the announcement or the date of their respective agreement.

As illustrated in the table above, the premium of the Subscription Price to the consolidated net asset value per Share is within the range of the Comparables from a discount of approximately 63.40% to a premium of approximately 449.41% and is lower than the average premium of the Comparables of approximately 136.52% as compared with their respective consolidated net asset value per Share.

In view of the above and further taking into consideration (i) that the Subscription Price is higher than the closing Share price as quoted on the Stock Exchange on the Last Trading Date and the average closing Share prices as quoted on the Stock Exchange for the last five and last ten consecutive trading days immediately prior to the Last Trading Date; (ii) that the Subscription Price falls within the range of the closing prices of the Shares as quoted on the Stock Exchange during the Review Period; and (iii) the downward trend of the Company’s share price during the Review Period due to the overall market sentiments and conditions, we concur with the view of the Directors that the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM LEGO CORPORATE FINANCE LIMITED

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Taking into account the principal terms of the Subscription Agreement as highlighted, we are of the view that the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

### **5. Potential dilution effect to the existing public Shareholders**

As illustrated in the Letter from the Board under the section headed “Shareholding Structure of the Company”, the shareholding of the existing public Shareholders as at the Latest Practicable Date was approximately 66.15%. The Subscription Shares to be subscribed by Mr. Zeng represent approximately 0.6% of the total number of issued Shares as at the Latest Practicable Date, and approximately 0.6% of the total number of issued Shares as enlarged by the allotment and issue of the Subscription Shares (assuming there will be no other changes in the issued share capital of the Company from the Latest Practicable Date to the completion of the Subscription save for the issue of the Subscription Shares). On such basis, the shareholding of the existing public Shareholders will be diluted from approximately 66.15% to approximately 65.75% upon the completion of the Subscription. Furthermore based on the Subscription Price, there is no theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) given that the theoretical diluted price of approximately HK\$6.043 per Share (as defined under Rule 7.27B of the Listing Rules) is higher than the benchmarked price of HK\$6.04 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of (i) the closing price of HK\$5.84 per Share as quoted on the Stock Exchange on the Last Trading Date; and (ii) the average of the closing prices 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).

Having taken into account that (i) the terms of the Subscription Agreement being fair and reasonable so far as the Independent Shareholders are concerned; (ii) the reasons for and benefits of the Subscription; (iii) the Subscription is expected to have an overall positive impact on the Group’s financial position as analysed below; and (iv) the Subscription will not have a theoretical dilution effect as mentioned above, we are of the opinion that the potential dilution of the equity interest of the Independent Shareholders as a result of the Subscription is acceptable.

### **6. Possible financial effects of the Subscription**

#### ***6.1. Net asset value***

According to the 2021 Annual Report, the net asset of the Group was approximately RMB8,752.7 million as at December 31, 2021. Upon completion of the Subscription, the net assets value of the Group is expected to increase as a result of the availability of the proceeds from the Subscription.

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## LETTER FROM LEGO CORPORATE FINANCE LIMITED

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### 6.2. Liquidity

According to the 2021 Annual Report, the bank balances and cash of the Group as at December 31, 2021 amounted to approximately RMB862.3 million. Upon completion of the Subscription, the Group's working capital and liquidity position will be improved as the bank balance and cash will be increased by the net proceeds of approximately HK\$96,317,000. Accordingly, the cash position, gearing ratio and current ratio of the Group are expected to be improved upon the completion of the Subscription.

It should be noted that the aforementioned analysis is for illustrative purpose only and do not purport to represent how the financial position or results of the Group will be upon completion of the Subscription. Based on the above analysis, the Subscription would have position impact on the Group's net asset value, cashflow, and the gearing ratio. On such basis, we are of the view that the Subscription is in the interests of the Company and the Shareholders as a whole.

### RECOMMENDATION

Having considered the principal factors and reasons described above, we are of the opinion that (i) the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) although the Subscription is not conducted in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution(s) to be proposed at the EGM to approve the Subscription Agreement and the connected transaction contemplated thereunder.

Yours faithfully,  
For and on behalf of  
**Lego Corporate Finance Limited**  
**Kristie Ho**  
*Managing Director*

*Ms. Kristie Ho is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO (Chapter 571 of the laws of Hong Kong). She has over 15 years of experience in the securities and investment banking industries.*

**(1) RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

**(2) SHARE CAPITAL****(a) Share capital of the Company**

The authorized and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon Completion (assuming there will be no other change in the number of issued Shares between the Latest Practicable Date and the date of the Completion of the Subscription) as follows:

**(i) Share capital as at the Latest Practicable Date**

	Nominal Value per Share US\$	Number of Shares	Amount US\$
<b>Authorized:</b>			
As at the Latest Practicable Date	0.00001	5,000,000,000	50,000
<b>Issued and fully paid:</b>			
As at the Latest Practicable Date	0.00001	2,501,852,802	25,018.53

**(ii) Share capital immediately upon Completion (assuming there will be no other change in the number of issued Shares between the Latest Practicable Date and the date of the Completion of the Subscription)**

	Nominal Value per Share US\$	Number of Shares	Amount US\$
<b>Authorized:</b>			
As at the date of Completion	0.00001	5,000,000,000	50,000
<b>Issued and fully paid:</b>			
Immediately before the date of Completion	0.00001	2,501,852,802	25,018.53
Subscription Shares to be issued pursuant to the Subscription	0.00001	15,000,000	150
Shares in issue upon Completion	0.00001	2,516,852,802	25,168.53

All issued Shares rank *pari passu* in all respects with each other, including, in particular, as to dividends, voting rights and return of capital.

The Subscription Shares to be allotted and issued will, when issued, rank *pari passu* in all respects with the Shares in issue at the time of allotment and issue of the Subscription Shares. The Subscriber will be entitled to receive all dividends and distributions which may be declared, made or paid on or after the date of issue of the Subscription Shares. As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

The issued Shares are listed on the Stock Exchange. None of the equity and debt securities of the Company is listed or dealt in, and no listing or permission to deal in the securities of the Company is being or is proposed to be sought on any other stock exchange.

### (b) Convertibles

The Group adopted the RSU Scheme on February 15, 2019 and further adopted the 2022 Restricted Share Award Scheme on February 17, 2022. As at the Latest Practicable Date, there were 11,039,253 outstanding awarded Shares granted to certain eligible participants, including directors, senior management and employees of the Group by way of allotment and issue of new Shares. The Group also issued convertible bonds on November 26, 2021 with a principal amount of HK\$1,814,706,000 which will mature on March 31, 2023.

### (3) MARKET PRICE

The table below sets out the closing prices of the Shares on the Stock Exchange (i) on the last trading date of each of the calendar months during the Relevant Period; (ii) on the Last Trading Date; and (iii) on the Latest Practicable Date.

Date	Closing price per Share (HK\$)
September 30, 2021	11.60
October 29, 2021	11.02
November 30, 2021	10.90
December 31, 2021	8.71
January 31, 2022	7.76
February 28, 2022	9.09
March 31, 2022	6.03
April 12, 2022 (being the Last Trading Date)	5.84
June 2, 2022 (being the Latest Practicable Date)	5.94

The highest and lowest closing market prices of the Shares recorded on the Stock Exchange during the Relevant Period were HK\$11.60 on September 30, 2021 and HK\$5.84 on April 12, 2022, respectively.

**(4) DISCLOSURE OF INTERESTS****(a) Directors and Chief Executive**

As at the Latest Practicable Date, the interests and short positions, if any, of each Director and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies adopted by the Company were as follows:

<b>Name of Directors/Subsriber</b>	<b>Nature of interest</b>	<b>Number of Existing Shares</b>	<b>Approximate percentage of shareholding</b>
Zhong Yong	Long position	2,500,000	0.10%
Dong Yang	Long position	1,864,000	0.07%
Lyu Rong	Long position	3,504,000	0.14%
Yan Xiaoqing	Long position	500,000	0.02%
Mr. Zeng <sup>(1)</sup>	Long position	7,562,756	0.30%

*Note:*

- (1) Mr. Zeng wholly-owns YU PENG XIANG Company Limited, a company incorporated in the BVI with limited liability, which is interested in 7,562,756 Shares as of the Latest Practicable Date.

**(b) Substantial Shareholders**

So far as is known to any Director or the chief executive of the Company, as at the Latest Practicable Date, Shareholders who had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

<b>Name</b>	<b>Capacity/Nature of interest</b>	<b>Number of Existing Shares</b>	<b>Approximate percentage of shareholding</b>
HRC Investment Holding, LLC	Long Position	324,652,505	12.98%
JINXIN Fertility Investment Group Limited <sup>(1)</sup>	Long Position	319,471,061	12.77%
Hillhouse Capital Advisors, Ltd. <sup>(2)</sup>	Long Position	186,863,349	7.47%
Gaoling Fund, L.P. <sup>(2)</sup>	Long Position	161,915,349	6.47%

*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 of the Latest Practicable Date.
- (2) 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..



Save as disclosed above, so far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, no other person (other than a Director or chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

Saved as disclosed above, as at the Latest Practicable Date, none of the Directors is a director or employee of a company which has an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

**(5) COMPETING BUSINESS INTEREST OF DIRECTORS**

As at the Latest Practicable Date, none of the Directors or their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

**(6) DIRECTORS' AND EXPERT'S INTERESTS IN ASSETS**

None of the Directors nor the expert (as named in this circular) had any interest, directly or indirectly, in any asset which has, since December 31, 2021 (being the date to which the latest published audited consolidated financial statements of the Group were made up), up to the Latest Practicable Date, been acquired or disposed of by, or leased to, any member of the Group or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

**(7) DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

**(8) DIRECTORS' INTEREST IN CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP**

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement subsisting entered into by any member of the Group subsisting as at the Latest Practicable Date and which is significant in relation to the business of the Group.

**(9) MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change in the financial or trading position or prospects of the Group since December 31, 2021, being the date to which the latest published audited accounts of the Company were made up.

**(10) LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration proceedings of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

**(11) EXPERT AND CONSENT**

The following are the qualifications of the expert who has been named in this circular or has given opinion or letter contained in this circular:

<b>Name</b>	<b>Qualifications</b>
Lego Corporate Finance Limited	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Lego Corporate Finance Limited does not have any shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not), to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Lego Corporate Finance Limited does not have any interest, direct or indirect, in any assets which have been since December 31, 2021, the date up to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Lego Corporate Finance Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter of advice and/or references to its names in the form and context in which they appear.

**(12) GENERAL**

- (a) None of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or proposed to be so acquired, disposed of by or leased to any member of the Group since December 31, 2021, being the date to which the latest published audited accounts of the Company were made up, and up to the Latest Practicable Date.

- (b) Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group, which was subsisting and was significant in relation to the business of the Group.
- (c) The joint company secretaries of the Company are Ms. Ng Sau Mei, the director and head of the listing services department of TMF Hong Kong Limited (a company secretarial services provider) and Ms. Zhai Yangyang, who is a member of the China National Bar Association.
- (d) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (e) The principal place of business of the Company in Hong Kong is 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.
- (f) The share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited.
- (g) The English text of this circular shall prevail over their respective Chinese text for the purpose of interpretation.

**(13) DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the website of the Stock Exchange (<https://www.hkexnews.hk>) and the website of the Company (<https://www.jxr-fertility.com>) for the period of 14 days commencing from the date of this circular:

- (a) the Subscription Agreement;
- (b) the letter from the Board as set out in this circular;
- (c) the letter from the Independent Board Committee as set out in this circular;
- (d) the letter from Lego Corporate Finance Limited as set out in this circular;
- (e) the written consent of the expert as referred to in the section headed “Expert and Consent” of this Appendix; and
- (f) this circular.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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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)**

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the extraordinary general meeting (the “EGM”) of Jinxin Fertility Group Limited (the “Company”) will be held at Conference Room No. 3, 5th Floor, Chengdu Xinan Gynecology Hospital, 66 Bisheng Road, Jinjiang District, Chengdu, Sichuan, China on Tuesday, June 28, 2022 at 11:15 a.m. for the purpose of consideration and, if thought fit, passing the following resolution:

### ORDINARY RESOLUTION

#### “THAT

- 1 (a) the conditional subscription agreement dated April 13, 2022 (the “**Subscription Agreement**”) entered into by the Company with Mr. Zeng Yong (the “**Subscriber**”), in relation to the allotment and issue of 15,000,000 new shares of the Company (each a “**Subscription Share**”) by the Company under the Specific Mandate (as defined below), a copy of which has been produced to the EGM marked “A” and signed by the Chairman for the purpose of identification, pursuant to which the Company are to allot and issue to the Subscriber the Subscription Shares at the subscription price of HK\$6.50 per Subscription Share be and are hereby approved, confirmed and ratified;
- (b) conditional upon, among others, the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares, the grant of the specific mandate to the Directors to allot and issue the Subscription Shares (the “**Specific Mandate**”) be and is hereby approved, confirmed and ratified; the Specific Mandate is in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may from time to time be granted to the directors of the Company (the “**Director(s)**”) by the shareholders of the Company prior to the passing of this resolution; and
- (c) any one or more of the Directors be and is/are hereby authorized to do all such further acts and things and to sign and execute all such documents and to take all such steps which in his/her opinion may be necessary, appropriate, desirable or expedient to implement and/or give effects to the transactions contemplated under the Subscription Agreement.”

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

Hong Kong, June 8, 2022

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Registered Office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681, Grand Cayman  
KY1-1111  
Cayman Islands

*Principal Place of Business in Hong Kong:*

31/F, Tower Two, Times Square  
1 Matheson Street  
Causeway Bay  
Hong Kong

*Notes:*

1. Any member entitled to attend and vote at the EGM (and any adjournment of such meeting) shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him and vote on his behalf at the EGM (and any adjournment of such meeting). A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her/its attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.
3. In order to be valid, the proxy form and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power of attorney or authority, must be deposited with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM (or any adjournment of such meeting) (as the case may be) at which the person named in the instrument proposes to vote.
4. Completion and return of the proxy form does not preclude a member from attending and voting in person at the EGM (or any adjournment of such meeting) and, in such event, the proxy form shall be deemed to be revoked.
5. Where there are joint holders of any shares of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders are present at the EGM (and any adjournment of such meeting), the most senior will alone be entitled to vote, whether in person or by proxy. For this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
6. The register of members of the Company will be closed from Thursday, June 23, 2022 to Tuesday, June 28, 2022 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for attending the EGM, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Wednesday, June 22, 2022.

*As at the Latest Practicable Date, 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.*