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)

COMPLETION OF THE ACQUISITION OF EQUITY INTEREST IN JIUZHOU HOSPITAL AND HEWANJIA HOSPITAL

Reference is made to the announcement dated April 21, 2022 (the "**Announcement**") of Jinxin Fertility Group Limited (the "**Company**") in relation to the acquisition of 90.00% equity interest in Kangzhi Hospital Company, 89.7959% equity interest in Guangzhou Yunzhicai and 89.7959% in Guangzhou Hejia. Capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement, unless defined otherwise.

COMPLETION OF THE ACQUISITION

The Board is pleased to announce that all the condition precedents for the Acquisition have been fulfilled and Completion has taken place on July 13, 2022. Following Completion, both Jiuzhou Hospital and Hewanjia Hospital each entered into the New Contractual Arrangements with the Purchaser, Jinrun Fude and the Registered Shareholders on July 13, 2022.

As of the date of this announcement, the Company (i) owns 100.00% equity interest in Kangzhi Hospital Company, 89.7959% equity interest in Guangzhou Yunzhicai and 89.7959% in Guangzhou Hejia, which together control 70.00% equity interest in each of the Target Hospitals, and (ii) controls 30.00% equity interest in each of the Target Hospitals by virtue of the Contractual Arrangements. The Company is therefore entitled to 96.50% effective shareholding interest in each of the Target Hospitals. The Target Hospitals become indirect non-wholly owned subsidiaries of the Company and the financial results of the Target Hospitals will be consolidated into the financial statements of the Company.

Further, the Board wishes to provide certain additional information in relation to the Acquisition as follows:

Basis of Consideration

For the purpose of assessing the valuation of the Target Equity Interest, the Purchaser engaged an independent professional valuer (the "**Independent Valuer**") to prepare a valuation report (collectively, the "**Valuation Reports**") for each of the Target Companies, namely, Kangzhi Hospital Company, Guangzhou Yunzhicai and Guangzhou Hejia, which are investment holding companies and their main assets are their equity interests in the Target Hospitals, namely, Jiuzhou Hospital and Hewanjia Hospital.

With respect to the valuation of the Target Companies, the Independent Valuer adopted the asset-based approach in the valuation of each of Kangzhi Hospital Company, Guangzhou Yunzhicai and Guangzhou Hejia as they are merely investment holding companies of the Target Hospitals, and the Independent Valuer considers that the asset-based approach would be the most appropriate valuation method. In order to ascertain the value of the underlying assets held by the Target Companies, i.e. Jiuzhou Hospital and Hewanjia Hospital, the Independent Valuer adopted the market approach as neither the asset-based approach nor the income approach is appropriate given that the Target Hospitals possess ongoing business operations and licenses and the Independent Valuer faced practical difficulties in accurately forecasting the future income of the Target Hospitals since the Target Hospitals had been loss-making despite being in operations. Based on the Valuation Reports, the Independent Valuer appraised Kangzhi Hospital Company to be RMB547,397,100 (approximately HK$669,521,393), Guangzhou Yunzhicai to be RMB379,949,000 (approximately HK$464,715,622) and Guangzhou Hejia to be RMB145,961,800 (approximately HK$178,525,878) as at the benchmark date (i.e. February 28, 2022).

In addition to seeking reference from the Valuation Reports of the Target Group prepared by the Independent Valuer, the Company also took into account other factors in determining the amount of the Consideration including, but not limited to: (i) the historical performance of Jiuzhou Hospital and Hewanjia Hospital; (ii) the Group being able to gain complete control and influence over the management and operation in each of the Target Hospitals, which, in aggregate, ranked first among private for-profit IVF hospitals in 2021 in Yunnan province in terms of number of egg retrievals; (iii) the Acquisition being a strategic investment that is in line with the Group's well-established strategy of targeting ARS providers that already possess conventional IVF licenses located in geographical locations that will allow for the Group to expand its network of ARS and cover regional markets of southwestern China; and (iv) the fact that the Target Hospitals will become indirect non-wholly owned subsidiaries of the Company upon Completion and accordingly, the financial results of the Target Hospitals will be consolidated into the financial statements of the Company.

By virtue of the aforesaid, and in particular, that the Consideration is in line the valuation under the Valuation Reports, the Board considers that the Consideration is fair and reasonable, and the Acquisition is in the interests of the Company and its Shareholders as a whole.

Further information on the Vendor

The Vendor is owned by Tianjin Binhai Yuanxin Equity Investment Center (Limited Partnership) (天津濱海遠欣股權投資中心(有限合夥)) ("**Tianjin Binhai Yuanxin**"). To the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, the limited partners of Tianjin Binhai Yuanxin comprise institutional investors and private investment funds with no single investor holding 30.00% or more effective limited partnership interest in Tianjin Binhai Yuanxin or the Vendor.

THE NEW CONTRACTUAL ARRANGEMENTS

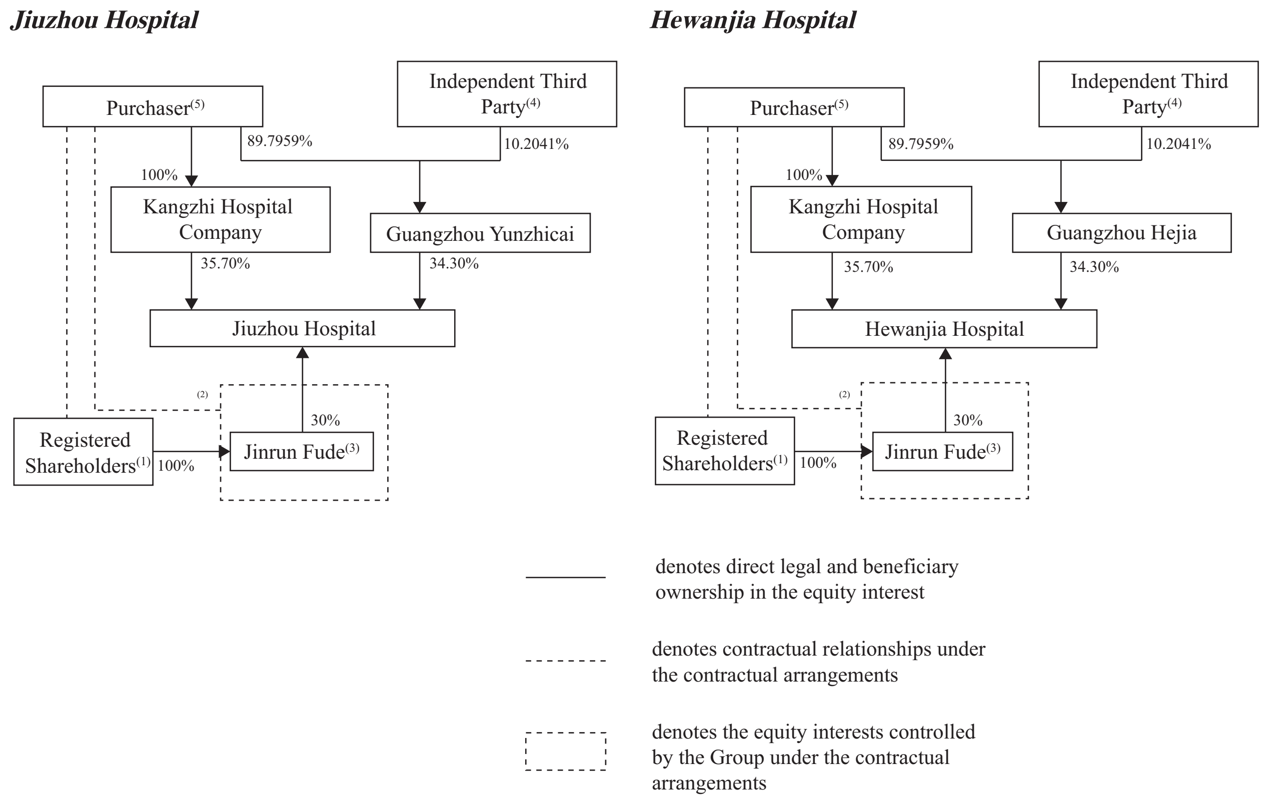
On July 13, 2022, Jiuzhou Hospital and Hewanjia Hospital each entered into the New Contractual Arrangements with the Purchaser, Jinrun Fude and the Registered Shareholders of Jinrun Fude, the terms and conditions of which are the same as the Existing Contractual Arrangements in all material aspects, upon which the economic benefit in relation to the 30.00% of equity interest in each of Jiuzhou Hospital and Hewanjia Hospital held by Jinrun Fude will be consolidated into the Group's results. For the years ended December 31, 2020 and 2021, Jiuzhou Hospital generated revenue of RMB196.2 million, RMB209.8 million, respectively, and Hewanjia Hospital generated revenue of RMB68.5 million, RMB75.1 million, respectively, for the same respective periods, and upon discussion with the Company's reporting accountants, Deloitte Touche Tohmatsu, the Company confirms that it has the right to consolidate the financial results of the Target Hospitals into the Group's consolidated accounts following completion of the Acquisition and the New Contractual Arrangements. The Target Group has not encountered any interference or encumbrance from any governing bodies in operating its business through Jiuzhou Hospital and Hewanjia Hospital under the New Contractual Arrangements.

Reasons for the New Contractual Arrangements

As advised by the PRC Legal Advisors, the competent authorities for foreign investment administration (namely, the Department of Commerce of Yunnan Province (雲南省商務廳) and the Health Commission of Yunnan Province (雲南省衛健委) (the "**Competent Authorities**") where the Group operates its hospitals are of the view that the Company, as a foreign entity, shall not directly or indirectly hold more than 70.00% equity interest in medical institutions in Yunnan Province, the PRC respectively (the "**Foreign Ownership Restriction**"). Therefore, the Group had put in place the Existing Contractual Arrangements which are designed to allow the Company to prevent leakages of equity and values of the VIE Entities and to receive the proportionate economic interest returns generated by the VIE Entities. As advised by the PRC Legal Advisors, the Target Hospitals are medical institutions established in Kunming, Yunnan Province, the PRC and is subject to the Foreign Ownership Restriction and as such, the Company and/or the Company's holding subsidiaries established in the PRC are allowed to hold a maximum of 70.00% equity interest in each of Jiuzhou Hospital and Hewanjia Hospital. Following the Completion, the Purchaser and Jinrun Fude control 70.00% and 30.00% equity interest in each of the Target Hospitals, respectively, and the Group is entitled to 96.50% of the effective shareholding interest in each of the Target Hospitals. In order for the Group to obtain the economic benefits in relation to the 30.00% of equity interest in each of the Target Hospitals held by Jinrun Fude, and to prevent leakages of equity and values of the Target Hospitals, each of Jiuzhou Hospital and Hewanjia Hospital have, respectively, entered into a narrowly tailored New Contractual Arrangements with the Purchaser and Jinrun Fude. As confirmed by the PRC Legal Advisors, the Group obtained oral confirmation from the relevant Competent Authorities in the PRC that the New Contractual Arrangements will not violate the mandatory or prohibitive provisions under the existing PRC laws and administrative regulations in order to enable the Target Hospitals to conduct business in the medical industry.

Details of the New Contractual Arrangements

The following simplified diagram illustrates the flow of economic benefit from the Target Hospitals to the Group under the New Contractual Arrangements:



Notes:

1) The Registered Shareholders are Ms. Yan Xiaoqing and Ms. Zhu Yujuan, who holds 51% and 49% of the equity interests in Jinrun Fude, respectively.

2) The Exclusive Operations Service Agreement, Exclusive Option Agreement, Powers of Attorney, Equity Pledge Agreement and Spouse Undertaking together form the legal relationship under the New Contractual Arrangements.

3) As part of the Acquisition, Jinrun Fude will enter into a capital increase agreement with each of the Target Hospitals to subscribe for 30.00% equity interest therein.

4) The Vendor will dispose of the remaining 10.2041% equity interest in Guangzhou Yunzhicai and Guangzhou Hejia to certain Independent Third Parties pursuant to a separate equity transfer agreement to be entered into between them.

5) The Purchaser may hold the equity rights in Kangzhi Hospital Company directly and/or indirectly through its subsidiaries or entities controlled by it.

Principal Terms of the New Contractual Arrangements

The principal terms of the New Contractual Arrangements which the terms and conditions of which are the same as the Existing Contractual Arrangement, are summarized as follows:

Exclusive Operation Services Agreement

Each of Jiuzhou Hospital and Hewanjia Hospital have, respectively, entered into an exclusive operation services agreement with the Registered Shareholders, Jinrun Fude and the Purchaser (the "**Exclusive Operation Services Agreements**"), pursuant to which, Jiuzhou Hospital, Hewanjia Hospital and Jinrun Fude each agreed to engage the Purchaser as their exclusive provider of technical support, consulting services and other services in exchange for a service fee.

Under the Exclusive Operation Services Agreements, the services to be provided include but are not limited to (i) business, financing and investment; (ii) medical technology related consultation, medical resources sharing and medical professionals training; (iii) human resources management; (iv) market research; (v) strategies for marketing and business expansion; (vi) supplier and inventory management; (vii) operation and marketing strategy formulation and monitoring; (viii) medical service quality control; (ix) internal management; and (x) other services relating to management and operation of medical institutions and shareholder's rights. The Purchaser has proprietary rights to all the intellectual properties developed or created by itself from the performance of these services. During the term of the Exclusive Operation Service Agreements, the Purchaser may use the intellectual property rights owned by Jinrun Fude, Jiuzhou Hospital and Hewanjia Hospital free of charge and without any conditions. Jinrun Fude and the Target Hospitals may also use the intellectual property work created by the Purchaser from the services performed by the Purchaser in accordance with the Exclusive Operation Service Agreements.

Under the Exclusive Operation Services Agreements, the service fee shall be an amount equal to 30.00% of the distributable net profit of each Jiuzhou Hospital and Hewanjia Hospital of a given audited financial year, after deducting losses from the previous financial years (if any) and any statutory provident fund (if applicable). Apart from the service fees, Jinrun Fude, Jiuzhou Hospital and Hewanjia Hospital shall reimburse all reasonable costs, reimbursed payments and out-of-pocket expenses incurred by the Purchaser in connection with the performance of the Exclusive Operation Services Agreements and provision of services.

In addition, absent of a prior written consent of the Purchaser, during the term of the Exclusive Operation Services Agreements, the Registered Shareholders, Jinrun Fude, Jiuzhou Hospital and Hewanjia Hospital shall not directly or indirectly accept the same or any similar services provided by any third party and shall not establish similar corporation relationships with any third party. The Purchaser has the right to appoint any third party to provide any or all of the services, or to fulfill its obligations under the Exclusive Operation Services Agreements.

The Exclusive Operation Services Agreements shall become effective from July 13, 2022, and shall remain valid for three years and shall, subject to compliance with the Listing Rules, be automatically renewed for three years each time when its term ends, unless being terminated in accordance with the terms therein.

According to the Exclusive Operation Services Agreements, unless otherwise required by applicable PRC laws and regulations, none of the parties to the agreement (except the Purchaser) is entitled to unilaterally terminate the agreement. Furthermore, pursuant to the Exclusive Operation Services Agreements, it may only be terminated in the event that (i) continued performance of the obligations of the agreement will result in violation of or non-compliance with the applicable PRC laws and regulations, the Listing Rules or the requirements of the Stock Exchange; (ii) the Purchaser or its designated person directly holds all the equity interest in Jinrun Fude, and all of the Registered Shareholders' equity interest in Jinrun Fude or all of the assets of Jinrun Fude attributable to the Registered Shareholders are transferred to the Purchaser pursuant to applicable PRC laws and regulations; (iii) the Purchaser or its designated person directly holds all the equity interest in the Target Hospitals and all of Jinrun Fude's equity interest in the Target Hospitals or all of the assets of the Target Hospitals attributable to Jinrun Fude are transferred to the Purchaser pursuant to applicable PRC laws and regulations; or (iv) the Purchaser unilaterally terminates the agreement.

Exclusive Option Agreements

Each of Jiuzhou Hospital and Hewanjia Hospital have, respectively, entered into exclusive option agreements (the "**Exclusive Option Agreements**") with the Purchaser, the Registered Shareholders and Jinrun Fude.

Pursuant to the Exclusive Option Agreements, (i) each of the Registered Shareholders irrevocably and unconditionally grants an exclusive option to the Purchaser which entitles the Purchaser to elect to purchase at any time, when permitted by the then applicable PRC laws, all or any part of the equity interest in Jinrun Fude itself or through its designated person(s); (ii) Jinrun Fude irrevocably and unconditionally grants an exclusive option to the Purchaser which entitles the Purchaser to elect to purchase at any time, when permitted by the then applicable PRC laws, all or part of the assets of Jinrun Fude itself or through its designated person(s); (iii) Jinrun Fude irrevocably and unconditionally grants an exclusive option to the Purchaser which entitles the Purchaser to elect to purchase at any time, when permitted by the then applicable PRC laws, all or any part of the equity interest in the Target Hospitals from Jinrun Fude itself or through its designated person(s); and (iv) each of the Target Hospitals irrevocably and unconditionally grants an exclusive option to the Purchaser which entitles the Purchaser to elect to purchase at any time, when permitted by the then applicable PRC laws, all or part of the assets of the Target Hospitals attributable to Jinrun Fude from the Target Hospitals itself or through its designated person(s). The transfer price of the relevant equity interest and assets shall be the minimum purchase price permitted under PRC law, and each of the Registered Shareholders, Jinrun Fude, Jiuzhou Hospital and Hewanjia Hospital will undertake that he/she/it will, subject to applicable PRC laws, return in full the consideration received in relation to such transfer of equity interest or assets to the Purchaser.

The Registered Shareholders and Jinrun Fude undertake to develop the business of the Target Hospitals and not to take any action which may affect its asset value, goodwill and effectiveness of business licenses. Furthermore, in the absence of prior written consent of the Purchaser, the Registered Shareholders and Jinrun Fude shall not (i) transfer or otherwise dispose of any option under the Exclusive Option Agreements, or create any encumbrances thereon; and the Target Hospitals shall not assist in transferring or otherwise disposing of any option under the Exclusive Option Agreements, or creating any encumbrances thereon; and (ii) directly or indirectly (by itself or through the entrustment of any other natural person or legal person entity) carry out, own or acquire any business compete with or likely compete with the business of the Purchaser or the Group.

In addition, the Registered Shareholders, Jinrun Fude, Jiuzhou Hospital and Hewanjia Hospital undertake that, upon the Purchaser issuing the notice to exercise the option in accordance with the Exclusive Option Agreements, they will implement necessary actions to affect the transfer and relinquish any pre-emptive right, if any. Each of the parties to the Exclusive Option Agreements confirms and agrees that (i) in the event of a dissolution or liquidation of Jinrun Fude and the Target Hospitals (as applicable) under the PRC laws, all the residual assets which are attributable to the Registered Shareholders and Jinrun Fude shall be transferred to the Purchaser or its designated person(s) at the minimum purchase price permitted under PRC law, and each of the Registered Shareholders, Jinrun Fude, Jiuzhou Hospital and Hewanjia Hospital undertakes that they will, subject to applicable PRC laws, return in full the consideration received in relation to such transfer to the Purchaser or its designated person(s); and (ii) in the event of bankruptcy, reorganization or merger of Jinrun Fude, death or incapacity of the Registered Shareholders or any other event which causes changes to the Registered Shareholders' shareholding in Jinrun Fude and Jinrun Fude's shareholding in the Target Hospitals, (a) the successor of the Registered Shareholders' equity interest in Jinrun Fude and the successor of Jinrun Fude's equity interest in each of the Target Hospitals shall be bound by the New Contractual Arrangements, and (b) any disposal of shareholding in Jinrun Fude and the Target Hospitals shall be governed by the New Contractual Arrangements unless the Purchaser consents otherwise in writing.

The Exclusive Option Agreements shall become effective from July 13, 2022. The Exclusive Option Agreements have an indefinite term and a termination provision which stipulates that unless otherwise required by applicable PRC laws and regulations, none of the parties to the agreement (except the Purchaser) is entitled to unilaterally terminate the agreement.

The Exclusive Option Agreements may only be terminated in the event that (i) continued performance of the obligations of the agreement will result in violation of or non-compliance with the applicable laws and regulations, the Listing Rules or the requirements of the Stock Exchange; (ii) the Purchaser or its designated person directly holds all the equity interest in Jinrun Fude, and all of the Registered Shareholders' equity interest in Jinrun Fude or all of the assets of Jinrun Fude attributable to the Registered Shareholders are transferred to the Purchaser pursuant to applicable PRC laws and regulations; (iii) the Purchaser or its designated person directly holds all the equity interest the Target Hospitals and all of Jinrun Fude's equity interest in the Target Hospitals or all of the assets of the Target Hospitals attributable to Jinrun Fude are transferred to the Purchaser pursuant to applicable PRC laws and regulations; or (iv) the Purchaser unilaterally terminates the agreement.

Shareholders' Rights Entrustment Agreements and Powers of Attorney

Each of Jiuzhou Hospital and Hewanjia Hospital have, respectively, entered into the shareholders' rights entrustment agreements (the "**Shareholders' Rights Entrustment Agreements**") with the Purchaser, Jinrun Fude and/or the Registered Shareholders and the powers of attorney executed by the Registered Shareholders and Jinrun Fude (the "**Powers of Attorney**") in favor of the Purchaser (and its successors or liquidators) or a natural person designated by the Purchaser (the "**Attorney**").

Pursuant to the Shareholders' Rights Entrustment Agreements and the Powers of Attorney, (i) the Registered Shareholders irrevocably agree to authorize the Attorney to exercise all of their rights and powers as a shareholder of Jinrun Fude (as applicable); and (ii) Jinrun Fude irrevocably agrees to authorize the Attorney to exercise all of its rights and powers of a shareholder in each of the Target Hospitals with 30.00% equity interest, including the rights to vote in a shareholders' meeting, sign minutes, and file documents with the relevant companies registry. As the Purchaser is a subsidiary of the Company, the terms of the Shareholders' Rights Entrustment Agreements and the Powers of Attorney will give the Company control over all corporate decisions in each of the Target Hospitals and 96.50% effective shareholding interest in each of the Target Hospitals.

The Shareholders' Rights Entrustment Agreements shall become effective from July 13, 2022. Each of the Powers of Attorney has an indefinite term and a termination provision which stipulates that unless otherwise required by applicable PRC laws and regulations, none of the parties to the agreement (except the Purchaser) is entitled to unilaterally terminate it.

The Shareholders' Rights Entrustment Agreements may only be terminated in the event that (i) continued performance of the obligations of the agreement will result in violation of or non-compliance with the applicable laws and regulations, the Listing Rules or the requirements of the Stock Exchange; (ii) the Purchaser or its designated person directly holds all the equity interest in Jinrun Fude, and all of the Registered Shareholders' equity interest in Jinrun Fude or all of the assets of Jinrun Fude attributable to the Registered Shareholders are transferred to the Purchaser pursuant to applicable PRC laws and regulations; (iii) the Purchaser or its designated person directly holds all the equity interest in the Target Hospitals and all of Jinrun Fude's equity interest in the Target Hospitals or all of the assets of the Target Hospitals attributable to Jinrun Fude are transferred to the Purchaser pursuant to applicable PRC laws and regulations; or (iv) the Purchaser unilaterally terminates the agreement.

Equity Pledge Agreements

Each of Jiuzhou Hospital and Hewanjia Hospital have, respectively, entered into the equity pledge agreements (the "**Equity Pledge Agreements**") with the Purchaser, the Registered Shareholders and Jinrun Fude. Pursuant to the Equity Pledge Agreements, (i) the Registered Shareholders agree to pledge all of their respective equity interest in Jinrun Fude; and (ii) Jinrun Fude agrees to pledge all of its equity interest in the Target Hospitals to the Purchaser to secure performance of all their obligations and the obligations in each of the Target Hospitals under the Exclusive Option Agreements, the Powers of Attorney and the Equity Pledge Agreements underlying the New Contractual Arrangements.

If the Target Hospitals and Jinrun Fude declare any dividend during the term of the pledge, the Purchaser is entitled to receive all dividends or other income arising from the pledged equity interest, if any. In case of any breach of obligations by any of Jinrun Fude, the Registered Shareholders and each of the Target Hospitals, the Purchaser, upon issuing a written notice to the Registered Shareholders or Jinrun Fude, will be entitled to all remedies available in the New Contractual Arrangements including but not limited to disposing of the pledged equity interest.

In addition, pursuant to the Equity Pledge Agreements, the Registered Shareholders and Jinrun Fude undertake to the Purchaser, among other things, not to transfer their pledged equity interest and not to create or allow any pledge or encumbrance thereon that may affect the rights and interest of the Purchaser without its prior written consent. Jinrun Fude and each of the Target Hospitals undertake to the Purchaser, among other things, not to consent to any transfer the pledged equity interest or to create or allow any pledge or encumbrance thereon without the Purchaser's prior written consent.

The pledges in respect of Jinrun Fude and each of the Target Hospitals takes effect upon the completion of registration with the local administration bureau for market regulation and the Group will complete registration of the equity pledges contemplated under the Equity Pledge Agreements with the relevant PRC legal authority pursuant to PRC laws and regulations.

The Equity Pledge Agreements became effective from July 13, 2022. The Equity Pledge Agreements have an indefinite term and a termination provision which stipulates that unless otherwise required by applicable PRC laws and regulations, none of the parties to the agreement (except the Purchaser) is entitled to unilaterally terminate it.

The Equity Pledge Agreements may only be terminated in the event that (i) continued performance of the obligations of the agreement will result in violation of or non-compliance with the applicable laws and regulations, the Listing Rules or the requirements of the Stock Exchange; (ii) the Purchaser or its designated person directly holds all the equity interest in Jinrun Fude, and all of the Registered Shareholders' equity interest in Jinrun Fude or all of the assets of Jinrun Fude attributable to the Registered Shareholders are transferred to the Purchaser pursuant to applicable PRC laws and regulations; (iii) the Purchaser or its designated person directly holds all the equity interest in the Target Hospitals and all of Jinrun Fude's equity interest in the Target Hospitals or all of the assets of the Target Hospitals attributable to Jinrun Fude are transferred to the Purchaser pursuant to applicable PRC laws and regulations; or (iv) the Purchaser unilaterally terminates the agreement.

Spouse Undertakings

The spouses of each of the Registered Shareholders has signed an undertaking (the "**Spouse Undertakings**") to the effect that the respective interests of the Registered Shareholders in Jinrun Fude (together with any other interests therein) do not fall within the scope of joint possession, and each of the spouses has no right to or control over such interests of the respective persons and will not have any claim on such interests.

The PRC Legal Advisors are of the view that (i) the above arrangements provide protection to the Group even in the event of death or divorce of the Registered Shareholders; and (ii) the death or divorce of such shareholder would not affect the validity of the New Contractual Arrangements, and the Purchaser or the Company can still enforce their right under the New Contractual Arrangements against the Registered Shareholders and their successors.

Common terms of the New Contractual Arrangements

Dispute Resolution

Each of the agreements under the New Contractual Arrangements contains a dispute resolution provision. Pursuant to such provision, in the event of any dispute arising from the performance of or relating to the New Contractual Arrangements, any party has the right to submit the relevant dispute to the Chengdu Arbitration Commission for arbitration, in accordance with the then effective arbitration rules.

The arbitration shall be confidential and the language used during arbitration shall be Chinese. The arbitration award shall be final and binding on all parties. The dispute resolution provisions also provide that the arbitral tribunal may award remedies over the shares or assets of Jinrun Fude and the Target Hospitals or injunctive relief (e.g. limiting the conduct of business, limiting or restricting transfer or sale of shares or assets) or order the winding up of Jinrun Fude and the Target Hospitals; any party may apply to the courts of Hong Kong, the Cayman Islands (being the place of incorporation of the Company), the PRC and the places where the principal assets of the Purchaser or Jinrun Fude or the Target Hospitals are located for interim remedies or injunctive relief.

However, the PRC Legal Advisors have advised that the above provisions may not be enforceable under the PRC laws. For instance, the arbitral tribunal has no power to grant such injunctive relief, nor will it be able to order the winding up of Jinrun Fude and the Target Hospitals pursuant to the current PRC laws. In addition, interim remedies or enforcement order granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC.

As a result of the above, in the event that Jinrun Fude, the Target Hospitals or the Registered Shareholders breach any terms of the New Contractual Arrangements, the Group may not be able to obtain sufficient remedies in a timely manner, and the Group's ability to exert fully effective control over Jinrun Fude and the Target Hospitals and conduct the Group's business could be materially and adversely affected. See the section headed "Risks Relating to the New Contractual Arrangements" in this announcement for further details.

Succession

As advised by the PRC Legal Advisors, the provisions set out in the New Contractual Arrangement are also binding on any successor(s) of the Registered Shareholders as if such successors were a signing party to the New Contractual Arrangements. As such, any breach by the successors would be deemed to be a breach of the New Contractual Arrangements. Under the succession laws of the PRC, the statutory successors include the spouse, children, parents, brothers, sisters, paternal grandparents and maternal grandparents. In the case of a breach, the Purchaser can enforce its rights against the successors. Pursuant to the New Contractual Arrangements, in the event of changes in the shareholding of Jinrun Fude, any successor(s) of Jinrun Fude shall assume any and all rights and obligations of Jinrun Fude under the New Contractual Arrangements as if such successor were a signing party to the relevant contract.

Conflicts of Interests

Each of the Registered Shareholders and Jinrun Fude undertakes that, during the period that the New Contractual Arrangements remain effective, they shall not take or omit to take any action which may lead to a conflict of interest with the Purchaser or the Purchaser's direct or indirect shareholders. If there is any conflict of interest, the Purchaser shall have the right to decide in its sole discretion on how to deal with such conflict of interest in accordance with the applicable PRC laws. The Registered Shareholders and Jinrun Fude will unconditionally follow the instructions of the Purchaser to take any action to eliminate such conflict of interest.

Loss Sharing

Under the relevant PRC laws and regulations, none of the Company or the Purchaser is legally required to share the losses of, or provide financial support to Jinrun Fude and the Target Hospitals. Further, Jinrun Fude, Jiuzhou Hospital and Hewanjia Hospital are limited liability companies and shall be solely liable for its own debts and losses with assets and properties owned by them. In addition, given that the Group conducts a substantial portion of its business operations in the PRC through Jinrun Fude and the Target Hospitals, which hold the requisite PRC operational licenses and approvals, and that its financial position and results of operations are consolidated into the Group's financial statements under the applicable accounting principles, the Company's business, financial position and results of operations would be adversely affected if Jinrun Fude and the Target Hospitals suffer losses.

Liquidation

Pursuant to the Equity Pledge Agreements, in the event of a mandatory liquidation required by the PRC laws, the shareholders of Jinrun Fude, Jiuzhou Hospital and Hewanjia Hospital shall, upon the request of the Purchaser, give the proceeds they received from liquidation as a gift to the Purchaser or its designee(s) to the extent permitted by the PRC laws.

Accordingly, in the event a winding up of Jinrun Fude, Jiuzhou Hospital and Hewanjia Hospital, the Purchaser is entitled to liquidation proceeds of Jinrun Fude, Jiuzhou Hospital and Hewanjia Hospital based on the New Contractual Arrangements for the benefit of the Company's creditors and Shareholders.

Insurance

The Company does not maintain an insurance policy to cover the risks relating to the New Contractual Arrangements.

Legality of the New Contractual Arrangements

The PRC Legal Advisors, following completion of reasonable due diligence steps, are of the following legal opinion:

(a) each of Jiuzhou Hospital, Hewanjia Hospital, the Purchaser and Jinrun Fude is duly established and validly existing under the PRC laws;

(b) each of Jiuzhou Hospital, Hewanjia Hospital, the Purchaser and Jinrun Fude has both the capacity for civil rights and the capacity for civil conducts to execute and perform the New Contractual Arrangements;

(c) the New Contractual Arrangements will not violate the mandatory or prohibitive provisions in existing PRC laws and administrative regulations and constitutes legal, valid and binding obligations of the parties thereto except that (a) the Chengdu Arbitration Commission (成都仲裁委員會) has no power to grant injunctive relief, nor will it be able to order the winding-up of Jiuzhou Hospital, Hewanjia Hospital and Jinrun Fude pursuant to the current PRC laws; and (b) interim remedies or enforcement orders granted by overseas courts such as the courts of Hong Kong and the Cayman Islands may not be recognized or enforceable in the PRC;

(d) the New Contractual Arrangements shall not, individually or collectively, be deemed as "impairing others' legitimate rights and interests with malicious collusion" or "a false expression of intentions" under the Civil Code or fall within any circumstances under which will result in the invalidity of the agreements under the New Contractual Arrangements;

(e) none of the agreements under the New Contractual Arrangements will violate any provision of the existing articles of association of each of Jiuzhou Hospital, Hewanjia Hospital, the Purchaser and Jinrun Fude; and

(f) the execution and performance of the New Contractual Arrangements are not required to be approved by or filed with any governmental authorities in the PRC. However, the Equity Pledge Agreement is subject to registration requirements with the relevant administration for the relevant Administration for Market Regulation and the exercising of the exclusive options by the Purchaser according to the Exclusive Option Agreement shall be subject to the then effective PRC laws and regulations and relevant approving procedures (if applicable).

The Board's view on the New Contractual Arrangements

Based on the above, the Board is of the view that the New Contractual Arrangements are narrowly tailored as they are used to enable the Group to conduct businesses in industries that are subject to Foreign Ownership Restriction in the PRC. Following Completion, the Company controls 70.00% equity interest in each of Jiuzhou Hospital and Hewanjia Hospital through the Purchaser, and controls the remaining 30.00% equity interest in each of Jiuzhou Hospital and Hewanjia Hospital held by Jinrun Fude by virtue of the New Contractual Arrangements. As such, the Company can receive substantially all of the economic interest returns generated by the Target Hospitals.

The New Contractual Arrangements also provide that the Group could partially unwind the New Contractual Arrangements and hold (directly or indirectly) equity interest in the Target Hospitals up to the maximum percentage prescribed by any measures promulgated by the MOFCOM and/or other relevant governmental authorities, or fully unwind the New Contractual Arrangements and directly hold the 100.00% equity interest in the Target Hospitals if there is no prescribed limit on the percentage of equity interest permitted to be held by foreign investors.

Compliance with the New Contractual Arrangements

The Company respectfully submits that the Group has adopted the following effective internal control measures for the implementation and compliance of the Existing Contractual Arrangements and such measures will be adopted equally for the New Contractual Arrangements:

(a) major issues arising from the implementation and compliance with the New Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to the Board, if necessary, for review and discussion on an occurrence basis;

(b) the Board will review the overall performance of and compliance with the New Contractual Arrangements at least once a year;

(c) the Company will disclose the overall performance and compliance with the New Contractual Arrangements in its annual reports and interim reports to update the Shareholders and potential investors; and

(d) the Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the New Contractual Arrangements and the legal compliance of the Purchaser, Jinrun Fude, Jiuzhou Hospital and Hewanjia Hospital to deal with specific issues or matters arising from the New Contractual Arrangements.

In addition, the Company believes that the Directors are able to perform their roles in the Group independently and the Group is capable of managing its business independently under the following measures:

(a) the decision-making mechanism of the Board as set out in the Articles of Association includes provisions to avoid conflict of interest by providing, amongst other things, that in the event of conflict of interest in such contract or arrangement which is material, a Director shall declare the nature of his or her interest at the earliest meeting of the Board at which it is practicable for him or her to do so, and if he or she is to be regarded as having material interest in any contracts or arrangements, such Director shall abstain from voting and not be counted in the quorum;

(b) each of the Directors is aware of his or her fiduciary duties as a Director which requires, amongst other things, that he or she acts for the benefits and in the best interests of the Group;

(c) the Company has appointed four independent non-executive Directors, comprising more than one-third of the Board, to provide a balance of the number of interested and independent Directors with a view to promoting the interests of the Company and the Shareholders as a whole; and

(d) the Company will disclose in its announcements, circulars and annual and interim reports in accordance with the requirements under the Listing Rules regarding decisions on matters reviewed by the Board (including independent non-executive Directors) relating to any business or interest of each Director and his or her associates that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

Risks relating to the New Contractual Arrangements

If the PRC government deems that the New Contractual Arrangements do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, the Group could be subject to severe penalties or be forced to relinquish the Group's interests in those operations.

Foreign ownership of certain business in the PRC is subject to restrictions under current PRC laws and regulations. For example, except for qualified service providers from Hong Kong, Macao Special Administrative Region and Taiwan, foreign investors are not allowed to own 100% of the equity interest in a healthcare institution.

The Company is an exempted company incorporated in the Cayman Islands, as such, the Company is classified as a foreign enterprise under PRC laws and regulations, and the Group's wholly-owned PRC subsidiary, the Purchaser, is a foreign-invested enterprise. Each of Jiuzhou Hospital and Hewanjia Hospital has respectively entered into a series of contractual arrangements with each of the Group, the Registered Shareholders and Jinrun Fude. For a detailed description of these contractual arrangements, see the section headed "The New Contractual Arrangements". Through the Group's shareholdings and the New Contractual Arrangements, the Company controls the economic benefit of 100% of the equity interest held by Jinrun Fude in each of the Target Hospitals.

As advised by the PRC Legal Advisors, except for the arrangements regarding dispute resolution, the New Contractual Arrangements are legal, valid and binding upon the parties thereto under the current laws and regulations. For more details, see "The New Contractual Arrangements – Legality of the New Contractual Arrangements". However, the PRC Legal Advisors have also advised the Group that there are substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations and there can be no assurance that the PRC government will ultimately take a view that is consistent with the opinion of the PRC Legal Advisors.

On March 15, 2019, the National People's Congress approved the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》) (the "**FIL**") which came into force on January 1, 2020. According to the FIL, the "foreign investment" refers to investment activities in the PRC carried out directly or indirectly by foreign natural persons, enterprises or other organizations (hereinafter referred to as "**Foreign Investors**"), including the following: (1) Foreign Investors establishing foreign-invested enterprises in China alone or collectively with other investors; (2) Foreign Investors acquiring shares, equities, properties or other similar rights of Chinese domestic enterprises; (3) Foreign Investors investing in new projects in China alone or collectively with other investors; and (4) Foreign Investors investing through other ways prescribed by laws and regulations or the State Council. However, the interpretation and application of the FIL remain uncertain. In addition, the FIL stipulates that foreign investment includes "Foreign Investors invest in China through many other methods under laws, administrative regulations or provisions prescribed by the State Council". The Group cannot assure that contractual arrangements will not be deemed as a form of foreign investment under laws, regulations or provisions prescribed by the State Council in the future, as a result of which, it will be uncertain whether the New Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and the impact on the above-mentioned contractual arrangements. If the Group's ownership structure, contractual arrangements and business or that of the Group's PRC subsidiaries or the Group's variable interest entities are found to be in violation of any existing or future PRC laws or regulations, or the Group fail to obtain or maintain any of the required permits or approvals, the relevant governmental authorities would have broad discretion in dealing with such violations, including:

- levying fines on the Group;
- confiscating the Group's income or the income of the Group's PRC subsidiaries, variable interest entities or their subsidiaries;
- revoking the Group's business licenses and/or operating licenses;
- shutting down the Group's institutions;
- discontinuing or placing restrictions or onerous conditions on the Group's operations, requiring the Group to undergo a costly and disruptive restructuring; and
- taking other regulatory or enforcement actions that could be harmful to the Group's business.

Any of these actions could cause significant disruption to the Group's business operations and severely damage the Group's reputation, which would result in the Group failing to receive the economic benefits from the Group's variable interest entities and their subsidiaries, which in turn may materially and adversely affect the Group's business, financial condition and results of operations.

Furthermore, new PRC laws, rules and regulations may be introduced to impose additional requirements that may be applicable to the Group's corporate structure and contractual arrangements.

The New Contractual Arrangements may result in adverse tax consequences to the Group.

The Group could face material and adverse tax consequences if the PRC tax authorities determine that the New Contractual Arrangements was not made on an arm's length basis and adjust the Group's income and expenses for PRC tax purposes by requiring a transfer pricing adjustment. A transfer pricing adjustment could materially and adversely affect the Group by (i) increasing the tax liabilities of the Target Hospitals without reducing the tax liability of the Group's subsidiaries, which could further result in late payment fees and other penalties to the Target Hospitals for underpaid taxes; or (ii) limiting the ability of the Target Hospitals to obtain or maintain preferential tax treatments and other financial incentives.

The shareholders of the Target Hospitals may have potential conflicts of interest with the Group, which may materially and adversely affect the Group's business and financial condition.

In connection with the Group's operations in China, the Group relies on the shareholders of the Target Hospitals to abide by the obligations under such contractual arrangements. The interests of these shareholders in their individual capacities as the shareholders of the Target Hospitals may differ from the Group's interests, as what is in the best interests of Target Hospitals, including matters such as whether to distribute dividends or to make other distributions to fund the Group's offshore requirements, may not be in the Group's best interests. There can be no assurance that when conflicts of interest arise, any or all of these individuals will act in the Group's best interests or those conflicts of interest will be resolved in the Group's favor. In addition, these individuals may breach, or cause the Target Hospitals to breach, or refuse to renew, the Existing Contractual Arrangements with the Group.

Currently, the Group does not have arrangements to address the potential conflicts of interest faced by the shareholders of the Target Hospitals in their dual capacity as beneficial owners of the Group. The Group rely on the shareholders of the Target Hospitals to comply with PRC laws and regulations, which protect contracts and provide that directors and executive officers owe a duty of loyalty to the Group and require them to avoid conflicts of interest and not to take advantage of their positions for personal gains, and the laws of the Cayman Islands, which provide that directors have a duty of care and a duty to act honestly in good faith with a view to the Group's best interests. However, the legal frameworks of the PRC and the Cayman Islands do not provide guidance on resolving conflicts in the event of a conflict with another corporate governance regime. If the Group cannot resolve any conflicts of interest or disputes between the Group and the shareholders of the Target Hospitals, the Group would have to rely on legal proceedings, which could result in disruption of the Group's business and subject the Group to substantial uncertainty as to the outcome of any such legal proceedings.

PRC regulation of loans to, and direct investment in, PRC entities by offshore holding companies and governmental control of currency conversion may restrict or prevent the Group from using the proceeds of this offering to make loans to the Group's PRC subsidiaries, or to make additional capital contributions to the Group's PRC subsidiaries.

The Group, as an offshore holding company, is permitted under PRC laws and regulations to provide funding to its wholly-owned PRC subsidiary, which is treated as a foreign-invested enterprise under PRC laws, and to its other PRC subsidiaries through loans or capital contributions. However, loans by the Group to its PRC subsidiaries to finance their activities cannot exceed statutory limits and must be registered with the local counterpart of SAFE and capital contributions to the Group's PRC subsidiaries are subject to approval by and registration with other governmental authorities in China.

SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知), or Circular 19, effective on June 1, 2015, the flow and use of the RMB capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that RMB capital may not be used for the issuance of RMB entrusted loans, the repayment of inter-enterprise loans or the repayment of banks loans that have been transferred to a third party. Although Circular 19 allows RMB capital converted from foreign currency-denominated registered capital of a foreign-invested enterprise to be used for equity investments within the PRC, it also reiterates the principle that RMB converted from the foreign currency-denominated capital of a foreign-invested company may not be directly or indirectly used for purposes beyond its business scope. Thus, it is unclear whether SAFE will permit such capital to be used for equity investments in the PRC in actual practice. SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知), or Circular 16, effective on June 9, 2016, which reiterates some of the rules set forth in Circular 19, but changes the prohibition against using RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company to issue RMB entrusted loans to a prohibition against using such capital to issue loans to non-associated enterprises. Violations of SAFE Circular 19 and Circular 16 could result in administrative penalties. Circular 19 and Circular 16 may significantly limit the Group's ability to transfer any foreign currency the Group hold to the Group's PRC subsidiaries, which may adversely affect the Group's liquidity and the Group's ability to fund and expand the Group's business in the PRC.

Due to the restrictions imposed on loans in foreign currencies extended to any PRC domestic companies, the Group is not likely to make such loans to the Target Hospitals, a PRC domestic company. Meanwhile, the Group is not likely to finance the activities of the Target Hospitals by means of capital contributions given the restrictions on foreign investment in the businesses that are currently conducted by the Target Hospitals.

In light of the various requirements imposed by PRC regulations on loans to, and direct investment in, PRC entities by offshore holding companies, the Group cannot assure that it will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans to its PRC subsidiaries or any variable interest entity or future capital contributions by the Group to its PRC subsidiaries. As a result, uncertainties exist as to the Group's ability to provide prompt financial support to the Group's PRC subsidiaries or the Target Hospitals when needed. If the Group fails to complete such registrations or obtain such approvals, the Group's ability to use foreign currency and to capitalize or otherwise fund the Group's PRC operations may be negatively affected, which could materially and adversely affect the Group's liquidity and the Group's ability to fund and expand the Group's business.

If the Group exercise the option to acquire equity ownership of Jinrun Fude, the ownership transfer may subject the Group to certain limitations and substantial costs.

Pursuant to the New Contractual Arrangements, the Purchaser or its designated person(s) has the exclusive right to purchase all or any part of the equity interest in Jinrun Fude from the Registered Shareholders at the minimum purchase price permitted under the applicable PRC laws.

The equity transfer may be subject to approvals from and filings with relevant PRC regulatory authorities. In addition, the equity transfer price may be subject to review and tax adjustment by the relevant tax authority. The Registered Shareholders will be subject to PRC individual income tax on the difference between the equity interest transfer price and the amount the Registered Shareholders has paid to obtain the equity interest in Jinrun Fude. The Registered Shareholders will pay the remaining amount to the Purchaser under the New Contractual Arrangements. The amount to be received by the Purchaser may also be subject to enterprise income tax. Such tax amounts could be substantial and the Group's financial condition may be adversely affected as a result.

The New Contractual Arrangements may not be as effective in providing operational control as direct ownership. Jinrun Fude and the Registered Shareholders may fail to perform their obligations under the New Contractual Arrangements.

The Group has 66.50% effective shareholding interest in each of Jiuzhou Hospital and Hewanjia Hospital and relies on the New Contractual Arrangements with the Target Hospitals, Jinrun Fude and the Registered Shareholders to control the remaining 30.00% equity ownership interest in each of Jiuzhou Hospital and Hewanjia Hospital.

Although the Group is advised by the PRC Legal Advisors that save as disclosed in this announcement, the New Contractual Arrangements constitute valid and binding obligations enforceable against each party of such agreements in accordance with their terms, the New Contractual Arrangements may not be as effective in providing us with control over Jinrun Fude as direct ownership. Direct ownership would allow the Group, for example, to directly or indirectly exercise the Group's rights as a shareholder to effect changes in the board of directors of Jinrun Fude, which, in turn, could effect changes, subject to any applicable fiduciary obligations, at the management level.

If Jinrun Fude or the Registered Shareholders fails to perform its respective obligations under the New Contractual Arrangements, we may incur substantial costs and expend substantial resources to enforce the Group's rights. All of the New Contractual Arrangements are governed by and interpreted in accordance with PRC laws, and disputes arising from the New Contractual Arrangements will be resolved through arbitration or litigation in China. However, the legal system in China is not as developed as in other jurisdictions, such as the United States. There are very few precedents and little official guidance as to how contractual arrangements in the context of a variable interest entity should be interpreted or enforced under PRC law. There remain significant uncertainties regarding the outcome of arbitration or litigation. These uncertainties could limit the Group's ability to enforce the New Contractual Arrangements. The New Contractual Arrangements contain provisions to the effect that the arbitral body may award remedies over the shares and/or assets of Jinrun Fude or the Target Hospitals, injunctive relief and/or winding up of these entities. These agreements also contain provisions to the effect that courts of competent jurisdictions are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal. However, under PRC laws, these terms may not be enforceable. Under PRC laws, an arbitral body does not have the power to grant injunctive relief or to issue a provisional or final liquidation order. In addition, interim remedies or enforcement order granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC.

In the event the Group is unable to enforce the New Contractual Arrangements or the Group's experience significant delays or other obstacles in the process of enforcing the New Contractual Arrangements, the Group may not be able to exert effective control over Jinrun Fude and may not prevent leakage of equity and values to the minority shareholder of t or obtain the full economic benefits of the same. The Group's ability to conduct the business may be negatively affected.

Implications under the Listing Rules

Jinrun Fude is owned by the Registered Shareholders, Ms. Yan Xiaoqing (a non-executive Director) and Ms. Zhu Yujuan (an existing employee of the Group), as to 51.00% and 49.00%, respectively, and therefore, it is a connected person of the Company pursuant to the Listing Rules. Accordingly, the transactions under the New Contractual Arrangements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

In preparation for the listing of the Company, the Company has sought, and the Stock Exchange has granted, the IPO Waiver from the strict compliance with (i) the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Existing Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules; (ii) the requirement for setting an annual cap for the transactions under the Existing Contractual Arrangements under Rule 14A.53 of the Listing Rules; and (iii) the requirement of limiting the term of the Existing Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as the shares of the Company are listed on the Stock Exchange, subject to certain conditions as set out in the Prospectus (the "**Conditions**"). The Conditions include, among others, that on the basis that the Existing Contractual Arrangements provide an acceptable framework for the relationship between the Company and its subsidiaries in which the Company has direct shareholding on the one hand, and Jinrun Fude, on the other hand, such framework may be renewed and/or reproduced upon the expiry of the Existing Contractual Arrangements or in relation to any existing or new wholly foreign-owned enterprise or operating company engaging in the same business as that of the Group which the Group might wish to establish when justified by business expediency, without obtaining the approval of its shareholders, on substantially the same terms and conditions as the Existing Contractual Arrangements.

Since the New Contractual Arrangements is reproduced from the Existing Contractual Arrangements as provided under the conditions of the IPO Waiver, the Company has sought confirmation from the Stock Exchange, and the Stock Exchange has confirmed, that the transactions contemplated under the New Contractual Arrangements would fall within the scope of the IPO Waiver and be exempt from strict compliance with: (i) the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules; (ii) the requirement of setting an annual cap for the transactions under the New Contractual Arrangements under Rule 14A.53 of the Listing Rules; and (iii) the requirement of limiting the terms of the New Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as the shares of the Company are listed on the Stock Exchange, subject to compliance with the same conditions of the IPO Waiver as disclosed in the section headed "Connected Transactions" in the Prospectus.

DEFINITIONS

"Existing Contractual Arrangements"	the series of contractual arrangements, as the case may be, entered into by, among others, Sichuan Jinxin Fertility, the Existing Registered Shareholders, Mr. Zeng Yong, Jinrun Fude and the VIE Entities, details of which are described in the section headed "Contractual Arrangements" in the Prospectus
"IPO Waiver"	the waiver granted by the Stock Exchange to the Company from strict compliance with the requirements of (i) the announcement, circular and independent shareholders' approval in respect of the transactions contemplated under the Existing Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules; (ii) setting an annual cap for the transactions under the Existing Contractual Arrangements under Rule 14A.53 of the Listing Rules; and (iii) limiting the terms of the Existing Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as the shares of the Company are listed on the Stock Exchange, subject to compliance with the waiver conditions as disclosed in the section headed "Connected Transactions" in the Prospectus
"Jinrun Fude"	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
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"New Contractual Arrangements"	the two series of contractual arrangements entered into by, among each of Jiuzhou Hospital and Hewanjia Hospital, respectively, with the Purchaser, the Registered Shareholders, Jinrun Fude, details of which are described in the section headed "New Contractual Arrangements" in this announcement
"PRC Legal Advisors"	Beijing Tian Yuan Law Firm, the legal advisors to the Company as to the laws of the PRC
"Registered Shareholders"	two individual shareholders of Jinrun Fude, namely Ms. Yan Xiaoqing and Ms. Zhu Yujuan

"VIE Entities"	the entities that the Group controls certain percentage of their shareholding through the Existing Contractual Arrangements which comprised, Chengdu Xinan Hospital and Shenzhen Zhongshan Hospital

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

Hong Kong, July 13, 2022

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

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

* *For identification purpose only*