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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)

**CONTINUING CONNECTED TRANSACTION
IN RELATION TO
THE INTERNAL RESTRUCTURING OF THE GROUP
AND
ESTABLISHMENT OF THE NEW CONTRACTUAL ARRANGEMENTS**

THE NEW CONTRACTUAL ARRANGEMENTS

References are made to the sections headed “Contractual Arrangements” and “Connected Transactions” in the Prospectus, and the announcements of the Company dated October 19, 2021 and November 26, 2021, in relation to, among others, the acquisition of Sichuan WCH.

The Board is pleased to announce that on November 7, 2022, the Group has entered into the Equity Transfer Agreements, and will further enter into the Termination Agreement and the New Contractual Arrangements upon completion of the Transfer, in order to conduct the Internal Restructuring. The main purpose of the Internal Restructuring is to enable Sichuan WCH to further expand its scope of offerings and provide medical services involving Molecular Genetics Services in accordance with the applicable PRC laws.

Completion of the Internal Restructuring shall be subject to, among others, the approval of the Independent Shareholders. The Internal Restructuring will be carried out by the Company in the following manner:

- 1) (A) Jinxin Investment Group Limited and Jinyi Hongkang have entered into the Hospital Equity Transfer Agreement, pursuant to which Jinxin Investment Group Limited has agreed to transfer 100% equity interest held in Jinxin Medical Investment to Jinyi Hongkang and (B) Jinxin Medical Investment and the WFOE have entered into the Ancillary Equity Transfer Agreement, pursuant to which Jinxin Medical Investment has agreed to transfer the equity interest held by Jinxin Medical Investment in Jinmai Testing, Chengdu Health and Jinxin Obstetric Health to the WFOE;
- 2) Sichuan WCH, Jinyi Hongkang, the Registered Shareholders and Jinxin Medical Investment will further enter into the Termination Agreements, pursuant to which, the Existing Sichuan WCH Contractual Arrangements in relation to 10% equity interest in Sichuan WCH will be terminated upon the effectiveness of the Termination Agreements; and
- 3) Sichuan WCH, the WFOE, Jinyi Hongkang, Jinxin Medical Investment and the Registered Shareholders will also enter into the New Contractual Arrangements in relation to 100% equity interest in Sichuan WCH on substantially the same terms and conditions as the Existing Contractual Arrangements.

Pursuant to the New Contractual Arrangements to be entered between Sichuan WCH, the WFOE, Jinyi Hongkang, Jinxin Medical Investment and the Registered Shareholders, the Group will no longer hold any equity interest in Sichuan WCH, and instead will receive all the economic benefits in Sichuan WCH through the New Contractual Arrangements. Under the New Contractual Arrangements, Sichuan WCH will remain to be a consolidated entity of the Company and its financial results will continue to be accounted for and consolidated into the financial statements of the Group. As such, upon completion of the Internal Restructuring, each of the Relevant Subsidiaries will remain as a subsidiary of the Company.

As advised by the PRC Legal Advisers, the New Contractual Arrangements do not violate mandatory provisions of the existing applicable PRC laws and regulations. The Directors are of the view that the Internal Restructuring, which will enable the Group to expand its scope of service offerings to include Molecular Genetics Services, is vital to the Group's overall business development and therefore, in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

After completion of the Internal Restructuring, the financial results of Sichuan WCH will continue to be accounted for in the financial statements of the Group as if it is a wholly-owned subsidiary of the Company. Jinyi Hongkang is owned by the Registered Shareholders, Ms. Lyu Rong and Mr. Xu Jun, as to 51% and 49%, respectively, and therefore, upon completion of the Internal Restructuring, each of the Registered Shareholders 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 are listed on the Stock Exchange, subject to certain conditions as set out in the Prospectus, the texts of which are reproduced in the section headed "Waiver From Strict Compliance with the Listing Rules" of this announcement. The conditions include, among others, no change to the agreements governing the Contractual Arrangements will be made without the approval of the Independent Shareholders and independent non-executive Directors. As such, the Company is convening the EGM to obtain approvals of the Independent Shareholders in respect of the Internal Restructuring.

The Company has sought confirmation from the Stock Exchange, and the Stock Exchange has confirmed, subject to the approvals of the Independent Shareholders and independent non-executive Directors, 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 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.

EGM

An EGM will be convened and held for the Shareholders to consider and, if thought fit to approve the Internal Restructuring, the New Contractual Arrangements and the transactions contemplated thereunder. A notice convening the EGM is expected to be published and despatched to the Shareholders in due course in accordance with the requirements of the Listing Rules.

Ms. Lyu Rong, being one of the Registered Shareholders of Jinyi Hongkang, a director of Jinyi Hongkang and Jinxin Medical Investment and an executive Director and co-chief executive officer of the Company holds 5,504,000 Shares and is required to abstain from voting on the proposed resolution in respect of the New Contractual Arrangements at the EGM. Save as disclosed above, to the best of the Director's knowledge, information and belief having made all reasonable enquiries, no other Shareholder is required to abstain from voting on the proposed resolution in respect of the New Contractual Arrangements at the EGM.

BACKGROUND

References are made to the sections headed "Contractual Arrangements" and "Connected Transactions" in the Prospectus, and the announcements of the Company dated October 19, 2021 and November 26, 2021, in relation to, among others, the acquisition of Sichuan WCH.

The Board is pleased to announce that on November 7, 2022, the Group has entered into the Equity Transfer Agreements, and will further enter into the Termination Agreement and the New Contractual Arrangements upon completion of the Transfer, in order to conduct the Internal Restructuring. The main purpose of the Internal Restructuring is to enable Sichuan WCH to further expand its scope of offerings and provide medical services involving Molecular Genetics Services in accordance with the applicable PRC laws. As the inclusion of such offering requires the involvement of genetic information and DNA of patients, which as confirmed by the Health Commission of Sichuan Province, the provision of the Molecular Genetics Services involves "development and application of technologies for the diagnosis and treatment with human stem and genes" (人體幹細胞、基因診斷與治療技術開發和應用), which falls under the "prohibited investment category" (禁止投資領域) for foreign investors under the Special Administrative Measures for the Access of Foreign Investment (Negative List)(2021) (the "**Negative List**"). Foreign-invested enterprises are not permitted to invest in any sector prohibited to foreign investment (外商投資企業不得在禁止外商投資的領域投資) according to the Interim Provisions on Investment Made by Foreign-Invested Enterprises in the PRC (《關於外商投資企業境內投資的暫行規定》), and therefore, the Company, as a foreign-invested enterprise, shall not directly or indirectly hold any equity interest in Sichuan WCH when Sichuan WCH becomes qualified and pursues Molecular Genetics Services.

Completion of the Internal Restructuring shall be subject to approvals of the Independent Shareholders. The Internal Restructuring will be carried out by the Company in the following manner:

- 1) (A) Jinxin Investment Group Limited and Jinyi Hongkang have entered into the Hospital Equity Transfer Agreement, pursuant to which Jinxin Investment Group Limited agrees to transfer 100% equity interest held in Jinxin Medical Investment to Jinyi Hongkang and (B) Jinxin Medical Investment and the WFOE have entered into the Ancillary Equity Transfer Agreement, pursuant to which Jinxin Medical Investment agrees to transfer the equity interest held by Jinxin Medical Investment in Jinmai Testing, Chengdu Health and Jinxin Obstetric Health to the WFOE;
- 2) Sichuan WCH, Jinyi Hongkang, the Registered Shareholders and Jinxin Medical Investment will further enter into the Termination Agreements, pursuant to which, the Existing Sichuan WCH Contractual Arrangements in relation to 10% equity interest in Sichuan WCH will be terminated upon the effectiveness of the Termination Agreements; and
- 3) Sichuan WCH, the WFOE, Jinyi Hongkang, Jinxin Medical Investment and the Registered Shareholders will also enter into the New Contractual Arrangements in relation to 100% equity interest in Sichuan WCH on substantially the same terms and conditions as the Existing Contractual Arrangements.

Pursuant to the New Contractual Arrangements to be entered between Sichuan WCH, the WFOE, Jinyi Hongkang, Jinxin Medical Investment and the Registered Shareholders, the Group will no longer hold any equity interest in Sichuan WCH, and instead will receive all the economic benefits in Sichuan WCH through the New Contractual Arrangements. Under the New Contractual Arrangements, Sichuan WCH will remain to be a consolidated entity of the Company and its financial results will continue to be accounted for and consolidated into the financial statements of the Group. As such, upon completion of the Internal Restructuring, each of the Relevant Subsidiaries will remain as a subsidiary of the Company.

As advised by the PRC Legal Advisers, the New Contractual Arrangements do not violate mandatory provisions of the existing applicable PRC laws and regulations. The Directors are of the view that the Internal Restructuring, which will enable the Group to expand its scope of service offerings to include Molecular Genetics Services, is vital to the Group's overall business development and therefore, in the interests of the Company and its Shareholders as a whole.

THE NEW CONTRACTUAL ARRANGEMENTS

(I) The Transfers

The Hospital Equity Transfer Agreement

Jinxin Investment Group Limited and Jinyi Hongkang have entered into the Hospital Equity Transfer Agreement, pursuant to which, Jinxin Investment Group Limited agrees to transfer 100% equity interest held in Jinxin Medical Investment, which owns Sichuan WCH as to 90% equity interest, to Jinyi Hongkang at a consideration of RMB1 million.

The Ancillary Equity Transfer Agreement

Jinxin Medical Investment and the WFOE have entered into the Ancillary Equity Transfer Agreement, pursuant to which Jinxin Medical Investment agrees to transfer 51% equity interest in Jinmai Testing, 100% equity interest in Chengdu Health and 51% equity interest in Jinxin Obstetric Health to the WFOE at a consideration of RMB6.38 million.

As each of Jinmai Testing, Chengdu Health and Jinxin Obstetric Health is not a medical institution and is therefore not subject to the Foreign Ownership Restriction (as defined hereafter), their equity interest are being transferred to the WFOE under the Ancillary Equity Transfer Agreement to ensure that the New Contractual Arrangements and the Existing Contractual Arrangements continue to be narrowly tailored pursuant to the Stock Exchange Guidance Letter HKEx-GL77-14.

Basis of consideration

The consideration for each of the transfers of the Relevant Equity Interest under the Equity Transfer Agreements was determined with reference to the book value of each of the Relevant Subsidiaries as long-term equity investments in the Company's consolidated financial statements as of the benchmark date August 31, 2022. The book value of Jinxin Medical Investment, Jinmai Testing, Chengdu Health and Jinxin Obstetric Health as of the benchmark date August 31, 2022 are RMB1,000,000, RMB1,020,000, RMB4,850,000 and RMB510,000, respectively. The Directors, including the independent non-executive Directors, are of the view that the terms of the Equity Transfer Agreements (including their respective considerations) are fair and reasonable, and that the Internal Restructuring is in the interests of the Company and the Shareholders as a whole.

Upon completion of the Internal Restructuring, each of the Relevant Subsidiaries will remain as a subsidiary of the Company.

(II) Termination of the Existing Sichuan WCH Contractual Arrangements

Sichuan WCH, Jinyi Hongkang, the Registered Shareholders and Jinxin Medical Investment will enter into the Termination Agreements, pursuant to which, the Existing Sichuan WCH Contractual Arrangements in relation to 10% equity interest in Sichuan WCH will be terminated upon the effectiveness of the Termination Agreements.

(III) Establishment of the New Contractual Arrangements

Upon completion of the Transfer, Sichuan WCH will enter into the New Contractual Arrangements with the WFOE, Jinyi Hongkang, Jinxin Medical Investment and the Registered Shareholders on substantially the same terms and conditions as those of the Existing Sichuan WCH Contractual Arrangements, save for consequential changes as a result of the Internal Restructuring of Sichuan WCH, namely the basic information of the parties and the amount of equity interest to be controlled by the WFOE under the New Contractual Arrangements.

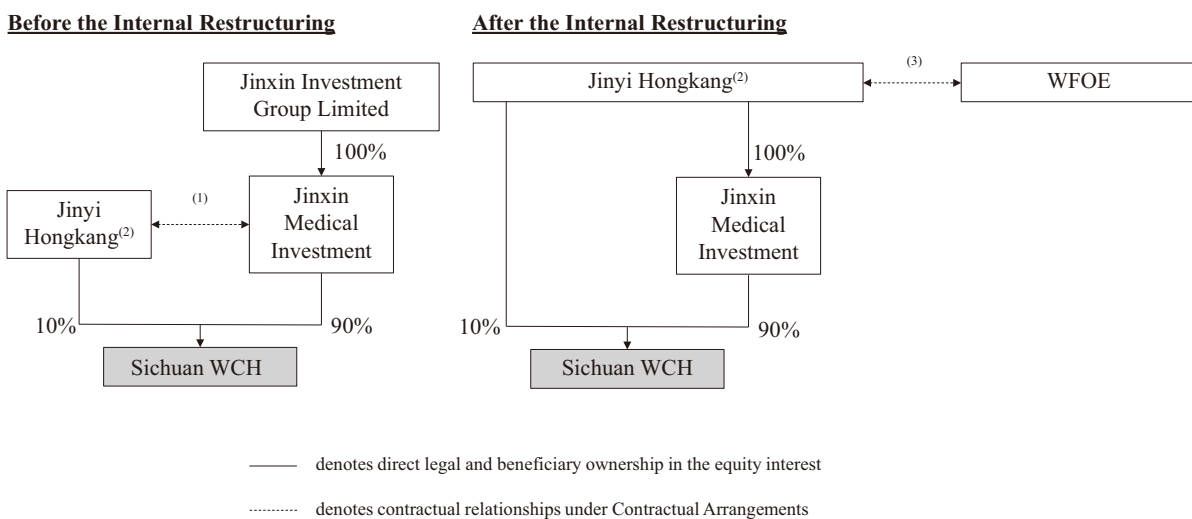
REASONS FOR AND BENEFITS OF THE INTERNAL RESTRUCTURING AND THE ENTERING INTO THE NEW CONTRACTUAL ARRANGEMENTS

The Group intends to strategically develop itself into providing medical services that support the entire fertility and pregnancy lifecycle for family through the acquisition of Sichuan WCH. The inclusion of Molecular Genetics Services, being the cutting-edge technology for pre-natal examination, is vital to the Group's future development for its ability to diagnose birth defects during pregnancy term with a higher accuracy, as compared to the use of cytogenetics. As of December 31, 2021, there were only 13 medical institutions in Sichuan Province qualified to provide pre-natal molecular genetics services and all of which are public hospitals. As of the date of this announcement, Sichuan WCH has met the pre-conditions for the approval for the provision of Molecular Genetics Services. Hence, the inclusion of Molecular Genetics Services is essential to the development of the Group in allowing it to reach and maintain a higher level of medical technologies and equipment used in the area of assisted reproduction services, obstetrics, gynecology and pediatrics, which in turn further strengthens the Group's competitiveness and reputation.

As disclosed in the section headed “Contractual Arrangements” in the Prospectus, due to applicable PRC laws and regulatory restrictions on foreign ownership, medical institutions may not be held 100% by foreign investors, and foreign investments are restricted to the form of Sino-foreign equity joint venture or cooperative joint venture. However, the inclusion of Molecular Genetics Services requires the involvement of genetic information and DNA of patients, which are regarded as highly sensitive in nature, and as confirmed by the Health Commission of Sichuan Province (四川省衛生健康委員會), the provision of Molecular Genetics Services involves “development and application of technologies for the diagnosis and treatment with human stem and genes” (人體幹細胞、基因診斷與治療技術開發和應用), which is a “prohibited investment category” for foreign investors under the Negative List. Furthermore, as advised by the PRC Legal Advisers, according to the Interim Provisions on Investment Made by Foreign-Invested Enterprises in the PRC (《關於外商投資企業境內投資的暫行規定》), which were jointly promulgated by the Ministry of Commerce and the State Administration of Industry and Commerce on July 25, 2000 and amended on October 28, 2015, foreign-invested enterprises are not permitted to invest in any sector prohibited to foreign investment (外商投資企業不得在禁止外商投資的領域投資). As such, the Company, as a foreign-invested enterprise, shall not directly or indirectly hold any equity interest in Sichuan WCH when Sichuan WCH becomes qualified to pursue and does pursue the Molecular Genetics Services under the applicable PRC laws and regulatory restrictions on foreign ownership, including the Negative List (the “**Foreign Ownership Restriction**”). Thus, any application by a foreign investor or a domestic company with foreign investment for the approval will not be approved or permitted.

As advised by the PRC Legal Advisers, since Sichuan WCH is a medical institution established in Chengdu, Sichuan Province, the PRC and intends to provide Molecular Genetics Services under the applicable PRC laws and regulations and is subject to the Foreign Ownership Restriction, the Company is not allowed to hold any equity interest in Sichuan WCH. Following the Transfer, Jinyi Hongkang will directly and indirectly hold 10% and 90% equity interest in Sichuan WCH, respectively. In order for the Group to obtain the economic benefits in relation to the entire equity interest in Sichuan WCH held by Jinyi Hongkang, and to prevent leakages of equity and values of Sichuan WCH, the WFOE, Jinyi Hongkang, Jinxin Medical Investment, the Registered Shareholders and Sichuan WCH will, upon obtaining the approval from the Independent Shareholders at the EGM and subsequent to the Transfer, enter into the narrowly tailored New Contractual Arrangements. As confirmed by the PRC Legal Advisers, the Group obtained confirmation from Health Commission of Sichuan Province (四川省衛生健康委員會) that the New Contractual Arrangements are in compliance with the applicable PRC laws and regulatory restrictions on foreign ownership in order to enable Sichuan WCH to provide Molecular Genetics Services under the applicable PRC laws and regulations.

The following simplified diagram illustrates the flow of economic benefit from Sichuan WCH to the Group before and after the Internal Restructuring:



Notes:

- 1) The Exclusive Operation Services Agreement, Exclusive Option Agreements, Powers of Attorney, Equity Pledge Agreements and Spouse Undertakings together form the legal relationship under the Existing Sichuan WCH Contractual Arrangements.
- 2) Jinyi Hongkang is owned by the Registered Shareholders, Ms. Lyu Rong and Mr. Xu Jun, as to 51% and 49%, respectively.
- 3) The Exclusive Operation Services Agreement, Exclusive Option Agreements, Powers of Attorney, Equity Pledge Agreements and Spouse Undertakings together form the legal relationship under the New Contractual Arrangements.

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

Sichuan WCH will enter into an exclusive operation services agreement with the Registered Shareholders, Jinyi Hongkang, Jinxin Medical Investment and the WFOE (the “**Exclusive Operation Services Agreement**”), pursuant to which, Sichuan WCH, Jinxin Medical Investment and Jinyi Hongkang each agreed to engage the WFOE as their exclusive provider of technical support, consulting services and other services in exchange for a service fee.

Under the Exclusive Operation Services Agreement, 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 WFOE 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 Services Agreement, the WFOE may use the intellectual property rights owned by Jinyi Hongkang, Jinxin Medical Investment and Sichuan WCH free of charge and without any conditions. Jinyi Hongkang, Jinxin Medical Investment and Sichuan WCH may also use the intellectual property work created by the WFOE from the services performed by the WFOE in accordance with the Exclusive Operation Services Agreement.

Under the Exclusive Operation Services Agreement, the service fee shall be an amount equal to 100% of the distributable net profit of each Sichuan WCH 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, Jinyi Hongkang, Jinxin Medical Investment and Sichuan WCH shall reimburse all reasonable costs, reimbursed payments and out-of-pocket expenses incurred by the WFOE in connection with the performance of the Exclusive Operation Services Agreement and provision of services.

In addition, absence of a prior written consent of the WFOE, during the term of the Exclusive Operation Services Agreement, the Registered Shareholders, Jinyi Hongkang, Jinxin Medical Investment and Sichuan WCH shall not directly or indirectly accept the same or any similar services provided by any third party and shall not establish similar cooperation relationships with any third party. The WFOE 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 Agreement.

The Exclusive Operation Services Agreement 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 Agreement, unless otherwise required by applicable PRC laws and regulations, none of the parties to the agreement (except the WFOE) is entitled to unilaterally terminate the agreement. Furthermore, pursuant to the Exclusive Operation Services Agreement, 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 WFOE or its designated person directly holds all the equity interest in Jinyi Hongkang, and all of the Registered Shareholders' equity interest in Jinyi Hongkang or all of the assets of Jinyi Hongkang attributable to the Registered Shareholders are transferred to the WFOE pursuant to applicable PRC laws and regulations; (iii) the WFOE or its designated person directly holds all the equity interest in Sichuan WCH and all of the equity interest held by Jinyi Hongkang and Jinxin Medical Investment in Sichuan WCH or all of the assets of Sichuan WCH attributable to Jinyi Hongkang and Jinxin Medical Investment are transferred to the WFOE pursuant to applicable PRC laws and regulations; or (iv) the WFOE unilaterally terminates the agreement.

Exclusive Option Agreements

The WFOE will enter into exclusive option agreements (the “**Exclusive Option Agreements**”) with the Registered Shareholders, Jinyi Hongkang, Jinxin Medical Investment and Sichuan WCH.

Pursuant to the Exclusive Option Agreements, (i) each of the Registered Shareholders irrevocably and unconditionally grants an exclusive option to the WFOE which entitles the WFOE to elect to purchase at any time, when permitted by the then applicable PRC laws, all or any part of the equity interest in Jinyi Hongkang itself or through its designated person(s); (ii) Jinyi Hongkang irrevocably and unconditionally grants an exclusive option to the WFOE which entitles the WFOE to elect to purchase at any time, when permitted by the then applicable PRC laws, all or part of the assets of Jinyi Hongkang itself or through its designated person(s); (iii) Jinyi Hongkang and Jinxin Medical Investment irrevocably and unconditionally grant an exclusive option to the WFOE which entitles the WFOE to elect to purchase at any time, when permitted by the then applicable PRC laws, all or any part of the equity interest in Sichuan WCH from Jinyi Hongkang and Jinxin Medical Investment itself or through its designated person(s); and (iv) Sichuan WCH irrevocably and unconditionally grants an exclusive option to the WFOE which entitles the WFOE to elect to purchase at any time, when permitted by the then applicable PRC laws, all or part of the assets of Sichuan WCH attributable to Jinyi Hongkang and Jinxin Medical Investment from Sichuan WCH 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, Jinyi Hongkang, Jinxin Medical Investment and Sichuan WCH 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 WFOE.

The Registered Shareholders, Jinyi Hongkang and Jinxin Medical Investment undertake to develop the business of Sichuan WCH 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 WFOE, the Registered Shareholders, Jinyi Hongkang and Jinxin Medical Investment shall not (i) transfer or otherwise dispose of any option under the Exclusive Option Agreements, or create any encumbrances thereon; and Sichuan WCH 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 Sichuan WCH or Jinyi Hongkang.

In addition, the Registered Shareholders, Jinyi Hongkang, Jinxin Medical Investment and Sichuan WCH undertake that, upon the WFOE 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 Jinyi Hongkang and Sichuan WCH (as applicable) under the PRC laws, all the residual assets which are attributable to the Registered Shareholders, Jinyi Hongkang and Jinxin Medical Investment shall be transferred to the WFOE or its designated person(s) at the minimum purchase price permitted under PRC law, and each of the Registered Shareholders, Jinyi Hongkang and Jinxin Medical Investment undertakes that they will, subject to applicable PRC laws, return in full the consideration received in relation to such transfer to the WFOE or its designated person(s); and (ii) in the event of bankruptcy, reorganization or merger of Jinyi Hongkang and Jinxin Medical Investment, death or incapacity of the Registered Shareholders or any other event which causes changes to the Registered Shareholders' shareholding in Jinyi Hongkang and the shareholding of Jinyi Hongkang and Jinxin Medical Investment in Sichuan WCH, (a) the successor of the Registered Shareholders' equity interest in Jinyi Hongkang and the successor of equity interest held by Jinyi Hongkang and Jinxin Medical Investment in Sichuan WCH shall be bound by the New Contractual Arrangements, and (b) any disposal of shareholding in Jinyi Hongkang and Sichuan WCH shall be governed by the New Contractual Arrangements unless the WFOE consents otherwise in writing.

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 WFOE) 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 WFOE or its designated person directly holds all the equity interest in Jinyi Hongkang, and all of the Registered Shareholders' equity interest in Jinyi Hongkang or all of the assets of Jinyi Hongkang attributable to the Registered Shareholders are transferred to the WFOE pursuant to applicable PRC laws and regulations; (iii) the WFOE or its designated person directly holds all the equity interest Sichuan WCH and all of the equity interest held by Jinyi Hongkang and Jinxin Medical Investment in Sichuan WCH or all of the assets of Sichuan WCH attributable to Jinyi Hongkang and Jinxin Medical Investment are transferred to the WFOE pursuant to applicable PRC laws and regulations; or (iv) the WFOE unilaterally terminates the agreement.

Shareholders' Rights Entrustment Agreements and Powers of Attorney

The WFOE will enter into the shareholders' rights entrustment agreements (the "**Shareholders' Rights Entrustment Agreements**") with Sichuan WCH, Jinyi Hongkang, Jinxin Medical Investment and the Registered Shareholders and the powers of attorney executed by the Registered Shareholders, Jinyi Hongkang and Jinxin Medical Investment (the "**Powers of Attorney**") in favor of the WFOE (and its successors or liquidators) or a natural person designated by the WFOE (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 Jinyi Hongkang (as applicable); and (ii) Jinyi Hongkang and Jinxin Medical Investment irrevocably agree to authorize the Attorney to exercise all of its rights and powers of a shareholder in Sichuan WCH with 100% equity interest, including the rights to vote in a shareholders' meeting, sign minutes, and file documents with the relevant companies registry. As the WFOE 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 Sichuan WCH and 100% effective shareholding interest in Sichuan WCH.

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 WFOE) 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 WFOE or its designated person directly holds all the equity interest in Jinyi Hongkang, and all of the Registered Shareholders' equity interest in Jinyi Hongkang or all of the assets of Jinyi Hongkang attributable to the Registered Shareholders are transferred to the WFOE pursuant to applicable PRC laws and regulations; (iii) the WFOE or its designated person directly holds all the equity interest in Sichuan WCH and all of the equity interest held by Jinyi Hongkang and Jinxin Medical Investment in Sichuan WCH or all of the assets of Sichuan WCH attributable to Jinyi Hongkang and Jinxin Medical Investment are transferred to the WFOE pursuant to applicable PRC laws and regulations; or (iv) the WFOE unilaterally terminates the agreement.

Equity Pledge Agreements

The WFOE will enter into the equity pledge agreements (the “**Equity Pledge Agreements**”) with Sichuan WCH, the Registered Shareholders, Jinyi Hongkang and Jinxin Medical Investment. Pursuant to the Equity Pledge Agreements, (i) the Registered Shareholders agree to pledge all of their respective equity interest in Jinyi Hongkang; and (ii) Jinyi Hongkang and Jinxin Medical Investment agree to pledge all of its equity interest in Sichuan WCH to the WFOE to secure performance of all their obligations and the obligations in Sichuan WCH under the Exclusive Option Agreements, the Powers of Attorney and the Equity Pledge Agreements underlying the New Contractual Arrangements.

If Sichuan WCH and Jinyi Hongkang declare any dividend during the term of the pledge, the WFOE 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 Jinyi Hongkang, Jinxin Medical Investment, the Registered Shareholders and Sichuan WCH, the WFOE, upon issuing a written notice to the Registered Shareholders, Jinyi Hongkang or Jinxin Medical Investment, 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, Jinyi Hongkang and Jinxin Medical Investment undertake to the WFOE, 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 WFOE without its prior written consent. Jinyi Hongkang and Sichuan WCH undertake to the WFOE, among other things, not to consent to any transfer of the pledged equity interest or to create or allow any pledge or encumbrance thereon without the WFOE's prior written consent.

The pledges in respect of Jinyi Hongkang and Sichuan WCH takes effect upon completion of registration with the local administration bureau for market regulation and the Group will register 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 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 WFOE) 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 WFOE or its designated person directly holds all the equity interest in Jinyi Hongkang, and all of the Registered Shareholders' equity interest in Jinyi Hongkang or all of the assets of Jinyi Hongkang attributable to the Registered Shareholders are transferred to the WFOE pursuant to applicable PRC laws and regulations; (iii) the WFOE or its designated person directly holds all the equity interest in Sichuan WCH and all of the equity interests held by Jinyi Hongkang and Jinxin Medical Investment in Sichuan WCH or all of the assets of Sichuan WCH attributable to Jinyi Hongkang and Jinxin Medical Investment are transferred to the WFOE pursuant to applicable PRC laws and regulations; or (iv) the WFOE unilaterally terminates the agreement.

Spouse Undertakings

The spouses of each of the Registered Shareholders will sign an undertaking (the “**Spouse Undertakings**”) to the effect that the respective interests of the Registered Shareholders in Jinyi Hongkang (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 Advisers 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 WFOE 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 Jinyi Hongkang and Sichuan WCH 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 Jinyi Hongkang and Sichuan WCH; 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 WFOE or Jinyi Hongkang or Sichuan WCH are located for interim remedies or injunctive relief.

However, the PRC Legal Advisers 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 Jinyi Hongkang and Sichuan WCH 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 Jinyi Hongkang, Jinxin Medical Investment, Sichuan WCH 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 Jinyi Hongkang and Sichuan WCH 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 Advisers, 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 WFOE can enforce its rights against the successors. Pursuant to the New Contractual Arrangements, in the event of changes in the shareholding of Jinyi Hongkang, any successor(s) of Jinyi Hongkang shall assume any and all rights and obligations of Jinyi Hongkang 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, Jinyi Hongkang and Jinxin Medical Investment 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 WFOE or the WFOE's direct or indirect shareholders. If there is any conflict of interest, the WFOE 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, Jinyi Hongkang and Jinxin Medical Investment will unconditionally follow the instructions of the WFOE 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 WFOE is legally required to share the losses of, or provide financial support to Jinyi Hongkang and Sichuan WCH. Further, Jinyi Hongkang, Sichuan WCH 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 Jinyi Hongkang and Sichuan WCH, 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 Jinyi Hongkang and Sichuan WCH suffer losses.

Liquidation

Pursuant to the Equity Pledge Agreements, in the event of a mandatory liquidation required by the PRC laws, the shareholders of Jinyi Hongkang, Sichuan WCH shall, upon the request of the WFOE, give the proceeds they received from liquidation as a gift to the WFOE or its designee(s) to the extent permitted by the PRC laws.

Accordingly, in the event of a winding up of Jinyi Hongkang and Sichuan WCH, the WFOE is entitled to liquidation proceeds of Jinyi Hongkang and Sichuan WCH 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 Advisers, following completion of reasonable due diligence steps, are of the following legal opinion:

- (a) each of Sichuan WCH, the WFOE, Jinyi Hongkang and Jinxin Medical Investment is duly established and validly existing under the PRC laws;
- (b) each of Sichuan WCH, the WFOE, Jinyi Hongkang and Jinxin Medical Investment 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 Sichuan WCH and Jinyi Hongkang 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 Sichuan WCH, the WFOE, Jinyi Hongkang and Jinxin Medical Investment; 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 Agreements are subject to registration requirements with the relevant administration for market regulation and the exercising of the exclusive options by the WFOE according to the Exclusive Option Agreements 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 that are prohibited from foreign investment under the Foreign Ownership Restriction in the PRC. Upon entering into of the New Contractual Arrangements, the Company controls 100% equity interest in Sichuan WCH held by Jinyi Hongkang and Jinxin Medical Investment by virtue of the New Contractual Arrangements. As such, the Company can receive all of the economic interest returns generated by Sichuan WCH.

The New Contractual Arrangements also provide that the Group could partially unwind the New Contractual Arrangements and hold (directly or indirectly) equity interest in Sichuan WCH 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% equity interest in Sichuan WCH if there is no prescribed limit on the percentage of equity interest permitted to be held by foreign investors.

Apart from Ms. Lyu Rong, being one of the Registered Shareholders of Jinyi Hongkang, a director of Jinyi Hongkang and Jinxin Medical Investment and an executive Director and co-chief executive officer of the Company and is interested in 5,504,000 Shares, who is considered to have a material interest contemplated under the New Contractual Arrangements and has abstained from voting on the relevant Board resolutions approving such transaction, none of the Directors has any material interest in such transaction or is required to abstain from voting on the relevant Board resolutions.

ABILITY TO CONSOLIDATE FINANCIAL RESULTS

The Directors have discussed the assessment of control under IFRS 10 with the Company's auditors, Deloitte Touche Tohmatsu. Based on the discussion on and the review of the New Contractual Arrangements, the Directors concluded that the Group has control over Sichuan WCH as a result of the New Contractual Arrangements and accordingly, the Group has the right to consolidate the financial statements of Sichuan WCH following the entering into of the New Contractual Arrangements.

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 advisers or other professional advisers, if necessary, to assist the Board to review the implementation of the New Contractual Arrangements and the legal compliance of the WFOE, Jinyi Hongkong and Sichuan WCH 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 medical institution operating in the PRC, and foreign investors are not allowed to own any equity interest in a medical institution operating within the “prohibited investment category” of the Negative List.

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 WFOE, is a foreign-invested enterprise. Sichuan WCH intends to include Molecular Genetics Services as part of its scope of offerings, which falls under the "prohibited investment category" of the Negative List. As such, the WFOE intends to enter into a series of contractual arrangements with each of the Group, the Registered Shareholders, Jinxin Medical Investment, Jinyi Hongkang and Sichuan WCH. 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 will control the economic benefit of 100% of the equity interest held by Jinyi Hongkang and Jinxin Medical Investment in Sichuan WCH.

As advised by the PRC Legal Advisers, 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 Advisers 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 Advisers.

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 Sichuan WCH without reducing the tax liability of the Group's subsidiaries, which could further result in late payment fees and other penalties to Sichuan WCH for underpaid taxes; or (ii) limiting the ability of Sichuan WCH to obtain or maintain preferential tax treatments and other financial incentives.

The shareholders of Sichuan WCH 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 Sichuan WCH to abide by the obligations under such contractual arrangements. Although the shareholders of Sichuan WCH have authorized the WFOE or its designated party to exercise their respective powers therein, the interests of these shareholders in their capacities as the shareholders of Sichuan WCH may differ from the Group's interests, as what is in the best interests of Sichuan WCH, 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 shareholders will act in the Group's best interests or those conflicts of interest will be resolved in the Group's favor. In addition, these shareholders may breach, or cause Sichuan WCH to breach, or refuse to renew, the Existing Contractual Arrangements with the Group.

Currently, the Group does not have further arrangements to address the potential conflicts of interest faced by the shareholders of Sichuan WCH in their dual capacity as beneficial owners of the Group. The Group relies on the shareholders of Sichuan WCH 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 Sichuan WCH, 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 Sichuan WCH, a PRC domestic company. Meanwhile, the Group is not likely to finance the activities of Sichuan WCH by means of capital contributions given the restrictions on foreign investment in the businesses that are currently conducted by Sichuan WCH.

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 Sichuan WCH 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 exercises the option to acquire equity ownership of Jinyi Hongkang, the ownership transfer may subject the Group to certain limitations and substantial costs.

Pursuant to the New Contractual Arrangements, the WFOE or its designated person(s) has the exclusive right to purchase all or any part of the equity interest in Jinyi Hongkang 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 Jinyi Hongkang. The Registered Shareholders will pay the remaining amount to the WFOE under the New Contractual Arrangements. The amount to be received by the WFOE 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. Jinyi Hongkang and the Registered Shareholders may fail to perform their obligations under the New Contractual Arrangements.

The Group relies on the New Contractual Arrangements with Sichuan WCH, Jinyi Hongkang, Jinxin Medical Investment and the Registered Shareholders to control the 100% equity ownership interest in Sichuan WCH.

Although the Group is advised by the PRC Legal Advisers 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 Jinyi Hongkang 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 Jinyi Hongkang, which, in turn, could effect changes, subject to any applicable fiduciary obligations, at the management level.

If Jinyi Hongkang 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 Jinyi Hongkang or Sichuan WCH, 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 experiences 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 Jinyi Hongkang and Sichuan WCH or obtain the full economic benefits of the same. The Group's ability to conduct the business may be negatively affected.

INFORMATION ABOUT THE GROUP AND THE PARTIES TO THE NEW CONTRACTUAL ARRANGEMENTS

The Group

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

The Registered Shareholders

The Registered Shareholders, Ms. Lyu Rong (a director of Jinyi Hongkang and Jinxin Medical Investment, an executive Director and co-chief executive officer of the Company) and Mr. Xu Jun (a director of Jinxin Medical Investment) are PRC nationals and own Jinyi Hongkang as to 51% equity interest and 49% equity interest, respectively.

Sichuan WCH

Sichuan WCH is a limited liability company established in the PRC and a consolidated entity of the Company. Sichuan WCH is a Class III Grade A hospital that specializes in the provision of obstetrics, gynecology and pediatrics medical services in Chengdu, Sichuan Province, the PRC and in particular, providing medical services, healthcare services and education on women and children's health.

WFOE

The WFOE is a limited liability company established in the PRC and a wholly-owned subsidiary of the Company which engages in investment holding.

LISTING RULES IMPLICATIONS

After completion of the Internal Restructuring, the financial results of Sichuan WCH will continue to be accounted for in the financial statements of the Group as if it is a wholly-owned subsidiary of the Company. Jinyi Hongkang is owned by the Registered Shareholders, Ms. Lyu Rong and Mr. Xu Jun, as to 51% and 49%, respectively, and therefore, upon completion of the Internal Restructuring, each of the Registered Shareholders 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 are listed on the Stock Exchange, subject to certain conditions as set out in the Prospectus, the texts of which are reproduced in the section headed "Waiver From Strict Compliance with the Listing Rules" of this announcement. The conditions include, among others, no change to the agreements governing the Contractual Arrangements will be made without the approval of the Independent Shareholders and independent non-executive Directors. As such, the Company is convening the EGM to obtain approvals of the Independent Shareholders in respect of the Internal Restructuring.

The Company has sought confirmation from the Stock Exchange, and the Stock Exchange has confirmed, subject to approvals of the Independent Shareholders and independent non-executive Directors, 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 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.

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

In relation to the New Contractual Arrangements, the Company will fulfill and comply with the same conditions of the IPO Waiver as set forth below (the text of which is disclosed in the section headed "Contractual Arrangements" of the Prospectus), *mutatis mutandis*:

(a) No change without independent non-executive Directors' approval

No change to the New Contractual Arrangements will be made without the approval of the independent non-executive Directors.

(b) No change without independent Shareholders' approval

Save as described in paragraph (d) below, no change to the agreements governing the New Contractual Arrangements will be made without the Independent Shareholders' approval. Once Independent Shareholders' approval of any change has been obtained, no further announcement or approval of the Independent Shareholders will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the New Contractual Arrangements in the annual reports of the Company (as set out in paragraph (e) below) will, however, continue to be applicable.

(c) Economic benefits flexibility

The New Contractual Arrangements shall continue to enable the Group to receive the economic benefits derived by Jinrun Fude and the VIE Entities through (i) the Group's option (if and when so allowed under the applicable PRC laws) to acquire all or part of the entire equity interests and assets at a consideration which shall be the lowest price as permitted under applicable PRC laws, (ii) the business structure under which the profit generated by Jinrun Fude and the VIE Entities is substantially retained by the Group, such that no annual cap shall be set on the amount of service fees payable to Sichuan Jinxin Fertility Medical Management Co., Ltd. (四川錦欣生殖醫療管理有限公司) by Jinrun Fude under the Exclusive Operation Services Agreements, and (iii) the Group's right to control the management and operation of, as well as the substance of, all of the voting rights of the VIE Entities and Jinrun Fude.

(d) Renewal and reproduction

On the basis that the New Contractual Arrangements provide an acceptable framework for the relationship between the Company and the subsidiaries of the Company in which the Company has direct shareholding, on one hand, Jinrun Fude, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign owned enterprise or operating company (including branch 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 the Shareholders, on substantially the same terms and conditions as the Existing Contractual Arrangements. The directors, chief executives or substantial shareholders of any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of the Group which the Group may establish will, upon renewal and/or reproduction of the New Contractual Arrangements, however, be treated as connected persons of the Company and transactions between these connected persons and the Company other than those under similar contractual arrangements shall comply with Chapter 14A of the Listing Rules. This condition is subject to relevant PRC laws, regulations and approvals.

(e) Ongoing reporting and approvals

The Company will disclose details relating to the New Contractual Arrangements on an on-going basis as follows:

- The New Contractual Arrangements in place during each financial period will be disclosed in the Company's annual report and accounts in accordance with the relevant provisions of the Listing Rules.
- The independent non-executive Directors will review the New Contractual Arrangements annually and confirm in the Company's annual report and accounts for the relevant year that (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the New Contractual Arrangements, (ii) no dividends or other distributions have been made by Jinrun Fude to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group, and (iii) no dividends or other distributions have been made by the VIE Entities to Jinrun Fude which are not otherwise subsequently assigned or transferred to the Group; (iv) any new contracts entered into, renewed or reproduced between the Group and Jinrun Fude during the relevant financial period under paragraph (d) above are fair and reasonable, or advantageous to our Shareholders, so far as the Group is concerned and in the interests of the Company and the Shareholders as a whole.
- The Company's reporting accountants will carry out review procedures annually on the transactions, pursuant to the New Contractual Arrangements, and will provide a letter to the Directors with a copy to the Stock Exchange confirming that the transactions have received the approval of the Directors, have been entered into in accordance with the relevant New Contractual Arrangements, and that (i) no dividends or other distributions have been made by Jinrun Fude to the holders of its equity interest which are not otherwise subsequently assigned to the Group; and (ii) no dividends or other distributions have been made by the VIE Entities to Jinrun Fude which are not otherwise subsequently assigned or transferred to our Group. Save as described below, no change to the agreements governing the New Contractual Arrangements will be made without the approval of Independent Shareholders. Once Independent Shareholders' approval of any change has been obtained, no further announcement or approval of the Independent Shareholders, except for those described above, will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the New Contractual Arrangements in the annual reports of the Company will however continue to be applicable to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group.

- Jinrun Fude will undertake that, for so long as the Shares are listed on the Stock Exchange, Jinrun Fude will provide the Group's management and the Company's reporting accountants' full access to its relevant records for the purpose of their review of the continuing connected transactions.

(f) Application of Chapter 14A of the Listing Rules in respect of transactions other than the New Contractual Arrangements

As long as the New Contractual Arrangements subsist, Jinrun Fude will be treated as the Company's subsidiary and the directors, chief executive or substantial shareholders of Jinrun Fude and its respective associates will be treated as connected persons of the Company (excluding for this purpose, Jinrun Fude), and transactions between these connected persons and the Group (including for this purpose, Jinrun Fude), other than those under the New Contractual Arrangements, will be subject to the requirements under Chapter 14A of the Listing Rules.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the date of this announcement on the continuing connected transactions referred to in this section, we will take immediate steps to ensure compliance with such new requirements within a reasonable time.

In addition, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of (i) the announcement, circular and independent shareholders' approval in respect of the transactions contemplated under any New Intergroup Agreements (as defined in the Prospectus) pursuant to Rule 14A.105 of the Listing Rules, (ii) setting an annual cap for the transactions contemplated under any New Intergroup Agreements under Rule 14A.53 of the Listing Rules, and (iii) limiting the term of any New Intergroup Agreements to three years or less under Rule 14A.52 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange. The waiver is subject to the conditions that the New Contractual Arrangements subsist and Jinrun Fude will continue to be treated as the Company's subsidiary, but at the same time, the directors, chief executives or substantial shareholders of Jinrun Fude and their respective associates will be treated as connected persons of the Company (excluding for this purpose, Jinrun Fude), and transactions between these connected persons and the Group (including for this purpose, Jinrun Fude), other than those under the New Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules. The Company will comply with the applicable requirements under the Listing Rules, and will immediately inform the Stock Exchange if there are any changes to these continuing connected transactions.

EGM AND CLOSURE OF THE REGISTER OF MEMBERS

An EGM will be convened and held for the Shareholders to consider and, if thought fit to approve the Internal Restructuring, the New Contractual Arrangements and the transactions contemplated thereunder. A notice convening the EGM is expected to be published and despatched to the Shareholders in due course in accordance with the requirements of the Listing Rules.

The register of members of the Company will be closed from November 24, 2022 to November 29, 2022, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the EGM, during which period no share transfers will be registered. To be eligible to attend the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on November 23, 2022.

Ms. Lyu Rong, being one of the Registered Shareholders of Jinyi Hongkang, a director of Jinyi Hongkang and Jinxin Medical Investment and an executive Director and co-chief executive officer of the Company holds 5,504,000 Shares and is required to abstain from voting on the proposed resolution in respect of the New Contractual Arrangements at the EGM. Save as disclosed above, to the best of the Director's knowledge, information and belief having made all reasonable enquiries, no other Shareholder is required to abstain from voting on the proposed resolution in respect of the New Contractual Arrangements at the EGM.

CIRCULAR

A circular containing, among other matters, (i) a letter from the Board with further details of the New Contractual Arrangements; (ii) the letter of recommendation from the Independent Board Committee; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the EGM, is expected to be despatched to the Shareholders in due course.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all independent non-executive Directors, namely Dr. Chong Yat Keung, Mr. Li Jianwei, Mr. Wang Xiaobo and Mr. Ye Changqing, has been formed to advise the Independent Shareholders in respect of the New Contractual Arrangements and the transactions contemplated thereunder. None of the members of the Independent Board Committee has any material interest in the New Contractual Arrangements and the transactions contemplated thereunder.

INDEPENDENT FINANCIAL ADVISER

Somerley Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the New Contractual Arrangements.

DEFINITIONS

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

“Ancillary Equity Transfer Agreement”	the equity transfer agreement entered into between Jinxin Medical Investment and the WFOE involving the transfer of the equity interests held by Jinxin Medical Investment in Chengdu Health, Jinmai Testing and Jinxin Obstetric Health to the WFOE, as further detailed in the section headed “The Transfers — The Ancillary Equity Transfer Agreement” in this announcement
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Chengdu Health”	Chengdu Jinxin Health Management Co., Ltd.* (成都錦欣健康管理有限公司), a limited liability company established under the laws of the PRC on December 24, 2014, an indirect subsidiary of the Company
“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, an indirect subsidiary of the Company
“Company”	Jinxin Fertility Group Limited
“connected person”	has the meaning ascribed to it under the Listing Rules
“Contractual Arrangements”	has the meaning as defined in the Prospectus
“Director(s)”	the director(s) of the Company

“EGM”	the extraordinary general meeting to be convened and held by the Company to consider and, if thought fit, approve the Termination Agreements, the Hospital Equity Transfer Agreement, the Ancillary Equity Transfer Agreement, the New Contractual Arrangements and the transactions contemplated thereunder
“Equity Transfer Agreements”	collectively, the Hospital Equity Transfer Agreement and the Ancillary Equity Transfer Agreement
“Existing Contractual Arrangements”	the series of contractual arrangements, as the case may be, entered into to allow the Company to receive the economic benefits of its VIE Entities, details on the terms of which are described in the section headed “Contractual Arrangements” in the Prospectus
“Existing Sichuan WCH Contractual Arrangements”	the series of contractual arrangements entered into by Sichuan WCH, Jinxin Medical Investment, Jinyi Hongkang and the Registered Shareholders
“Group”	the Company and its subsidiaries
“Hewanjia Hospital”	Kunming Jinxin Hewanjia Obstetrics and Gynecology Hospital Co., Ltd.* (昆明錦欣和萬家婦產醫院有限公司), a company established under the laws of the PRC with limited liability on January 15, 2014
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hospital Equity Transfer Agreement”	the equity transfer agreement entered into between Jinxin Investment Group Limited and Jinyi Hongkang, as further detailed in the section headed “The Transfers — The Hospital Equity Transfer Agreement” in this announcement
“Independent Shareholders”	Shareholders who are independent of and have no interest in the transactions contemplated under the Equity Transfer Agreements, the Termination Agreements and the New Contractual Arrangements

“Internal Restructuring”	<p>the proposed internal restructuring of the Group involving (a) the transfer of 100% equity interest of Jinxin Medical Investment from Jinxin Investment Group Limited to Jinyi Hongkang under the Hospital Equity Transfer Agreement, (b) the transfer of 51% equity interest in Jinmai Testing, 100% equity interest in Chengdu Health and 51% equity interest in Jinxin Obstetric Health under the Ancillary Equity Transfer Agreement from Jinxin Medical Investment to the WFOE; (c) the termination of the Existing Sichuan WCH Contractual Arrangements under the Termination Agreements, and (d) the entering into of the New Contractual Arrangements</p>
“IPO Waiver”	<p>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 are listed on the Stock Exchange, subject to compliance with the waiver conditions as disclosed in the section headed “Connected Transactions” in the Prospectus</p>
“Jinmai Testing”	<p>Chengdu Jinmai Innovative Testing Co., Ltd.* (成都市錦邁創新實驗檢測有限公司), a joint venture company established under the laws of the PRC on June 17, 2019 by Jinxin Medical Investment and Sichuan Micromedical Products Co., Ltd.* (四川省邁可多醫療用品有限公司) (an independent third party of the Company) as to 51% and 49%, respectively, an indirect subsidiary of the Company</p>
“Jinrun Fude”	<p>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 subsidiary by virtue of the Existing Contractual Arrangements</p>

“Jinxin Investment Group Limited”	Jinxin Investment Group Limited* (錦欣投資集團有限公司), a limited liability company established under the laws of Hong Kong and an indirect subsidiary of the Company
“Jinxin Medical Investment”	Jinxin Medical Investment Company Limited* (錦欣醫療投資有限公司), a company established under the laws of the PRC with limited liability, the Company’s indirect wholly-owned subsidiary prior to the Transfer
“Jinxin Obstetric Health”	Chengdu Jinxin Obstetric Health Management Consulting Co., Ltd.* (成都錦欣產康健康管理諮詢有限公司), a limited liability company established under the laws of the PRC on April 18, 2022 and is owned respectively as to 51% and 49% by Jinxin Medical Investment and Sichuan Jinpei Health Management Co., Ltd. (四川錦沛健康管理有限責任公司) (an independent third party of the Company), and is an indirect subsidiary of the Company
“Jinyi Hongkang”	Chengdu Jinyi Hongkang Corporate Management Co, Ltd.* (成都錦逸弘康企業管理有限公司), a limited liability company established under the laws of the PRC on February 5, 2018, the Company’s subsidiary by virtue of the Existing Contractual Arrangements
“Jiuzhou Hospital”	Yunnan Jinxin Jiuzhou Hospital Co., Ltd.* (雲南錦欣九洲醫院有限公司), a company established under the laws of the PRC with limited liability on September 24, 2003
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“Molecular Genetics Services”	medical services involving molecular genetics (分子遺傳)
“New Contractual Arrangements”	a series of contractual arrangements to be entered into by the WFOE, the Registered Shareholders, Jinyi Hongkang, Jinxin Medical Investment and Sichuan WCH, details of which are described in the section headed “New Contractual Arrangements” in this announcement

“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Legal Advisers”	Jingtian & Gongcheng, the legal advisers of the Company as to PRC laws
“Prospectus”	the prospectus of the Company dated June 13, 2019
“Registered Shareholders”	two individual shareholders of Jinyi Hongkang, namely Ms. Lyu Rong and Mr. Xu Jun
“Relevant Equity Interest”	the subject equity interest under the Transfers, namely 100% equity interest in Jinxin Medical Investment, 51% equity interest in Jinmai Testing, 100% equity interest in Chengdu Health and 51% equity interest in Jinxin Obstetric Health
“Relevant Subsidiaries”	collectively, Jinxin Medical Investment, Jinmai Testing, Chengdu Health and Jinxin Obstetric Health
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares of US\$0.00001 par value each in the share capital of the Company
“Shareholder(s)”	holders of the Shares
“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 PRC with limited liability on May 18, 2004, an indirect subsidiary of the Company and is a for-profit specialty hospital
“Sichuan WCH”	Sichuan Jinxin Women and Children Hospital Co., Ltd.* (四川錦欣婦女兒童醫院有限公司), a limited liability company established under the laws of the PRC, the Company’s subsidiary by virtue of the New Contractual Arrangements

“Somerley Capital”	Somerley Capital Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities and being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the New Contractual Arrangements
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Termination Agreements”	the termination agreement to be entered into by Sichuan WCH, Jinyi Hongkang, the Registered Shareholders and Jinxin Medical Investment in relation to the termination of the Existing Sichuan WCH Contractual Arrangements
“Transfer”	the transfer of (a) the entire equity interest of Jinxin Medical Investment from Jinxin Investment Group Limited to Jinyi Hongkang, and (b) the entire equity interest held by Jinxin Medical Investment in each of Jinmai Testing, Chengdu Health and Jinxin Obstetric Health from Jinxin Medical Investment to the WFOE, pursuant to the terms and conditions of the Equity Transfer Agreements
“VIE Entities”	the entities that the Group controls certain percentage of their shareholding through the Existing Contractual Arrangements which comprised, Chengdu Xinan Hospital, Shenzhen Zhongshan Hospital, Sichuan WCH, Jiuzhou Hospital and Hewanjia Hospital

“WFOE”

Sichuan Jinxin Medical Management Co., Ltd. (四川錦欣醫療管理有限公司), a company established under the laws of the PRC and a subsidiary of the Company

“%”

per cent

* for identification purpose only

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

Hong Kong, November 7, 2022

As of the date of this announcement, the Board of Directors of the Company comprises Mr. Zhong Yong, Dr. John G. Wilcox, Mr. Dong Yang, Dr. Geng Lihong and Ms. Lyu Rong, 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.