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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)

**PLACING OF EXISTING SHARES AND
TOP-UP SUBSCRIPTION OF NEW SHARES
UNDER GENERAL MANDATE**

Overall Coordinator and Placing Agent

Morgan Stanley

PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On January 5, 2023 (before trading hours), the Company entered into the Placing and Subscription Agreement with the Vendor and the Placing Agent, pursuant to which, (i) the Vendor agreed to sell, and the Placing Agent agreed, as the sole agent of the Vendor, to procure purchaser to purchase, on a fully underwritten basis, 175,000,000 Shares in aggregate held by the Vendor, at a price of HK\$6.725 per Share, representing approximately 6.95% of the issued share capital of the Company as of the date of this announcement; and (ii) the Vendor conditionally agreed to subscribe as principal for, and the Company conditionally agreed to issue, 175,000,000 new Shares, being equivalent to the number of Placing Shares at the Subscription Price, which is equivalent to the Placing Price of HK\$6.725 per Share.

The Placing Agent conditionally agreed to act as the sole agent for the Vendor (to the exclusion of all others) to place, on a fully underwritten basis, 175,000,000 existing Shares in their respective allocation proportions, representing approximately 6.95% of the issued share capital of the Company as of the date of this announcement and approximately 6.50% of the enlarged issued share capital immediately after the Subscription (assuming there will be no change in the issued share capital of the Company from the date of this announcement to completion of the Subscription save for the issue of the Subscription Shares).

The net proceeds (after deduction of all costs and expenses) to be received by the Company from the Subscription are expected to be approximately HK\$1,162.31 million. The Company intends to use the net proceeds from the Subscription for (i) the redemption and repayment of the relevant part of the outstanding convertible bonds issued by the Company on November 26, 2021 in the principal amount of HKD1,814,706,000, details of which were disclosed in the announcement of the Company dated October 19, 2021; and (ii) working capital and general corporate purpose of the Group.

The Placing and Subscription Agreement may be terminated pursuant to the termination provisions contained therein. In addition, completion of the Placing and Subscription is subject to the fulfillment of the conditions under the Placing and Subscription Agreement. As the Placing and Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares and other securities of the Company.

THE PLACING AND SUBSCRIPTION AGREEMENT

On January 5, 2023 (before trading hours), the Company entered into the Placing and Subscription Agreement with the Vendor and the Placing Agent, pursuant to which, (i) the Vendor agreed to sell, and the Placing Agent agreed, as the sole agent of the Vendor, to procure purchaser to purchase, on a fully underwritten basis, 175,000,000 Shares in aggregate held by the Vendor, at a price of HK\$6.725 per Share, representing approximately 6.95% of the issued share capital of the Company as of the date of this announcement; and (ii) the Vendor conditionally agreed to subscribe as principal for, and the Company conditionally agreed to issue, 175,000,000 new Shares, being equivalent to the number of Placing Shares at the Subscription Price, which is equivalent to the Placing Price of HK\$6.725 per Share. The principal terms of the Placing and Subscription Agreement are set out below.

Date

January 5, 2023 (before trading hours)

Parties

- (1) the Company;
- (2) the Vendor; and
- (3) the Placing Agent.

As of the date of this announcement, the Vendor holds 319,471,061 Shares, representing approximately 12.69% of the existing issued share capital of the Company, thus a substantial Shareholder of the Company.

(I) PLACING

Number of Placing Shares

The Placing Agent conditionally agreed to act as the sole agent for the Vendor (to the exclusion of all others) to place, on a fully underwritten basis, 175,000,000 existing Shares in their respective allocation proportions, representing approximately 6.95% of the issued share capital of the Company as of the date of this announcement and approximately 6.50% of the enlarged issued share capital immediately after the Subscription (assuming there will be no change in the issued share capital of the Company from the date of this announcement to completion of the Subscription save for the issue of the Subscription Shares).

Placing Price

The Placing Price is HK\$6.725 per Share and represents:

- (i) a discount of approximately 8.00% to the closing price of HK\$7.31 per Share as quoted on the Stock Exchange on January 4, 2023, the Last Trading Day; and
- (ii) a discount of approximately 9.17% to the average closing price of HK\$7.40 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to and including the Last Trading Day.

The Placing Price was arrived at after arm's length negotiations among the Company, the Vendor and the Placing Agent with reference to the prevailing market price of the Shares and market demand for the Placing Shares. The Directors (including the independent non-executive Directors) consider that the Placing Price and the terms and conditions of the Placing is fair and reasonable under the current market conditions and are in the best interests of the Company and the Shareholders as a whole.

Rights and Ranking of the Placing Shares

The Placing Shares will be sold free from all pledges, liens and encumbrances, equities, security interests or other claims binding upon the Vendor and together with the same rights as, and rank *pari passu* with, all of the other Shares of the same class. If the placees or the Placing Agent (if and as applicable) elect to take up any Placing Shares, they will receive all dividends and distributions declared, made or paid on or after the Transaction Date.

Independence of the Placing Agent and the Placees

None of the Company and the Vendor is or has been participating in selecting or identifying placees for the Placing.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as of the date of this announcement, the Placing Agent and its ultimate beneficial owner(s) are third parties independent of, and not connected with, the Company and its connected persons.

It is expected that the Placing Shares will be placed by the Placing Agent to not less than six independent professional, institutional and/or individual investors who, together with their respective ultimate beneficial owners, are third parties independent of and not connected with the Company or its connected persons. It is not expected that any placee will become a substantial Shareholder of the Company as a result of the Placing.

Commission

In consideration of the services of the Placing Agent in relation to the Placing, the Placing Agent is entitled to a commission equivalent to 0.80% of the aggregate value of the Placing Shares at the Placing Price. Assuming all the Placing Shares are placed, the maximum aggregate commission payable by the Company to the Placing Agent shall be HK\$9,415,000.

Conditions of the Placing

The Placing is conditional upon, among others, (i) the customary termination events as set out in the Placing and Subscription Agreement not having occurred before the Closing Date; (ii) the representations and warranties made by any of the Company and the Vendor pursuant to the Placing and Subscription Agreement being true and accurate in all material respects and not misleading as of the date of the Agreement and the Closing Date; and (iii) each of the Company and the Vendor having complied with all of the agreements and undertakings and satisfied all of the conditions on its part to be complied with or satisfied under the Placing and Subscription Agreement on or before the Closing Date.

Completion of the Placing

The parties expect that the Placing will be completed on the Closing Date.

(II) SUBSCRIPTION

Number of Subscription Shares

175,000,000 new Subscription Shares to be allotted and issued to the Vendor and subscribed by the Vendor, representing approximately 6.95% of the issued share capital of the Company as of the date of this announcement and approximately 6.50% of the enlarged issued share capital of the Company immediately after the Subscription (assuming there will be no change in the issued share capital of the Company from the date of this announcement to completion of the Subscription save for the issue of the Subscription Shares).

Subscription Price

The Subscription Price per Subscription Share is equivalent to the Placing Price of HK\$6.725 per Share. The aggregate nominal value of the Subscription Shares will be US\$1,750 on the basis of full subscription of all the Subscription Shares. The net Subscription Price, after deduction of all relevant fees, costs and expenses to be borne by the Company (being approximately HK\$0.083 per Subscription Share) is estimated to be HK\$6.642 per Subscription Share.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Vendor with reference to the Placing Price.

The Directors consider that the Subscription Price and the terms of the Subscription are fair and reasonable under the current market conditions and are in the interest of the Company and the Shareholders as a whole.

General mandate to Issue the Subscription Shares

The Subscription Shares will be allotted and issued under the General Mandate granted to the Directors at the 2022 AGM.

Under the General Mandate, a maximum of 500,370,560 new Shares may be allotted and issued by the Company. As of the date of this announcement, the General Mandate has not been utilized. Accordingly, the allotment and issue of the Subscription Shares is not subject to any further approval of the Shareholders.

Ranking of the Subscription Shares

The Subscription Shares, when fully paid, will rank *pari passu* in all respects with the other Shares in issue or to be issued by the Company on or prior to the completion date of the Subscription, including the rights to any dividends or distributions declared, made or paid after the date of allotment of the Subscription Shares.

Conditions of the Subscription

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

- (a) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares (and such listing and permission not subsequently revoked prior to completion of the Subscription); and
- (b) completion of the Placing having occurred pursuant to the terms of the Placing and Subscription Agreement.

In the event that the conditions stated above are not fulfilled within fourteen (14) days after the date of the Placing and Subscription Agreement (or such later date as may be agreed between the Company and the Vendor), the obligations and liabilities of the Vendor and the Company under the Subscription shall be null and void and neither the Company nor the Vendor shall have any claim against the other for costs, damages, compensation or otherwise.

Completion of the Subscription

Completion of the Subscription will take place on the second Business Day (or such other time and/or date as the Vendor and the Company may agree in writing) after the date upon fulfillment of the last of the above conditions.

As the Vendor (a substantial Shareholder of the Company) is a connected person of the Company and the Subscription constitutes a connected transaction of the Company exempt under Rule 14A.92(4) of the Listing Rules, if the Subscription is not completed within fourteen (14) days after the date of the Placing and Subscription Agreement, the relevant provisions of the Listing Rules in relation to connected transactions will apply (including the independent Shareholders' approval requirement) to the Subscription, unless otherwise waived by the Stock Exchange. Further announcement will be made if this occurs.

Application for Listing

An application will be made by the Company to the Stock Exchange for the granting of the listing of, and permission to deal in, the Subscription Shares.

(III) LOCK-UP UNDERTAKINGS

Pursuant to the Placing and Subscription Agreement, the Company undertakes to the Placing Agent, and the Vendor undertakes to the Placing Agent to procure, that for a period of ninety (90) days from the Closing Date, the Company will not, except for (1) the allotment and issuance of the Subscription Shares or (2) the allotment and issuance of any Shares pursuant to (i) the terms of any employee share option scheme or share award scheme of the Company from time to time; or (ii) bonus or scrip dividend or similar arrangements which provide for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with its articles of association:

- (a) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Share(s) or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to Shares or interest in Shares; or
- (b) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (a) above; or
- (c) announce any intention to enter into or effect any such transaction described in (a) or (b) above,

unless with the prior written consent of the Placing Agent.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there is no change to the issued share capital of the Company from the date of this announcement to the date of completion of the Placing and the Subscription, the shareholding structure of the Company (1) as of the date of this announcement; (2) immediately after completion of the Placing but before the Subscription; and (3) immediately after completion of the Placing and the Subscription is summarized as follows:

Shareholder	As of the date of this announcement		Immediately after completion of the Placing but before the Subscription		Immediately after completion of the Placing and the Subscription	
	<i>Number of Shares</i>	<i>Approximate shareholding percentage⁽³⁾</i>	<i>Number of Shares</i>	<i>Approximate shareholding percentage</i>	<i>Number of Shares</i>	<i>Approximate shareholding percentage</i>
The Vendor ⁽¹⁾	319,471,061	12.69%	144,471,061	5.74%	319,471,061	11.87%
HRC Investment Holding, LLC ⁽²⁾	296,923,575	11.80%	296,923,575	11.80%	296,923,575	11.03%
Hillhouse Capital Advisors, Ltd.	186,863,349	7.42%	186,863,349	7.42%	186,863,349	6.94%
Gaoling Fund, L.P. ⁽²⁾	161,915,349	6.43%	161,915,349	6.43%	161,915,349	6.02%
Directors and their respective associates	15,495,500	0.62%	15,495,500	0.62%	15,495,500	0.58%
Placees	0	0%	175,000,000	6.95%	175,000,000	6.50%
Other public Shareholders	1,698,099,317	67.47%	1,698,099,317	67.47%	1,698,099,317	63.08%
Total issued share capital	<u>2,516,852,802</u>	<u>100%</u>	<u>2,516,852,802</u>	<u>100%</u>	<u>2,691,852,802</u>	<u>100%</u>

Notes:

- (1) The Vendor is ultimately controlled by the individual Shareholders, and none of the individual Shareholders are interested in 10% or more of the Company's issued share capital upon the listing of the shares of the Company and remain as one of the Company's substantial Shareholders upon the listing of the shares of the Company and as of the date of this announcement.
- (2) Hillhouse Capital Advisors, Ltd. is the investment manager of Gaoling Fund, L.P. and is therefore deemed to be interested in the Shares held by Gaoling Fund, L.P.
- (3) The calculation is based on the total number of 2,516,852,802 Shares in issue as of the date of this announcement.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE-MONTH PERIOD

Save as disclosed below, the Company did not conduct any equity fund raising activities in the past twelve-month period immediately preceding the date of this announcement. The actual use of proceeds from the fund raising activity mentioned below is in line with the intended use of proceeds as disclosed in the relevant announcement as follows:

Date of announcement	Fund raising activity	Approximate net proceeds raised	Intended use of net proceeds	Actual use of proceeds
April 13, 2022	Allotment and issuance of new Shares to Mr. Zeng Yong in satisfaction of the consideration in relation to the Company's acquisition of Mr. Zeng Yong's 5.46% equity interest in Shenzhen Zhongshan Hospital, being HK\$97,500,000	Approximately HK\$96.3 million	For the expansion and upgrading of Shenzhen Zhongshan Hospital by December 2023	The expansion and upgrading of Shenzhen Zhongshan Hospital is expected to commence in the first quarter of 2023 and be completed by December 2023. Hence, as of the date of this announcement, the Group has not utilized such proceeds.

REASONS FOR THE PLACING AND THE SUBSCRIPTION

The Directors consider that the Placing and the Subscription represent an opportunity to raise capital for the Company while broadening its shareholder and capital base. The Directors are of the view that the Placing and the Subscription would strengthen the financial position of the Group and provide working capital to the Group.

The Directors consider that the terms of the Placing and Subscription Agreement (including the Subscription Price and the Placing Price) are fair and reasonable, on normal commercial terms and that the entering into of the Placing and Subscription Agreement is beneficial to the Company and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS FROM THE SUBSCRIPTION

The gross proceeds and net proceeds (after deduction of all costs and expenses) to be received by the Company from the Subscription are expected to be approximately HK\$1,176.88 million and HK\$1,162.31 million, respectively.

The Company intends to use the net proceeds from the Subscription in the following manner:

- (i) approximately 85%, being approximately HK\$987.97 million, will be used for the redemption and repayment of the relevant part of the outstanding convertible bonds issued by the Company on November 26, 2021 in the principal amount of HK\$1,814,706,000, details of which were disclosed in the announcement of the Company dated October 19, 2021; and
- (ii) approximately 15%, being approximately HK\$174.35 million, will be used for working capital and general corporate purpose of the Group.

INFORMATION ABOUT THE COMPANY AND THE VENDOR

Information of the Company

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

Information of the Vendor

The Vendor is an exempted company incorporated in the British Virgin Islands with limited liability and is an investment holding company. It has been a substantial Shareholder of the Company and is ultimately controlled by the individual Shareholders. None of the individual Shareholders is interested in 10% or more of the Company's issued share capital as of the date of this announcement.

The Placing and Subscription Agreement may be terminated pursuant to the termination provisions contained therein. In addition, completion of the Placing and Subscription is subject to the fulfillment of the conditions under the Placing and Subscription Agreement. As the Placing and Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

“2022 AGM”	the annual general meeting of the Company held on June 28, 2022
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday) on which banks are generally open for business in Hong Kong
“China” or “PRC”	the People’s Republic of China, which, for the purposes of this announcement only, does not include Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Closing Date”	January 9, 2023 or such other date as the Vendor and the Placing Agent may agree in writing
“Company”	Jinxin Fertility Group Limited (錦欣生殖醫療集團有限公司*), a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Directors”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors on June 28, 2022 by a resolution of the Shareholders passed at the 2022 AGM to allot and issue up to 20% of the total number of Shares in issue on June 28, 2022
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Last Trading Date”	January 4, 2023, being the last full trading day of the Shares on the Stock Exchange immediately prior to the date of this announcement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of the Placing Shares by the Placing Agent to placees at the Placing Price pursuant to the Placing and Subscription Agreement
“Placing Agent”	Morgan Stanley Asia Limited
“Placing and Subscription Agreement”	the placing and subscription agreement dated of January 5, 2023 entered into among the Company, the Vendor and the Placing Agent in relation to the Placing and the Subscription
“Placing Price”	HK\$6.725 per Placing Share (exclusive of all brokerage, Hong Kong stamp duty, transaction levies of the Securities and Futures Commission, Accounting and Financial Reporting Council transaction levy and trading fees of the Stock Exchange)
“Placing Shares”	175,000,000 Shares currently owned by the Vendor and to be placed by the Placing Agent pursuant to the Placing and Subscription Agreement
“Share(s)”	ordinary share(s) of the Company with nominal value of US\$0.00001 each
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Vendor pursuant to the Placing and Subscription Agreement
“Subscription Price”	HK\$6.725 per Subscription Share
“Subscription Shares”	175,000,000 Shares to be subscribed by the Vendor pursuant to the Subscription
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules

“Transaction Date”	the date when the sale of the Placing Shares shall be reported as a cross-trade to the Stock Exchange which shall be January 5, 2023 where the cross-trade can be reported to the Stock Exchange in accordance with its rules, or such other date as the Vendor and the Placing Agent may agree in writing
“US\$”	United States dollar(s), the lawful currency of the United States of America
“Vendor”	JINXIN Fertility Investment Group Limited, an exempted company incorporated in the British Virgin Islands with limited liability, being a substantial shareholder of the Company interested in 319,471,061 Shares, representing approximately 12.69% of the existing issued share capital of the Company as of the date of this announcement
“%”	per cent

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

Hong Kong, January 5, 2023

For the purpose of this announcement, conversion of US\$ into HK\$ is based on the exchange rate of US\$1.00 to HK\$7.80. The exchange rate is used for illustration purposes only and should not be taken as a representation that the HK\$ amount could actually be converted into US\$ at that rate, or at all.

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, Ms. Lyu Rong and Dr. Geng Lihong, as executive Directors; Mr. Fang Min, Ms. Hu Zhe and Ms. Yan Xiaoqing, as non-executive Directors; and Dr. Chong Yat Keung, Mr. Li Jianwei, Mr. Wang Xiaobo and Mr. Ye Changqing, as independent non-executive Directors.

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

* *For identification purpose only*