

IPO FACT SHEET
Jinxin Fertility Group Limited (1951)
ISSUE STATISTICS

Offer Size:	HK\$2,771.28m - HK\$3,049.83m
Placement Tranche:	357.124m
Price:	HK\$7.76 - HK\$8.54
Board lot:	2,000
Entry fee:	HK\$17,252.11
Historical PE	76.5x – 84.1x
Net tangible asset per share:	HK\$1.15 - HK\$1.26
Market Cap (post-IPO):	HK\$18,475m- HK\$20,332m
Open:	13 June 2019
Close:	12.00 noon on 18 June 2019
Trading:	25 Jun 2019
Sponsor:	Morgan Stanley Asia Limited and CLSA Capital Markets Limited

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2017	662,774	91.3%
2018	921,994	39.1%
Profit and total comprehensive income for the year		
2017	198,551	91.6%
2018	212,124	6.8%

BACKGROUND

- The Group is a leading assisted reproductive services (“ARS”) provider in China and the United States. The assisted reproductive medical facilities in its network in China ranked third in China’s ARS market in 2018 with 20,958 in vitro fertilization (“IVF”) treatment cycles performed, representing approximately 3.1% of total China market share, according to the F&S Report.
- HRC Fertility (including HRC Medical, which is managed by HRC Management pursuant to the MSA) ranked first in the Western United States’ ARS market in 2018 with 4,500 IVF treatment cycles performed, representing approximately 7.5% of total western U.S. market share.
- According to the F&S Report, the assisted reproductive medical facilities in its network in China achieved a higher success rate of 54% in 2018, compared to the national average of 45%. Likewise, HRC Fertility had achieved a success rate of 62% in 2016, higher than the United States national average of 53% and the California state average of 57%.
- Due to an increased infertility rate and recent government incentive policies, such as the Two-child Policy in 2015, the PRC ARS market grew at a CAGR of 13.6% from 2014 to 2018, and is expected to grow at a CAGR of 14.5% from 2018 to 2023. The penetration rate of ARS market in the PRC was low at 7.0% in 2018 and is expected to grow to 9.2% in 2023.

BUSINESS STRATEGIES

- Increase market share, productivity and capacity.
- Continue to invest in research and development to enhance overall performance.
- Continue to improve its brand awareness.
- Expand its platform reach through acquisition.

COMPETITIVE STRENGTHS

- A leading ARS provider in China well-positioned in a fast-growing market with significant unmet demand.
- A leading ARS provider in the United States providing a full range of ARS services.
- Superior success rates underpinned by medical excellence.

- High productivity from optimized operating model.
- Experienced and visionary management team.

KEY RISKS

- The assisted reproductive medical facilities in its network conduct business in a heavily regulated industry.
- Any adverse change in the regulatory regime relating to the PRC healthcare industry may limit the ability to provide ARS by the medical facilities in its network.
- Ability to attract and retain a sufficient number of qualified physicians, administrators and other medical personnel.
- The Group derived and expect to derive a majority of revenue from Sichuan and Guangdong in the PRC and California in the United States, and may be particularly sensitive to adverse developments with respect to local conditions and changes in these regions, such as with respect to their economy, laws and regulations, and any force majeure events, natural disasters or outbreaks of contagious diseases in these regions.
- Any failure to obtain or maintain any license may subject the assisted reproductive medical facilities in its network to penalties.
- If the validity of its MSA cannot be upheld or its MSA is terminated under applicable law, the results of operations and financial condition will be materially impaired.
- The Group has recognized goodwill in connection with its acquisition and may recognize goodwill in connection with acquisitions in the future. If the Group determines that it is required to impair its goodwill, it could adversely affect the Group's results of operations and financial position.
- The Group has intangible assets other than goodwill. If its other intangible assets were determined to require impairment, it could adversely affect the results of operations and financial position.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
To expand and upgrade existing assisted reproductive medical facilities in its network in China and recruit medical professionals, including physicians and embryologists.	668.6	25.0%
For the potential acquisition of additional assisted reproductive medical facilities in provinces in China that the Group is currently not operating in.	534.9	20.0%
For investment in research and development.	267.4	10.0%
For the potential acquisitions of ARS service providers and businesses along the ARS service chain.	534.9	20.0%
To improve brand awareness and general ARS awareness in both China and the United States, such as conducting academic promotions, developing social media tools, and conducting marketing activities in the United States	401.2	15.0%
For working capital and general corporate purposes.	267.4	10.0%
Total:	2,674.4	100.0%

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