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**Jinxin Fertility Group Limited**

**錦欣生殖醫療集團有限公司 \***

*(Incorporated under the laws of the Cayman Islands with limited liability)*

**(Stock Code: 1951)**

**(1) GRANT OF RESTRICTED SHARES UNDER 2022 RESTRICTED  
SHARE AWARD SCHEME**  
**(2) CONNECTED TRANSACTION INVOLVING PROPOSED GRANT  
OF RESTRICTED SHARES TO CONNECTED PERSONS**

The Board is pleased to announce that on January 18, 2023, it has approved, subject to acceptance of the Grantees and other conditions, the grant of 65,853,241 Restricted Shares in aggregate to the Grantees under the 2022 Restricted Share Award Scheme, of which (i) 29,060,994 Restricted Shares are granted to 159 employees of the Company (who, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company) and shall be satisfied by the issue and allotment of new Shares to the Trustee pursuant to the 2022 General Mandate and in accordance with the terms of the Scheme Rules; and (ii) 36,792,247 Restricted Shares are proposed to be granted to 5 Directors and 10 Subsidiary Directors (who are connected persons of the Company) and shall be satisfied by the issue and allotment of new Shares to the Trustee pursuant to a specific mandate and in accordance with the terms of the Scheme Rules.

The new Shares to be issued will be held on trust for the Grantees until the end of each vesting period which may differ among the Grantees and be transferred to the Grantees upon satisfaction of the relevant vesting conditions as determined by the Board.

The new Shares to be issued and allotted by the Company pursuant to the Grant represent approximately 2.4464% of the Company's issued share capital as at the date of this announcement and approximately 2.3880% of the Company's enlarged issued share capital after the said issue and allotment of Shares in full, respectively. Following the Grant, the number of Shares available for future grant pursuant to the 2022 Restricted Share Award Scheme is 9,374,273 Shares.

## **LISTING RULES IMPLICATIONS**

The 2022 Restricted Share Award Scheme does not constitute a share scheme pursuant to the new Chapter 17 (effective on January 1, 2023) of the Listing Rules and is a discretionary scheme of the Company. The Company will comply with the new Chapter 17 in accordance with the transitional arrangements for the existing share schemes.

The Connected Grantees, being the Directors and the Subsidiary Directors, are connected persons of the Company pursuant to Rule 14A.07 of the Listing Rules. Therefore, the proposed issue and allotment of the new Restricted Shares to the Connected Grantees shall constitute a connected transaction of the Company under Chapter 14A of the Listing Rules and shall be subject to the reporting, announcement, circular and the Independent Shareholders' approval under the Listing Rules.

The EGM will be convened and held to consider, and if thought fit, approve among other things, the Grant and the issue and allotment of the new Restricted Shares to the Connected Grantees together with other transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Grant and the issue and allotment of the new Restricted Shares to the Connected Grantees together with other transactions contemplated thereunder, (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Grant of new Restricted Shares to the Connected Grantees and the transactions contemplated thereunder, (iii) a letter of advice of the independent financial advisor to the Independent Shareholders, and (iv) the notice convening the EGM will be despatched to the Shareholders on or before February 13, 2023.

The Board is pleased to announce that on January 18, 2023, it has approved, subject to acceptance of the Grantees and other conditions, the grant of 65,853,241 Restricted Shares in aggregate to the Grantees under the 2022 Restricted Share Award Scheme, of which (i) 29,060,994 Restricted Shares are granted to 159 employees of the Company (who, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company) and shall be satisfied by the issue and allotment of new Shares to the Trustee pursuant to the 2022 General Mandate and in accordance with the terms of the Scheme Rules; and (ii) 36,792,247 Restricted Shares are proposed to be granted to 5 Directors and 10 Subsidiary Directors (who are connected persons of the Company) and shall be satisfied by the issue and allotment of new Shares to the Trustee pursuant to a specific mandate and in accordance with the terms of the Scheme Rules.

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The new Shares to be issued and allotted by the Company pursuant to the Grant represent approximately 2.4464% of the Company's issued share capital as at the date of this announcement and approximately 2.3880% of the Company's enlarged issued share capital after the said issue and allotment of Shares in full, respectively. Following the Grant, the number of Shares available for future grant pursuant to the 2022 Restricted Share Award Scheme is 9,374,273 Shares.

The details of the Grant are summarized as follows:

Name of Grantees	Number of Restricted Shares	Approximate percentage of shareholding in the issued Shares as at the date of this announcement	Approximate percentage of shareholding in the issued Shares as enlarged by the allotment and issue of 65,853,241 Restricted Shares
<b><i>Non-Connected Grantees</i></b>			
159 employees of the Group (who, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company)	29,060,994	1.0796%	1.0538%
<b><i>Connected Grantees</i></b>			
<b><i>Executive Directors</i></b>			
Mr. Zhong Yong (鍾勇)	6,623,611	0.2461%	0.2402%
Dr. John G. Wilcox	10,000,000	0.3715%	0.3626%
Mr. Dong Yang (董陽)	5,419,318	0.2013%	0.1965%
Ms. Lyu Rong (呂蓉)	5,419,318	0.2013%	0.1965%
Dr. Geng Lihong (耿麗紅)	600,000	0.0223%	0.0218%

Name of Grantees	Number of Restricted Shares	Approximate percentage of shareholding in the issued Shares as at the date of this announcement	Approximate percentage of shareholding in the issued Shares as enlarged by the allotment and issue of 65,853,241 Restricted Shares
<i>Subsidiary Directors</i>			
Ms. Li Yuan (李媛)	2,000,000	0.0743%	0.0725%
Ms. Duan Hongmei (段紅梅)	2,000,000	0.0743%	0.0725%
Ms. Zhao Juanjuan (趙娟娟)	1,600,000	0.0594%	0.0580%
Ms. Liu Yi (柳怡)	1,000,000	0.0371%	0.0363%
Ms. Deng Jianglin (鄧江林)	410,000	0.0152%	0.0149%
Mr. Zhang Yang (張洋)	600,000	0.0223%	0.0218%
Mr. Jiang Yingshuang (蔣穎爽)	410,000	0.0152%	0.0149%
Ms. Huang Hanmei (黃寒梅)	300,000	0.0111%	0.0109%
Mr. Diao Lianghui (刁梁輝)	205,000	0.0076%	0.0074%
Ms. Dong Jingjing (董靜靜)	205,000	0.0076%	0.0074%
Total	<u>65,853,241</u>	<u>2.4464%</u>	<u>2.3880%</u>

**Date of Grant:** January 18, 2023, subject to the acceptance of the Grantees and other conditions as may be determined by the Board. In particular, the grant to the Connected Grantees will be subject to the approval by the Independent Shareholders at the EGM.

**Consideration for the Restricted Shares:** Nil

**Market price of the Shares:** The closing price of the Shares on the date of Grant as quoted on the Stock Exchange is HK\$7.34 per Share.

**Funds to be raised:** The Grantees are not required to pay any consideration for the grant of the new Restricted Shares. No fund will be raised by the Company as a result of the issue of the new Restricted Shares.

**Vesting Period:** The Restricted Shares under the Grant shall, subject to the achievement of the relevant performance targets, be vested in accordance with the following schedule:

- (i) 20% of the Restricted Shares under the Grant shall be vested on the first anniversary of the date of Grant;
- (ii) 20% of the Restricted Shares under the Grant shall be vested on the second anniversary of the date of Grant;
- (iii) 20% of the Restricted Shares under the Grant shall be vested on the third anniversary of the date of Grant;
- (iv) 20% of the Restricted Shares under the Grant shall be vested on the fourth anniversary of the date of Grant; and
- (v) 20% of the Restricted Shares under the Grant shall be vested on the fifth anniversary of the date of Grant.

### **Performance Targets**

With respect to the Restricted Shares granted to the Grantees, the vesting of the Restricted Shares during the respective vesting periods above are conditional upon the achievement of a number of performance targets as determined by the Board at its sole discretion. The vesting conditions are based on a set of indicators that are linked with and subject to the overall performance targets of the Group, the relevant hospitals and individuals, which may evolve over time and are generally based on a combination of both financial and non-financial key performance metrics including, but not limited to: (i) the financial performance of the Group and its hospitals (such as normalized net profits and revenue); (ii) the business development and operations of the Group and its hospitals (such as increase in the number of successful IVF fertility treatment cycles performed and acquisition of licenses, and improvement of medical quality of the IVF fertility treatment); (iii) the results of the individual performance assessment for the Grantees taking into account of their role and responsibilities, seniority, experience, expertise, historical and expected contributions to the Group; and (iv) the brand reputation, compliance and ethics culture, sustainability and corporate governance of the Group. Upon fulfillment of the performance targets by a Grantee for the year immediately before the end of a vesting period, the Restricted Shares which are scheduled to be vested to him/her for that vesting period will be vested in full.

## Clawback Mechanism

Where the events as specified in the Scheme Rules arise, unless the Board determines otherwise at its sole discretion, the Grantee shall cease immediately to be entitled to all his/her rights and benefits to the Restricted Shares outstanding and unvested. Such events include but are not limited to: (i) the Grantee ceases to be an employee of the Group or an Eligible Participant (otherwise than by reason of redundancy or by unilateral termination of employment by the Company without cause); (ii) the Grantee has been convicted for any criminal offence involving his/her integrity or honesty; or (iii) the Grantee has committed any material breach of any contract entered into between the Grantee on the one hand and any member of the Group on the other hand.

## ISSUE AND ALLOTMENT OF THE NEW RESTRICTED SHARES

The issue and allotment of 29,060,994 new Restricted Shares to the Non-Connected Grantees under the Grant shall be subject to the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, such Restricted Shares.

The issue and allotment of the 36,792,247 new Restricted Shares to the Connected Grantees under the Grant shall be subject to (i) the approval of the Independent Shareholders at the EGM in respect of the proposed Grant of the relevant new Restricted Shares to the Connected Grantees; and (ii) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, such Restricted Shares.

## EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

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 activities 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
January 5, 2023	Placing and subscription of 175,000,000 new Shares at HK\$6.725 per Share, being approximately HK\$1,162.31 million (after deduction of all costs and expenses)	Approximately HK\$1,162.31 million	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 and for the working capital and general corporate purpose of the Group	The proceeds will be applied as intended

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 AND BENEFITS OF THE GRANT

The Group is principally engaged in the provision of assisted reproductive services in the PRC, Hong Kong and the United States. Since its listing in 2019, the Group has successfully expanded its hospital network and diversified its service offerings through the acquisition of a number of specialty hospitals and talent recruitment which has effectively improved its brand reputation in the assisted reproductive services industry.

The assisted reproductive services industry is highly specialized and the successful operation of which requires physicians with in-depth knowledge and experience in assisted reproductive medicine. One of the main difficulties for private medical institutions in the industry is to consistently achieve growth while maintaining its highly-qualified talent resources to sustain the high success rates of the IVF treatments, high patient satisfaction ratings and the quality of fertility services delivered. Seasoned physicians and management in the assisted reproductive services industry is scarce and are often hesitant to work for private medical institutions in the PRC due to concerns relating to team structure and operations, while patients in the PRC generally prefer to receive IVF treatments from medical institutions with renowned physicians. Throughout the years, due to its executive management team and physicians, the Group has developed a strong brand reputation in the assisted reproductive services industry due to its proven track record of having performed a significant number of successful IVF treatment cycles, high success rate of fertility treatments, and well managed hospitals and clinics. Hence, it is important for the Group to continue nurturing its executive management team and experienced physicians to establish an influential medical team, which will require both time and resources to cultivate an efficient operating model and ensure prospective growth.

In order to maintain the Group's growth momentum and foster its future development, the Company has identified key leaders and talents who have provided significant contributions to the successes of the Group and decided to align the interest of its executive management team, physicians and employees with the Group through the Grant. Such key leaders and talents contributed to the Group in many ways including, but not limited to, management

and operation of hospitals, acquisitions and business development, financial management and control, and medical quality control. It is believed that the Grant would reinforce the Grantees' commitment to the Group through the ownership of the Restricted Shares, and their continuing support is vital to the long-term business development of the Group. Furthermore, the executive management team will help ensure the strategic direction of the Group's growth, seek further business development opportunities and ensure the safety of delivering assisted reproductive services to its patients.

The 2022 Restricted Share Award Scheme forms part of the incentive schemes of the Group. The Board considers that the Grant recognizes and motivates the outstanding contributions made by the Grantees, aligns their interests with the Company and in turn further incentivizes the Grantees in furthering their performance and to retain them for the invaluable contributions made in the development and growth of the Group. In particular, the Board and the Remuneration Committee are of the view that the grant of the Restricted Shares to the Connected Grantees is in line with the Company's remuneration policy, as they serve as discretionary bonus and form part of the remuneration package of the Connected Grantees in recognition of their invaluable and substantial contributions to the Group. The number of the Restricted Shares being granted to the Connected Grantees is derived based on the commercial assessment of the Board having taken into account a number of factors, including, without limitation, their roles and responsibilities, seniority, expertise, experience, historical and expected contributions to the Group as well as the overall business development and strategies of the Group and its relevant hospitals.

The Connected Grantees have been core members to the Group's executive management and leadership team and have led the Company to achieving various remarkable milestones. As a result of their collective efforts in the recent years, the Group was able to expand their scope of services to cover the complete pregnancy lifecycle and offer obstetrics, gynecology and pediatrics medical services and breakthrough the traditional limitations of traditional fertility services, expand the scale of Shenzhen Zhongshan Hospital through the acquisition of a new hospital building, and expanded their footprint and hospital network through the acquisition of specialty hospitals in Yunnan Province, Hubei Province and Hong Kong.

Moreover, the Company plans to continue expanding its hospital network and diversify its service offerings on an international scale. It is, therefore, important for the Group to retain its executive management and leadership team, and encourage them to commit to the long-term development of the Group. Having considered the remuneration packages of the executive management of other healthcare companies that are listed in the PRC and Hong Kong that are comparable with the Company, the Directors consider that the proposed grant of the new Restricted Shares to the Connected Grantees is fair and reasonable and in line with the general market practice.



As the Grant will be satisfied by the issue and allotment of the new Restricted Shares, there will not be any actual cash outflow by the Group. In light of the above, the Directors are also of the view that the terms and conditions of the Grant and the proposed issue and allotment of the new Restricted Shares are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

The 2022 Restricted Share Award Scheme does not constitute a share scheme pursuant to the new Chapter 17 (effective on January 1, 2023) of the Listing Rules and is a discretionary scheme of the Company. The Company will comply with the new Chapter 17 in accordance with the transitional arrangements for the existing share schemes.

The Connected Grantees, being the Directors and the Subsidiary Directors, are connected persons of the Company pursuant to Rule 14A.07 of the Listing Rules. Therefore, the proposed issue and allotment of the new Restricted Shares to the Connected Grantees shall constitute a connected transaction of the Company under Chapter 14A of the Listing Rules and shall be subject to the reporting, announcement, circular and the Independent Shareholders' approval under the Listing Rules.

The EGM will be convened and held to consider, and if thought fit, approve among other things, the Grant and the issue and allotment of the new Restricted Shares to the Connected Grantees together with other transactions contemplated thereunder.

Each of Mr. Zhong Yong, Dr. John G. Wilcox, Mr. Dong Yang, Ms. Lyu Rong and Dr. Geng Lihong has abstained from approving the relevant resolutions of the Board on the Grant and the issue and allotment of the new Restricted Shares to them under the 2022 Restricted Share Award Scheme. Save as disclosed above, none of the other Directors has any material interest in, or is required to abstain from voting on, the Grant and the issue and allotment of the new Restricted Shares. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for the Connected Grantees and their respective associates as at the date of this announcement, no other Shareholder is required to abstain from voting on the relevant resolutions to approve, among other things, the Grant and the issue and allotment of the new Restricted Shares to the Connected Grantees together with other transactions contemplated thereunder at the EGM.

A circular containing, among other things, (i) further details of the Grant and the issue and allotment of the new Restricted Shares to the Connected Grantees together with other transactions contemplated thereunder, (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Grant of new Restricted Shares to the Connected Grantees and the transactions contemplated thereunder, (iii) a letter of advice of the independent financial advisor to the Independent Shareholders, and (iv) the notice convening the EGM will be despatched to the Shareholders on or before February 13, 2023.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISOR**

The Independent Board Committee, comprising all the independent non-executive Directors, namely, Dr. Chong Yat Keung, Mr. Li Jianwei, Mr. Wang Xiaobo and Mr. Ye Changqing, has been established to consider the Grant and the issue and allotment of the new Restricted Shares to the Connected Grantees together with other transactions contemplated thereunder, and to advise the Independent Shareholders as to whether the aforesaid transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

An independent financial adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed Grant of the relevant new Restricted Shares to the Connected Grantees.

### **DEFINITIONS**

“2022 General Mandate”	the general mandate granted by the Shareholders to the Directors to issue, allot and otherwise deal with new Shares at the annual general meeting of the Company held on June 28, 2022
“2022 Restricted Share Award Scheme”	the restricted share award scheme adopted by the Board on February 17, 2022, whereby awards of Restricted Shares may be made to the Eligible Participants under the restricted share award scheme (such as Shares being subscribed or purchased by the Trustee)
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of directors of the Company
“Company”	Jinxin Fertility Group Limited
“Connected Grantee(s)”	the Grantee(s) who are connected person(s) of the Company
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“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 among other things, the proposed Grant of the relevant new Restricted Shares to the Connected Grantees

“Eligible Participant(s)”	the eligible participants as defined under the 2022 Restricted Share Award Scheme
“Grant”	the grant of the new Restricted Shares to the Grantees under the 2022 Restricted Share Award Scheme
“Grantees”	the Eligible Participants granted or proposed to be granted the Restricted Shares under the 2022 Restricted Share Award Scheme, comprising the Non-Connected Grantees and the Connected Grantees
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising of the independent non-executive Directors of the Company, namely, Dr. Chong Yat Keung, Mr. Li Jianwei, Mr. Wang Xiaobo and Mr. Ye Changqing
“Independent Shareholders”	the independent Shareholders other than the Connected Grantees and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Non-Connected Grantee(s)”	the Grantee(s) who are not connected person(s) of the Company
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Remuneration Committee”	the remuneration committee of the Board
“Restricted Shares”	any Shares that may be offered by the Company to any selected Eligible Participant under the 2022 Restricted Share Award Scheme
“Scheme Rules”	the rules governing the 2022 Restricted Share Award Scheme adopted by the Board

“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary shares of US\$0.00001 par value each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Shenzhen Zhongshan Hospital”	Shenzhen Zhongshan Urological Hospital (深圳中山泌尿外科醫院), a company established under the laws of the PRC with limited liability and a subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Director(s)”	the director(s) of any subsidiary of the Company
“Trustee”	the trustee for the time being of the 2022 Restricted Share Award Scheme, being The Core Trust Company Limited (which is independent of the Company and not connected with the Company and its connected persons)
“%”	per cent.

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

Hong Kong, January 18, 2023

*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.*

\* *for identification purposes only*