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If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Jinxin Fertility Group Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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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)

CONNECTED TRANSACTION INVOLVING PROPOSED GRANT OF RESTRICTED SHARES TO CONNECTED PERSONS

**Independent Financial Adviser to
the Independent Board Committee and
the Independent Shareholders**



A letter from the Board is set out on pages 7 to 30 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on pages 31 to 32 of this circular. A letter from Somerley Capital Limited containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 33 to 73 of this circular.

A notice convening the EGM of Jinxin Fertility Group Limited to be held at Conference Room, 6th Floor, No. 301, North Jingsha Road Jinjiang District, Chengdu Sichuan, China on March 27, 2023 at 10 a.m. is set out on pages 80 to 83 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (www.jxr-fertility.com).

Whether or not you are able to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event no less than 48 hours before the time appointed for the holding of the EGM (i.e. before 10 a.m. on March 25, 2023) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

* For identification purpose only

March 10, 2023

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DEFINITIONS

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

“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”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“CAGR”	cumulative average growth rate
“Chengdu Xinan Hospital”	Chengdu Xinan Gynecological Hospital Co., Ltd.* (成都西囡婦科醫院有限公司), a company established under the laws of the PRC with limited liability and a subsidiary of the Company
“Company”	Jinxin Fertility Group Limited
“Connected Grantee(s)”	the Grantee(s) who are connected person(s) of the Company
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting to be convened and held by the Company for the Shareholders to consider and, if thought fit, approve the Grant and the issue and allotment of the new Restricted Shares to the Connected Grantees and the transactions contemplated thereunder

DEFINITIONS

“Eligible Participant(s)”	the eligible participant(s) as defined under the 2022 Restricted Share Award Scheme
“Grant”	the grant of the new Restricted Shares to the Connected 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
“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 and a subsidiary of the Company
“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 all the independent non-executive Directors of the Company, namely, Dr. Chong Yat Keung, Mr. Li Jianwei, Mr. Wang Xiaobo and Mr. Ye Changqing
“Independent Financial Adviser”	Somerley Capital Limited, a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Independent Shareholders”	the independent Shareholders other than the Connected Grantees and their respective associates
“Jinjiang District Maternity and Child Health Hospital”	Chengdu Jinjiang District Maternity and Child Health Hospital* (成都市錦江區婦幼保健院), a non-profit maternity and child healthcare hospital established in the PRC, the IVF center of which is jointly managed by the Group

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“Jinxin Health Management”	Chengdu Jinxin Health Management Co., Ltd.* (成都錦欣健康管理有限公司), a company established under the laws of the PRC with limited liability and a subsidiary of the Company
“Jinxin Maternity Health Management”	Chengdu Jinxin Maternity Health Management and Consulting Co., Ltd.* (成都錦欣產康健康管理諮詢有限公司), a company established under the laws of the PRC with limited liability and a subsidiary of the Company
“Jinxin Medical Innovation Center”	Shenzhen Jinxin Medical Technology Innovation Center Co., Ltd.* (深圳市錦欣醫療科技創新中心有限公司), a company established under the laws of the PRC with limited liability and a subsidiary of the Company
“Jinxin Medical Investment”	Jinxin Medical Investment Co., Ltd.* (錦欣醫療投資有限公司), a company established under the laws of the PRC with limited liability and a subsidiary of the Company
“Jinxin Shanghui”	Chengdu Jinxin Shanghui Enterprise Management Co., Ltd.* (成都錦欣尚輝企業管理有限公司), a company established under the laws of the PRC with limited liability and a subsidiary of the Company
“Jinxin Women Wellness”	Jinxin Women Wellness Limited, a company established under the laws of the British Virgin Islands with limited liability and a subsidiary of the Company
“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 and a subsidiary of the Company
“Laien Service Consulting”	Shenzhen Laien Service Consulting Co., Ltd.* (深圳市萊恩服務諮詢有限公司), a company established under the laws of the PRC with limited liability and a subsidiary of the Company

DEFINITIONS

“Latest Practicable Date”	March 6, 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Hope”	JXR New Hope Limited, a company established in the British Virgin Islands with limited liability and a subsidiary of the Company
“Non-Connected Grantee(s)”	the Grantee(s) who are not connected person(s) of the Company
“PRC”	the People’s Republic of China, and for the purpose of this circular only, excluding Hong Kong, the 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
“RSU Grant Announcement”	the announcement of the Company dated January 18, 2023 in relation to, among others, the grant of 65,853,241 Restricted Shares in aggregate to the Grantees under the 2022 Restricted Share Award Scheme
“Scheme Grant”	the grant of 65,853,241 Restricted Shares in aggregate to the Grantees on January 18, 2023
“Scheme Limit”	the total number of the Restricted Shares underlying all grants made pursuant to 2022 Restricted Share Award Scheme shall not exceed in total three per cent. (3%) of the Company’s total issued share capital (i.e. 75,227,514 Shares) as of February 17, 2022

DEFINITIONS

“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), as amended, supplemented or otherwise modified from time to time
“Shanghai Jinxiao”	Shanghai Jinxiao Medical Management Co., Ltd* (上海錦霄醫療管理有限公司), a company established under the laws of the PRC with limited liability and a subsidiary of the Company
“Share(s)”	ordinary shares of US\$0.00001 par value each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shenzhen Yuji”	Shenzhen Yuji Property Services Co., Ltd.* (深圳市裕集物業服務有限公司), a company established under the laws of the PRC with limited liability and a subsidiary of the Company
“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
“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 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”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Subsidiary Director(s)”	the director(s) of any subsidiary of the Company
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“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)
“US\$”	United States dollar(s), the lawful currency of the United States of America
“Willsun Fertility”	Willsun Fertility US Delaware LLC, a company established in Delaware with limited liability and a subsidiary of the Company
“Willsun Newco”	Willsun US Delaware Newco Inc., a company established in Delaware with limited liability and a subsidiary of the Company
“%”	per cent.

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LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Zhong Yong
Dr. John G. Wilcox
Mr. Dong Yang
Ms. Lyu Rong
Dr. Geng Lihong

Registered Office:

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111
Cayman Islands

Non-executive Directors:

Mr. Fang Min
Ms. Hu Zhe
Ms. Yan Xiaoqing

Principal place of business in Hong Kong:

31/F, Tower Two, Times Square
1 Matheson Street, Causeway Bay
Hong Kong

Independent Non-executive Directors:

Dr. Chong Yat Keung
Mr. Li Jianwei
Mr. Wang Xiaobo
Mr. Ye Changqing

March 10, 2023

To the Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION
INVOLVING PROPOSED GRANT OF RESTRICTED SHARES
TO CONNECTED PERSONS**

1. INTRODUCTION

The purpose of this circular is to provide the Shareholders with, 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

* For identification purpose only

LETTER FROM THE BOARD

relation to the Grant of new Restricted Shares to the Connected Grantees and the transactions contemplated thereunder, (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders, and (iv) the notice convening the EGM.

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, pursuant to which the Grant to the Connected Grantees shall be made under the general mandate subject to the Independent Shareholders' approval. Furthermore, the Company will make the Grant using the existing Scheme Limit up and until the refreshment or expiry of the existing Scheme Limit, upon which the Company would then amend the terms of the 2022 Restricted Share Award Scheme to comply with the new Chapter 17 and seek Shareholders' approval for a new Scheme Limit. As such, the Grant and the issue and allotment of the new Restricted Shares to the Connected Grantees will be made pursuant to the 2022 General Mandate in consistent with the new Chapter 17 transitional arrangements.

2. CONNECTED TRANSACTION INVOLVING GRANT OF NEW RESTRICTED SHARES TO CONNECTED GRANTEEES PURSUANT TO THE GENERAL MANDATE

Reference is made to the RSU Grant Announcement in relation to, among others, the Grant of new Restricted Shares to the Connected Grantees under the 2022 Restricted Share Award Scheme.

On January 18, 2023, the Board 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 (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). The grant of 65,853,241 Restricted Shares shall be satisfied by the issue and allotment of new Shares to the Trustee pursuant to the 2022 General Mandate and in accordance with terms of the Scheme Rules.

The new Restricted 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.

LETTER FROM THE BOARD

Based on the closing price of HK\$7.34 per Share as quoted on the Stock Exchange as of the date of the RSU Grant Announcement (i.e. January 18, 2023), the market value of 29,060,994 Restricted Shares to be issued and allotted to the Non-Connected Grantees is HK\$213,307,695.96 and the market value of 36,792,247 Restricted Shares to be issued and allotted to the Connected Grantees is HK\$270,055,092.98. Based on the closing price of HK\$6.54 per Share as quoted on the Stock Exchange as of the Latest Practicable Date, the market value of 29,060,994 Restricted Shares to be issued and allotted to the Non-Connected Grantees is HK\$190,058,900.76 and the market value of 36,792,247 Restricted Shares to be issued and allotted to the Connected Grantees is HK\$240,621,295.38. The aggregate nominal value of the new Restricted Shares is approximately US\$658.53.

The new Restricted Shares to be issued and allotted by the Company pursuant to the Grant represent approximately 1.3668% of the Company's issued share capital as of the date of the RSU Grant Announcement, 1.3522% of the Company's issued share capital as of the Latest Practicable Date and approximately 1.3342% 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 to the Connected Grantees are summarized as follows:

Name of Connected Grantees	Number of Restricted Shares	Approximate percentage of shareholding in the issued Shares as of the Latest Practicable Date	Approximate percentage of shareholding in the issued Shares as enlarged by the issue and allotment of 65,853,241 Restricted Shares
Executive Directors			
Mr. Zhong Yong (鍾勇)	6,623,611	0.2434%	0.2402%
Dr. John G. Wilcox	10,000,000	0.3675%	0.3626%
Mr. Dong Yang (董陽)	5,419,318	0.1992%	0.1965%
Ms. Lyu Rong (呂蓉)	5,419,318	0.1992%	0.1965%
Dr. Geng Lihong (耿麗紅)	600,000	0.0221%	0.0218%

LETTER FROM THE BOARD

Name of Connected Grantees	Number of Restricted Shares	Approximate percentage of shareholding in the issued Shares as of the Latest Practicable Date	Approximate percentage of shareholding in the issued Shares as enlarged by the issue and allotment of 65,853,241 Restricted Shares
Subsidiary Directors			
Ms. Li Yuan (李媛)	2,000,000	0.0735%	0.0725%
Ms. Duan Hongmei (段紅梅)	2,000,000	0.0735%	0.0725%
Ms. Zhao Juanjuan (趙娟娟)	1,600,000	0.0588%	0.0580%
Ms. Liu Yi (柳怡)	1,000,000	0.0368%	0.0363%
Ms. Deng Jianglin (鄧江林)	410,000	0.0151%	0.0149%
Mr. Zhang Yang (張洋)	600,000	0.0221%	0.0218%
Mr. Jiang Yingshuang (蔣穎爽)	410,000	0.0151%	0.0149%
Ms. Huang Hanmei (黃寒梅)	300,000	0.0110%	0.0109%
Mr. Diao Lianghui (刁梁輝)	205,000	0.0075%	0.0074%
Ms. Dong Jingjing (董靜靜)	205,000	0.0075%	0.0074%
Total	36,792,247	1.3522%	1.3342%

Set out below are the details of the Grant of the new Restricted Shares to the Connected Grantees:

Date of Grant: January 18, 2023, subject to the acceptance of the Connected Grantees and other conditions as may be determined by the Board including, but not limited 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 the RSU Grant Announcement as quoted on the Stock Exchange is HK\$7.34 per Share

Funds to be raised: The Connected 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

LETTER FROM THE BOARD

Vesting Period:

The Restricted Shares under the Grant shall, subject to the achievement of the relevant vesting conditions, 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 new Restricted Shares granted to the Connected Grantees, the vesting of the Restricted Shares during the respective vesting periods above are conditional upon the achievement of a number of vesting conditions as determined by the Board at its sole discretion.

The main purpose of the Grant is to further promote the Group's expansion and drive its business forward by motivating the executive management team of the Group as a whole through awarding them the new Restricted Shares. To that end, the Board has identified the Connected Grantees, who together represent the executive management team of the Group and collectively provided significant contributions to the business development of the Group in the past. The Board is confident that they will be able to continue to improve the operational and financial results of the Group in the future.

The vesting conditions for the Connected Grantees are based on a set of indicators that are linked with, and subject to, (i) the achievement of the overall performance targets of the Group and its hospitals by the Connected Grantees together as well as (ii) the results of the individual performance assessment for each Connected Grantee. At the end of each vesting period, the Board

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(other than the Directors who are also the Connected Grantees) will determine the Restricted Shares which are scheduled to be vested to each Connected Grantee for that vesting period having considered, among others, the satisfaction of the vesting conditions as set out below:

Vesting date	(i) Overall performance targets of the Group and its hospitals	(ii) Individual performance assessment	Percentage of Restricted Shares to be vested
The date of the first anniversary of the date of Grant	<ul style="list-style-type: none"> Significant improvement in the financial performance of the Group and its hospitals, such as realizing a CAGR in the normalized net profits of the Group of not less than 15% during the period from 2023 to 2027 under the current industry policies and environment, and the ability to recover effectively from the COVID-19 pandemic 	<ul style="list-style-type: none"> Satisfactory results of the individual performance assessment for each Connected Grantee during the relevant vesting period, taking into account of his/her roles and responsibilities, 	20%
The date of the second anniversary of the date of Grant	<ul style="list-style-type: none"> Further enhancement in the business development and operations of the Group and its hospitals, such as (i) realizing a CAGR in the number of international IVF fertility treatment cycles performed of not less than 25% during the period from 2023 to 2027, (ii) implementing major business expansions and acquisitions, (iii) improving the medical quality of the IVF fertility treatment and increasing the number of medical talents under the Group's partnership program in the United States by not less than 15% on an annual basis; and (iv) improving the business performance and financial results of newly acquired hospitals in accordance with the annual business plans and budgets as approved by the Board 	<ul style="list-style-type: none"> seniority, experience, expertise, historical and expected contributions to the Group 	20%
The date of the third anniversary of the date of Grant			20%
The date of the fourth anniversary of the date of Grant			20%
The date of the fifth anniversary of the date of Grant	<ul style="list-style-type: none"> Continuous improvement in the brand reputation, compliance and ethics culture, sustainability and corporate governance of the Group 		20%

LETTER FROM THE BOARD

Note:

The main purpose of the Grant is to further promote the Group's expansion and drive the Group's business forward by motivating the executive management team of the Group as a whole. In order to be vested with the Restricted Shares granted to them, the Connected Grantees shall work together to achieve the overall performance targets of the Group and its hospitals above, whilst at the same time they shall each satisfy the individual performance assessment at the end of each vesting period.

Clawback Mechanism

Where the events as specified in the Scheme Rules arise, unless the Board determines otherwise at its sole discretion, the Connected 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 not limited to: (i) the Connected 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 Connected Grantee has been convicted for any criminal offence involving his/her integrity or honesty; or (iii) the Connected 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. Pursuant to the rules of the 2022 Restricted Share Award Scheme, the Shares underlying the unvested Restricted Shares previously granted to the Connected Grantees are to be held by the Trustee for the benefit of one or more Eligible Participants in connection with one or more grants of Restricted Shares to be made.

Issue and Allotment of the Restricted Shares to the Connected Grantees

The issue and allotment of the 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 such 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, the new Restricted Shares.

The Company considers that the issue and allotment of the Restricted Shares to the Connected Grantees is an effective incentive method and also aligns the interest of the Connected Grantees with the Company and its Shareholders. Unlike giving a cash bonus, the Grant of the Restricted Shares will enable the Company to prevent cash outflow of the Group, while at the same time aligning the interests of the Connected Grantees with the Company and its Shareholders.

As a result of the issue and allotment of the aggregate of 65,853,241 Restricted Shares, taking into account of 29,060,994 Restricted Shares granted to the Non-Connected Grantees which have been issued to the Trustee on February 15, 2023 and 36,792,247 Restricted Shares that may be issued to the Connected Grantees, the shareholding interests of existing public Shareholders

LETTER FROM THE BOARD

will be diluted from approximately 69.6005% to approximately 68.6719% of the total issued share capital of the Company as of the Latest Practicable Date, and the dilution effect on the shareholdings of the existing public Shareholders is immaterial. Accordingly, the Directors consider that the grant, the issue and allotment of Restricted Shares to the Connected Grantees are fair and reasonable, and are in the interest of the Company and its Shareholders as a whole.

The Restricted Shares, upon their issue and allotment, shall be held by the Trustee on trust and be transferred to the Connected Grantees at nil consideration until the end of each vesting period which may differ among the Connected Grantees and subject to the satisfaction of the relevant vesting conditions as may be determined by the Board. As such, no fund will be raised by the Company as a result of the issue and allotment of the Restricted Shares to the Connected Grantees. To the best of the Directors' knowledge, the Trustee and its ultimate beneficial owners are third parties independent of the Company and its connected persons, and none of them is a director or a substantial shareholder of the Group as of the Latest Practicable Date.

Application for Listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the aggregate of 36,792,247 Restricted Shares to the Connected Grantees.

The market value of the new Restricted Shares which will be issued and allotted to the Connected Grantees is as follows:

Name of Connected Grantees	Number of Restricted Shares	Approximate market value of the Restricted Shares granted to the Connected Grantees as of the date of the RSU Grant Announcement⁽¹⁾ (HK\$)	Approximate market value of the Restricted Shares granted to the Connected Grantees as of the Latest Practicable Date⁽²⁾ (HK\$)
Executive Directors			
Mr. Zhong Yong (鍾勇)	6,623,611	48,617,304.74	43,318,415.94
Dr. John G. Wilcox	10,000,000	73,400,000.00	65,400,000.00
Mr. Dong Yang (董陽)	5,419,318	39,777,794.12	35,442,339.72

LETTER FROM THE BOARD

Name of Connected Grantees	Number of Restricted Shares	Approximate market value of the Restricted Shares granted to the Connected Grantees as of the date of the RSU Grant Announcement ⁽¹⁾ (HK\$)	Approximate market value of the Restricted Shares granted to the Connected Grantees as of the Latest Practicable Date ⁽²⁾ (HK\$)
Ms. Lyu Rong (呂蓉)	5,419,318	39,777,794.12	35,442,339.72
Dr. Geng Lihong (耿麗紅)	600,000	4,404,000.00	3,924,000.00
Subsidiary Directors			
Ms. Li Yuan (李媛)	2,000,000	14,680,000.00	13,080,000.00
Ms. Duan Hongmei (段紅梅)	2,000,000	14,680,000.00	13,080,000.00
Ms. Zhao Juanjuan (趙娟娟)	1,600,000	11,744,000.00	10,464,000.00
Ms. Liu Yi (柳怡)	1,000,000	7,340,000.00	6,540,000.00
Ms. Deng Jianglin (鄧江林)	410,000	3,009,400.00	2,681,400.00
Mr. Zhang Yang (張洋)	600,000	4,404,000.00	3,924,000.00
Mr. Jiang Yingshuang (蔣穎爽)	410,000	3,009,400.00	2,681,400.00
Ms. Huang Hanmei (黃寒梅)	300,000	2,202,000.00	1,962,000.00
Mr. Diao Lianghui (刁梁輝)	205,000	1,504,700.00	1,340,700.00
Ms. Dong Jingjing (董靜靜)	205,000	1,504,700.00	1,340,700.00
Total	36,792,247	270,055,092.98	240,621,295.38

Notes:

- The market value of the Restricted Shares to the Connected Grantees is calculated based on the closing market price of HK\$7.34 per Share as of the date of the RSU Grant Announcement.
- The market value of the Restricted Shares to the Connected Grantees is calculated based on the closing market price of HK\$6.54 per Share as of March 6, 2023, being the Latest Practicable Date.

The aggregate of 36,792,247 new Restricted Shares to be issued and allotted by the Company to the Connected Grantees, represent (i) approximately 1.3522% of the total number of Shares in issue as of the Latest Practicable Date; and (ii) approximately 1.3342% of the total number of Shares in issue as enlarged by the issue and allotment of the new Restricted Shares (assuming

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there is no change in the issued share capital of the Company from the Latest Practicable Date up to the allotment date of the new Shares, other than the issue and allotment of the new Restricted Shares to the Connected Grantees).

The Grant of the Restricted Shares to the Connected Grantees has been approved by the Board on January 18, 2023, being the date of Grant subject to the acceptance of the Connected Grantees and other conditions as may be determined by the Board, including the Independent Shareholders' approval at the EGM.

A holistic approach was adopted when determining the number of Restricted Shares granted to the Connected Grantees, and this was assessed with reference to, among other things, their respective roles, responsibilities, number of years of service, work experience, contributions, remuneration packages and prevailing compensation of similar positions in the market. Assessments were made for each Connected Grantee according to the following:

- (i)* Assessment of the job responsibilities of the Connected Grantees is based on their positions and roles within the Group. The Connected Grantees are the directors, executives, general managers and senior management of the Company and its subsidiaries, respectively, and they, being the core management team, have collectively provided significant contributions to the business development of the Group in the past. The Board considers that they together play a decisive role in the development and execution of the Group's business and are expected to further promote the Group's expansion and drive its business forward, which serves the main purpose of the Grant.
- (ii)* Assessment on the individual performance and work experience of the Connected Grantees is based on their personal performance in carrying out relevant job duties and responsibilities such as, among others, their ability to complete specified tasks on time, enhance the overall efficiency of their function or business unit, improve the number of IVF fertility treatments performed and ensure the medical quality of IVF fertility treatments at the relevant hospitals.
- (iii)* Assessment on the tenure of service of the Connected Grantees is based on their years of service in the Group (and where applicable, the relevant hospital prior to its acquisition).

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The positions, roles, responsibilities and years of services in the Group (and where applicable, the relevant hospitals prior to its acquisition) of the Connected Grantees are set out as follows:

Name of Connected Grantees	Position	Number of years of service in the Group (and where applicable, the relevant hospital prior to its acquisition)	Responsibility
Executive Directors			
Mr. Zhong Yong (鍾勇)	Executive Director and Chairman of the Board	5.5	Responsible for formulating the overall strategies and development plans of the Group
Dr. John G. Wilcox	Executive Director	27 ⁽¹⁾	Responsible for overseeing the clinical operation and management as well as the business development in North America
Mr. Dong Yang (董陽)	Executive Director and Chief Executive Officer	5	Responsible for overseeing the global business of the Group and its strategy planning and execution as well as its financial management and investment
Ms. Lyu Rong (呂蓉)	Executive Director and the Co-chief Executive Officer	7	Responsible for overseeing the management and the development of business in China as well as the integration of the new hospitals of the Group

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Name of Connected Grantees	Position	Number of years of service in the Group (and where applicable, the relevant hospital prior to its acquisition)	Responsibility
Dr. Geng Lihong (耿麗紅)	Executive Director	3	Responsible for providing guidance on the implementation of clinical work and medical quality control of the Group
Subsidiary Directors			
Ms. Li Yuan (李媛)	Chief medical officer of the Company and director of Chengdu Xinan Hospital	1.5	Responsible for improving the quality of medical services, strengthening the scientific research and innovation, training medical professionals and employees as well as improving the customer-centric culture of the Group
Ms. Duan Hongmei (段紅梅)	Chief operating officer of the domestic market of the Company and director of Hewanjia Hospital, Jiuzhou Hospital and Jinxin Shanghai	8	Responsible for overseeing the operation of the business in China market and the integration of patient professional service work flow and the new hospitals of the Group

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Name of Connected Grantees	Position	Number of years of service in the Group (and where applicable, the relevant hospital prior to its acquisition)	Responsibility
Ms. Zhao Juanjuan (趙娟娟)	Hospital chief executive and director of Sichuan WCH	2 ⁽²⁾	Responsible for formulating and implementing the business strategies, development plans and financial budget of Sichuan WCH and overseeing its daily operation
Ms. Liu Yi (柳怡)	Director of Jinxin Medical Investment	31 ⁽³⁾	Responsible for implementing the business strategies, development plans and financial budget of the Group's managed hospital and overseeing its daily operation
Ms. Deng Jianglin (鄧江林)	Hospital chief executive of Shenzhen Zhongshan Hospital and director of Jinxin Women Wellness and Laien Service Consulting	21 ⁽⁴⁾	Responsible for formulating and implementing the business strategies, development plans and financial budget of Shenzhen Zhongshan Hospital and overseeing its daily operation
Mr. Zhang Yang (張洋)	Vice president of the overseas affairs of the Group and director of New Hope, Willsun Fertility and Willsun Newco	3.5	Responsible for overseeing the overseas affairs of the Group and implementing the strategies and managing the operation of the overseas affairs department of the Group

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Name of Connected Grantees	Position	Number of years of service in the Group (and where applicable, the relevant hospital prior to its acquisition)	Responsibility
Mr. Jiang Yingshuang (蔣穎爽)	Finance director of Shenzhen Zhongshan Hospital and director of Shenzhen Yuji	4.5	Responsible for overseeing the development, implementation and management of the financial system of Shenzhen Zhongshan Hospital
Ms. Huang Hanmei (黃寒梅)	Vice president of the Company and director of Sichuan WCH, Jinxin Medical Innovation Center, Jinxin Health Management, Jinxin Maternity Health Management and Shanghai Jinxiao	2	Responsible for overseeing the overall financial management of the Group
Mr. Diao Lianghui (刁梁輝)	General manager of the innovation center at Shenzhen Zhongshan Hospital and director of Jinxin Medical Innovation Center	10 ⁽⁵⁾	Responsible for overseeing the management and operation of the innovation center at Shenzhen Zhongshan Hospital, as well as its R&D and knowledge transfer work streams
Ms. Dong Jingjing (董靜靜)	Deputy hospital chief executive of Shenzhen Zhongshan Hospital and director of Shenzhen Yuji	13 ⁽⁶⁾	Responsible for overseeing the operation and marketing activities of Shenzhen Zhongshan Hospital

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Notes:

1. Dr. John G. Wilcox has joined the Group since the acquisition of HRC Medical in 2018.
2. Ms. Zhao Juanjuan (趙娟娟) has joined the Group since the acquisition of Sichuan WCH by the Group in November 2021.
3. Ms. Liu Yi (柳怡) has joined the Group since the hospital has been managed by the Group in 2021.
4. Ms. Deng Jianglin (鄧江林) has joined the Group since the acquisition of Shenzhen Zhongshan Hospital by the Group in January 2017.
5. Mr. Diao Lianghui (刁梁輝) has joined the Group since the acquisition of Shenzhen Zhongshan Hospital by the Group in January 2017.
6. Ms. Dong Jingjing (董靜靜) has joined the Group since the acquisition of Shenzhen Zhongshan Hospital by the Group in January 2017.

The shareholding effects of the Grant as of the Latest Practicable Date and immediately after the allotment, issuance and full vesting of the Restricted Shares to the Non-Connected Grantees and Connected Grantees (assuming no other change in the issued share capital of the Company) is as follows:

Name of Shareholders	As of the Latest Practicable Date		Immediately after the allotment, issuance and full vesting of the Restricted Shares to the Non-Connected Grantees and Connected Grantees (assuming no other change in the issued share capital of the Company)	
	<i>No. of Shares</i>		<i>No. of Shares</i>	
Shareholders				
JINXIN Fertility Investment Group Limited ⁽¹⁾	319,471,061	11.7413%	319,471,061	11.5847%
HRC Investment Holding, LLC	288,580,005	10.6060%	288,580,005	10.4645%
HHLR Advisors, Ltd. (previously known as Hillhouse Capital Advisors, Ltd.) ⁽²⁾	176,181,349	6.4751%	176,181,349	6.3887%
Sub-total	784,232,415	28.8224%	784,232,415	28.4379%

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Name of Shareholders	As of the Latest Practicable Date		Immediately after the allotment, issuance and full vesting of the Restricted Shares to the Non-Connected Grantees and Connected Grantees (assuming no other change in the issued share capital of the Company)	
	<i>No. of Shares</i>		<i>No. of Shares</i>	
Connected Grantees				
<i>Executive Directors</i>				
Mr. Zhong Yong (鍾勇)	4,300,500	0.1581%	10,924,111	0.3961%
Dr. John G. Wilcox	0	0%	10,000,000	0.3626%
Mr. Dong Yang (董陽)	3,475,000	0.1277%	8,894,318	0.3225%
Ms. Lyu Rong (呂蓉)	5,504,000	0.2023%	10,923,318	0.3961%
Dr. Geng Lihong (耿麗紅)	0	0%	600,000	0.0218%
<i>Subsidiary Directors</i>				
Ms. Li Yuan (李媛)	168,574	0.0062%	2,168,574	0.0786%
Ms. Duan Hongmei (段紅梅)	29,283	0.0011%	2,029,283	0.0736%
Ms. Zhao Juanjuan (趙娟娟)	0	0%	1,600,000	0.0580%
Ms. Liu Yi (柳怡)	0	0%	1,000,000	0.0363%
Ms. Deng Jianglin (鄧江林)	266,397	0.0098%	676,397	0.0245%
Mr. Zhang Yang (張洋)	0	0%	600,000	0.0218%
Mr. Jiang Yingshuang (蔣穎爽)	38,917	0.0014%	448,917	0.0163%
Ms. Huang Hanmei (黃寒梅)	0	0%	300,000	0.0109%
Mr. Diao Lianghui (刁梁輝)	33,823	0.0012%	238,823	0.0087%
Ms. Dong Jingjing (董靜靜)	34,314	0.0013%	239,314	0.0087%
Sub-total	13,850,808	0.5090%	50,643,055	1.8364%
Non-connected Grantees				
Sub-total	29,060,994	1.0681%	29,060,994	1.0538%
Public shareholders	1,893,769,579	69.6005%	1,893,769,579	68.6719%
Total	2,720,913,796	100%	2,757,706,043	100%

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Notes:

1. JINXIN Fertility Investment Group Limited 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 Latest Practicable Date.
2. HHLR Advisors, Ltd. is the investment manager of HHLR Fund, L.P. and is therefore deemed to be interested in 152,915,349 Shares held by HHLR Fund, L.P. as of the Latest Practicable Date.

Information about 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.

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 Latest Practicable Date. 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	<ol style="list-style-type: none">1. 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\$1,814,706,0002. For the working capital and general corporate purpose of the Group	<ol style="list-style-type: none">1. The proceeds will be applied for the redemption and repayment of the relevant part of the outstanding convertible bonds issued by the Company on November 26, 2021 by the end of March 2023 at the maturity of the convertible bonds.2. The proceeds will be applied for the working capital and general corporate purpose of the Group by June 2024 and as of the Latest Practicable Date, the Group has not utilized such proceeds.

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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 are expected to commence in the first quarter of 2023 and be completed by December 2023. Hence, as of the Latest Practicable Date, the Group has not utilized such proceeds.

Reasons for and benefits of the Grant of new Restricted Shares to the Connected Grantees

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, as a leading assisted reproductive services provider in the PRC and the United States, the Group has successfully expanded its hospital network into regions with high growth potential 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. In particular, in light of the recent lifting of travel restrictions as well as the PRC government's policies in support of the assisted reproductive services industry, the Company believes that the market size of the assisted reproductive services industry will continue to increase which will result in significant growth of its business.

The assisted reproductive services industry is highly specialized and the successful operation of which requires physicians and management team with in-depth knowledge and experience in assisted reproductive medicine and business development. One of the main difficulties faced by the Group 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 high quality of fertility services delivered as well as to obtain new licenses through acquisition. Therefore, the seasoned physicians and executive management team of the Group are crucial to its continuous and prospective business growth. Due to its ability to maintain and attract an outstanding executive management team and physicians, the Group has sailed through the COVID-19 pandemic and developed a strong brand reputation in the assisted reproductive services industry owing 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

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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 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 Connected 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 Connected Grantees, aligns their interests with the Company and in turn further incentivizes the Connected 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 achieve various remarkable milestones and thus, it is important to align their interests with the Company and its Shareholders. As a result of their collective efforts in the recent years, the Group has diversified its scope of service offerings to cover a full lifecycle of fertility services covering pregnancy preparation, expanded the scale of Shenzhen Zhongshan Hospital through the acquisition of a new hospital building, extended their footprint and hospital network through the acquisition of specialty hospitals in Yunnan Province, Hubei Province and Hong Kong and entered into collaborations with top tier education institutions such as University of Southern California for various clinical and R&D initiatives.

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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 Company¹, 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.

The Directors (including the members of the Independent Board Committee) consider that the Grant to the Connected Grantees is fair and reasonable, and is in the interests of the Company and its Shareholders as a whole.

The Directors (including members of the Independent Board Committee, whose view is set out in the letter from the Independent Board Committee contained in this circular) consider that the issue and allotment of the new Restricted Shares to the Connected Grantees is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

1 Comparable grants (the “**Comparable Grants**”) of award shares or restricted shares were selected based on the following criteria: (i) companies in the healthcare or biopharmaceutical industry which are listed on the Stock Exchange; (ii) companies which have a market capitalization above HK\$10 billion; (iii) companies which had announced connected transactions in relation to the grant of share awards or restricted shares, which are listed on the Stock Exchange, to directors, chief executives and/or employees of such company or its subsidiaries during the period from November 18, 2022 to January 18, 2023 (being approximately two months immediately prior to the date of the RSU Grant Announcement); and (iv) the number of share awards or restricted shares granted is identifiable on the date of the relevant announcements. Based on the above criteria, the Board has identified, to the best of its knowledge and ability, 12 instances of grant of award shares or restricted shares by 10 companies which it considers to be an exhaustive list of the comparable grants based on the aforementioned criteria, including Genscript Biotech Corporation (stock code: 1548), Wuxi Aptec Co., Ltd. (stock code: 2359), Zai Lab Limited (stock code: 9688), JD Health International Inc. (stock code: 6618), RemeGen Co., Ltd. (stock code: 9995), Alibaba Health Information Technology Limited (stock code: 241), Innovent Biologics, Inc. (stock code: 1801), Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (stock code: 2196), WuXi Biologics (Cayman) Inc. (stock code: 2269) and Hangzhou Tigermed Consulting Co., Ltd. (stock code: 3347), and noted that the market value of the new Restricted Shares under the Grant and the percentage of the new Restricted Shares under the Grant against the total number of issued Shares of the Company are within the range of those of the Comparable Grants.

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3. 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, pursuant to which the Grant to the Directors could only be made under the general mandate subject to the Independent Shareholders' approval. Furthermore, the Company will make the Grant using the existing Scheme Limit up and until the refreshment or expiry of the existing Scheme Limit, upon which the Company would then amend the terms of the 2022 Restricted Share Award Scheme to comply with the new Chapter 17 and seek Shareholders' approval for a new Scheme Limit. As such, the Grant and the issue and allotment of the new Restricted Shares to the Connected Grantees will be made pursuant to the 2022 General Mandate in consistent with the new Chapter 17 transitional arrangements.

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 for the Shareholders to consider, and if thought fit, approve among other things, the Grant and the issue and allotment of the 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 Mr. Zhong Yong (who is interested in 0.1581% of shareholding of the Company (being 4,300,500 Shares)), Mr. Dong Yang (who is interested in 0.1277% of shareholding of the Company (being 3,475,000 Shares)), Ms. Lyu Rong (who is interested in 0.2023% of shareholding of the Company (being 5,504,000 Shares)), Ms. Li Yuan (who is interested in 0.0062% of shareholding of the Company (being 168,574 Shares)), Ms. Duan Hongmei (who is interested in 0.0011% of shareholding of the Company (being 29,283 Shares)), Ms. Deng Jianglin (who is interested in 0.0098% of shareholding of the Company (being 266,397 Shares)), Mr. Jiang Ying Shuang (who is interested in 0.0014% of shareholding of the Company (being 38,917 Shares)), Mr. Diao Lianghui (who is interested in 0.0012% of shareholding of the

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Company (being 33,823 Shares)) and Ms. Dong Jingjing (who is interested in 0.0013% of shareholding of the Company (being 34,314 Shares)) and their respective associates as of the date of this circular, 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.

Pursuant to Rule 17.02(2) of the Listing Rules, the Scheme Rules will be published on the Stock Exchange's website and the Company's own website for a period of not less than 14 days before the date of EGM and made available for inspection at EGM and be subject to the Shareholders' approval.

4. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

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.

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 proposed Grant and the issue and allotment of the Restricted Shares to the Connected Grantees.

The text of the letter from the Independent Board Committee is set out on pages 31 to 32 of this circular and the text of the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 33 to 73 of this circular.

5. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from March 22, 2023 to March 27, 2023, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the EGM, during which 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 March 21, 2023.

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6. EGM

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

Mr. Zhong Yong, Dr. John G. Wilcox, Mr. Dong Yang, Ms. Lyu Rong and Dr. Geng Lihong, being Connected Grantees, are required to abstain from voting on the relevant resolutions of the Board in respect of the Grant and issue and allotment of the new Restricted Shares and other transactions contemplated thereunder. To the best of the Directors' knowledge, information, and belief having made all reasonable enquiries, save for Mr. Zhong Yong (who is interested in 0.1581% of shareholding of the Company (being 4,300,500 Shares)), Mr. Dong Yang (who is interested in 0.1277% of shareholding of the Company (being 3,475,000 Shares)), Ms. Lyu Rong (who is interested in 0.2023% of shareholding of the Company (being 5,504,000 Shares)), Ms. Li Yuan (who is interested in 0.0062% of shareholding of the Company (being 168,574 Shares)), Ms. Duan Hongmei (who is interested in 0.0011% of shareholding of the Company (being 29,283 Shares)), Ms. Deng Jianglin (who is interested in 0.0098% of shareholding of the Company (being 266,397 Shares)), Mr. Jiang Ying Shuang (who is interested in 0.0014% of shareholding of the Company (being 38,917 Shares)), Mr. Diao Lianghui (who is interested in 0.0012% of shareholding of the Company (being 33,823 Shares)) and Ms. Dong Jingjing (who is interested in 0.0013% of shareholding of the Company (being 34,314 Shares)) and their respective associates as of the Latest Practicable Date, no other Shareholder is required to abstain from voting on the proposed resolutions in respect of 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.

7. VOTING BY POLL

The resolution set out in the notice of the EGM would be decided by poll in accordance with the Listing Rules and the Articles of Association.

The Chairman will explain the detailed procedures for conducting a poll at the commencement of the EGM. On a poll, every Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorized representative) or by proxy shall have one vote for every fully paid Share held. A Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorized representative) or by proxy who is entitled to more than one vote need not use all his/its votes or cast all his/its votes in the same way.

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After the conclusion of the EGM, the poll results will be published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.jxr-fertility.com.

8. RECOMMENDATION

Having taken into account the reasons for and benefits of the Grant and issue and allotment of the Restricted Shares to the Connected Grantees, the Directors, including the independent non-executive Directors, are of the view that the Grant and issue and allotment of the Restricted Shares to the Connected Grantees are based on normal commercial terms and in the ordinary and usual course of business of the Company, the terms thereof are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors advise the Independent Shareholders to vote in favor of the ordinary resolution to approve the Grant and issue and allotment of the Restricted Shares to the Connected Grantees at the EGM.

Yours faithfully,

By order of the Board

Jinxin Fertility Group Limited

Zhong Yong

Chairman



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)

March 10, 2023

To the Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION
INVOLVING PROPOSED GRANT OF RESTRICTED SHARES
TO CONNECTED PERSONS**

We refer to the circular of the Company dated March 10, 2023 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders in respect of the proposed Grant of new Restricted Shares to the Connected Grantees. Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board on pages 7 to 30 of the Circular, which sets out details of the proposed Grant of new Restricted Shares to the Connected Grantees. We also wish to draw your attention to the letter from the Independent Financial Adviser set out on pages 33 to 73 of the Circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the proposed Grant of new Restricted Shares to the Connected Grantees.

Having taken into account (i) the reasons as disclosed in the paragraph headed “Reasons for and benefits of the Grant of new Restricted Shares to the Connected Grantees” of the Circular; and (ii) the principal factors and reasons considered by the Independent Financial Adviser, and its conclusion and advice, we are of the view and concur with the opinion of the Independent

* *For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Financial Adviser that the allotment and issue of the new Restricted Shares to the Connected Grantees are based on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms thereof are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the allotment and issuance of the new Restricted Shares to the Connected Grantees, particulars of which are set out in the notice of EGM set out on pages 80 to 83 of the Circular.

Yours faithfully,

For and on behalf of the Independent Board Committee,

Dr. Chong Yat Keung

Mr. Li Jianwei

Mr. Wang Xiaobo

Mr. Ye Changqing

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of the letter of advice from Somerley Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



SOMERLEY CAPITAL LIMITED

20th Floor
China Building
29 Queen's Road Central
Hong Kong

March 10, 2023

To: the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONNECTED TRANSACTION INVOLVING PROPOSED GRANT OF RESTRICTED SHARES TO CONNECTED PERSONS

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in relation to the proposed issue and allotment of the new Restricted Shares to the Connected Grantees, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated March 10 2023 (the “**Circular**”), of which this letter forms a part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in the Circular.

On January 18, 2023, the Board has approved, subject to acceptance of the Connected Grantees and other conditions, the grant of 36,792,247 Restricted Shares to 5 Directors and 10 Subsidiary Directors (i.e. the Grant). The Grant shall be satisfied by the issue and allotment of new Shares to the Trustee pursuant to the 2022 General Mandate and in accordance with terms of the Scheme Rules.

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 Grant 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The EGM will be convened and held for the Shareholders to consider, and if thought fit, approve among other things, the Grant. Save for Mr. Zhong Yong (who is interested in 0.1581% of shareholding of the Company (being 4,300,500 Shares)), Mr. Dong Yang (who is interested in 0.1277% of shareholding of the Company (being 3,475,000 Shares)), Ms. Lyu Rong (who is interested in 0.2023% of shareholding of the Company (being 5,504,000 Shares)), Ms. Li Yuan (who is interested in 0.0062% of shareholding of the Company (being 168,574 Shares)), Ms. Duan Hongmei (who is interested in 0.0011% of shareholding of the Company (being 29,283 Shares)), Ms. Deng Jianglin (who is interested in 0.0098% of shareholding of the Company (being 266,397 Shares)), Mr. Jiang Ying Shuang (who is interested in 0.0014% of shareholding of the Company (being 38,917 Shares)), Mr. Diao Lianghui (who is interested in 0.0012% of shareholding of the Company (being 33,823 Shares)) and Ms. Dong Jingjing (who is interested in 0.0013% of shareholding of the Company (being 34,314 Shares)) and their respective associates, no other Shareholder is required to abstain from voting on the relevant resolutions to approve, among other things, the Grant at the EGM.

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 advise the Independent Shareholders in relation to the Grant. We, Somerley Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

During the past two years, we acted as the independent financial adviser to the independent board committee and independent shareholders of the Company in relation to the New Contractual Arrangements as defined and disclosed in the circular of the Company dated November 11, 2022. The past engagement was limited to providing independent advisory services to the Company pursuant to the Listing Rules. Apart from normal professional fees paid or payable to us in connection with the past engagement and this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company or its core associates, close associates or core connected persons. Accordingly, we do not consider the past engagement would affect our independence to act as the independent financial adviser to the Company under the current engagement. As at the Latest Practicable Date, we are not associated or connected with the Company or its associates, close associates or core connected persons and, accordingly, are considered eligible to give independent advice on the Grant.

In formulating our advice and recommendation, we have reviewed, among others, (i) the Scheme Rules; (ii) the annual report of the Company for the year ended December 31, 2021 (the “**2021 Annual Report**”) and the interim report of the Company for the six months ended June 30, 2022 (the “**2022 Interim Report**”); (iii) the RSU Grant Announcement; and (iv) the Circular. In addition, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Company (collectively, the “**Management**”) and have assumed

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

that they are true, accurate and complete in all material aspects at the relevant time they were supplied and in relation to any opinions to be honestly held at the time they were made and will remain, in relation to the facts to be true, accurate and complete in all material aspects and in relation to any opinions to be honestly held, up to the date of the EGM. We have also sought and received confirmation from the Group that no material facts have been omitted from the information supplied by them and that their opinions expressed to us are not misleading in any material aspect. We consider that the information we have received is sufficient for us to formulate our opinion and recommendation as set out in this letter and have no reason to believe that any material information has been omitted or withheld, nor to doubt the truth or accuracy of the information provided to us. We have, however, not conducted any independent investigation into the businesses and affairs of the Group, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on the Grant, we have taken into consideration the following principal factors and reasons:

1. Background information of the Group

1.1. Principal business of 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.

1.2. Previous share-based employee incentive grants

As disclosed in the 2022 Interim Report, on February 15, 2019, the Company approved and adopted the restricted share award scheme to (i) provide the selected participants of such scheme with the opportunity to acquire proprietary interests in the Company; (ii) encourage the grantees to work towards enhancing the value of the Company and our Shares for the benefit of the Company and the shareholders of the Company as a whole; and (iii) provide the Company with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to the selected participants. Pursuant to such scheme, restricted shares granted as at June 30, 2022 are as follow:

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Grantees	Number of restricted shares granted	Grant date	Expire date	Vesting period
Partner doctor of Huntington Reproductive Center Medical Group (“HRC Medical”)	3,921,700	February 15, 2019	February 14, 2029	1–5 years
Key management personnel	9,754,480	February 15, 2019	February 14, 2029	3–4 years
Key management personnel	2,141,839	January 6, 2020	February 14, 2029	1–3 years
Eligible employees and doctors of HRC Medical	5,672,970	January 6, 2020	February 14, 2029	1–3 years
Key management personnel	1,779,538	July 23, 2020	February 14, 2029	5–6 months
Key management personnel	2,098,932	January 10, 2021	February 14, 2029	6 months–3 years
Key management personnel	2,174,179	January 18, 2021	February 14, 2029	0–5 months
Key management personnel	500,000	June 1, 2021	February 14, 2029	8 months–3 years
Key management personnel	100,000	January 1, 2022	February 14, 2029	1 month–2 years
Eligible employees and doctors of HRC Medical	1,393,500	January 31, 2022	February 14, 2029	1 month–4 years
Partner doctor of HRC Medical	1,990,710	January 31, 2022	February 14, 2029	1–5 years

As discussed with the Management, it is the Group’s normal practice to utilise share-based employee incentive schemes to recognise the contributions of its employees and to incentivise them to further devote to the development and growth of the Group.

1.3. Financial information of the Group

The following are summaries of the consolidated statement of profit or loss of the Group for the two years ended December 31, 2021 (“FY2020” and “FY2021”) and the six months ended June 30, 2021 and 2022 (“1H2021” and “1H2022”) as extracted from the 2021 Annual Report and the 2022 Interim Report.

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	FY2020	FY2021	1H2021	1H2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue	1,426,088	1,838,826	859,303	1,138,228
Gross profit	565,781	771,482	363,242	464,304
Profit before taxation	349,134	457,927	206,787	233,660
Profit(loss) for the year/period				
attributable to:	-			
— Owners of the Company	251,622	339,901	155,648	190,149
— Non-controlling interests	8,874	13,796	6,983	(2,552)
	<u>260,496</u>	<u>353,697</u>	<u>162,631</u>	<u>187,597</u>

1H2022 vs 1H2021

The Group's revenue increased by approximately 32.5% from approximately RMB859.3 million for 1H2021 to approximately RMB1,138.2 million for 1H2022. As stated in the 2022 Interim Report, such increase was primarily attributable to an increase in revenue due to the consolidation of the revenue of Sichuan WCH into the Group since November 26, 2021, which was partially offset by (i) a decrease in revenue generated by the Group's Shenzhen operations resulting from pandemic prevention and control measures including a four-week lockdown; and (ii) a decrease in revenue generated by the Group's Wuhan operation resulting from temporary suspension of its assisted reproductive services business during 1H2022.

The Group recorded a net profit for 1H2022 in the amount of approximately RMB187.6 million, representing an increase of approximately 15.4% as compared to that of approximately RMB162.6 million for 1H2021. As stated in the 2022 Interim Report, the increase was mainly attributable to the combined effects of (i) the increase in revenue as mentioned above; and (ii) the lower net profit margin of approximately 16.5% for 1H2022 as compared to that of approximately 18.9% for 1H2021 as a result of (a) the one-off loss made by Wuhan Jinxin Integrated Gynecology and Obstetrics Hospital Co., Ltd* (武漢錦欣中西醫結合婦產醫院有限公司) (“**Wuhan Jinxin Hospital**”) due to the temporary suspension of its assisted reproductive services business; (b) an increase in finance cost; and (c) an increase in operating expenses in an indirect subsidiary of the Group.

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FY2021 vs FY2020

The Group's revenue increased by approximately 28.9% from approximately RMB1,426.1 million for FY2020 to approximately RMB1,838.8 million for FY2021. As stated in the 2021 Annual Report, such increase was mainly resulted from the recovery of the Group's operations from COVID-19 pandemic as well as the increasing patients' need for fertility treatments. In FY2021, the revenue contributed by the Group's operations in the Greater China and the United States increased by approximately 31.8% and 21.0%, respectively, as compared to FY2020.

The Group recorded a net profit for FY2021 in the amount of approximately RMB353.7 million, representing an increase of approximately 35.8% as compared to that of approximately RMB260.5 million for FY2020. As stated in the 2021 Annual Report, the increase was mainly attributable to (i) the increase in revenue as mentioned above; and (ii) the improved net profit margin of approximately 19.2% for FY2021 as compared to that of approximately 18.3% for FY2020 as a result of the economies of scale when the Group's operation recovered from the COVID-19 pandemic, which was partially offset by the decrease in interest income and the consolidation of Wuhan Jinxin Hospital, which is loss making.

The following are summaries of the consolidated statements of the financial position of the Group as at December 31, 2021 and June 30, 2022 as extracted from the 2022 Interim Report.

	As at December 31, 2021 <i>RMB'000</i> <i>(Audited)</i>	As at June 30, 2022 <i>RMB'000</i> <i>(Unaudited)</i>
Total assets	12,825,390	15,084,563
Total liabilities	4,072,689	6,361,586
Net assets	8,752,701	8,722,977

The Group recorded total assets of approximately RMB15,084.6 million as at June 30, 2022, representing an increase of approximately 17.6%, as compared to approximately RMB12,825.4 million as at December 31, 2021. Such increase was mainly attributable to (i) the increase in property, plant and equipment of approximately RMB1,427.8 million, and (ii) the increase in prepayments of approximately RMB1,018.4 million.

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The total liabilities of the Group was approximately RMB6,361.6 million as at June 30, 2022, representing an increase of approximately 56.2%, as compared to approximately RMB4,072.7 million as at December 31, 2021. The increase in total liabilities of the Group was mainly attributable to the increase in bank borrowings of approximately RMB1,971.5 million.

As at June 30, 2022, the Group's net assets amounted to approximately RMB8,723.0 million. The Group's assets mainly comprised of (i) goodwill of approximately RMB2,870.5 million, (ii) property, plant and equipment of approximately RMB2,519.8 million, (iii) trademarks of approximately RMB2,251.4 million, and (iv) contractual right to provide management services of approximately RMB1,891.9 million. The Group's liabilities mainly comprised of (i) bank borrowings of approximately RMB2,135.2 million, and (ii) convertible bonds of approximately RMB1,563.9 million.

In our view, based on the above analysis, both revenue and profit of the Group has shown steady growth and the Group has retained a satisfactory financial position.

2. 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, as a leading assisted reproductive services provider in the PRC and the United States, the Group has successfully expanded its hospital network into regions with high growth potential 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. In particular, in light of the recent lifting of travel restrictions as well as the PRC government's policies in support of the assisted reproductive services industry, the Company believes that the market size of the assisted reproductive services industry will continue to increase which will result in significant growth of its business.

As disclosed in the Letter from the Board contained in the Circular, the assisted reproductive services industry is highly specialized and the successful operation of which requires physicians and management team with in-depth knowledge and experience in assisted reproductive medicine and business development. One of the main difficulties faced by the Group 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 high quality of fertility services delivered as well as to obtain new licenses through acquisition. Therefore, the seasoned physicians and executive management team of the Group is crucial to its continuous and prospective business growth. Due to its ability to maintain and attract an outstanding executive management team and physicians, the Group has sailed through the COVID-19 pandemic and developed a strong brand

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

reputation in the assisted reproductive services industry owing 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 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 Connected 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 recognise and motivate the outstanding contributions made by the Connected Grantees, align their interests with the Company and in turn further incentivizes the Connected 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 and thus, it is important to align their interests with the Company and its Shareholders. As a result of their collective efforts in the recent years, the Group has diversified its scope of service offerings to cover a full lifecycle of fertility services covering pregnancy preparation, expanded the scale of Shenzhen Zhongshan Hospital through the acquisition of a new hospital building, extended their

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footprint and hospital network through the acquisition of specialty hospitals in Yunnan Province, Hubei Province and Hong Kong and entered into collaborations with top tier education institutions such as University of Southern California for various clinical and R&D initiatives.

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.

Having considered the above, in particular (i) the purpose of the Grant is to further promote the Group's expansion and drive its business forward by motivating the Connected Grantees, who are key leaders of the Group; (ii) the Grant are in line with the Company's remuneration policy; (iii) our assessment of the terms of the Grant as discussed in the section headed "*4. Principal terms of the Grant*" below; (iv) our assessment of the current remuneration of the Connected Grantees as set out in the section headed "*5. Remunerations of the Connected Grantees*" below; and (v) there will not be any actual cash outflow by the Group under the Grant, we concur with the Directors that the Grant are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

3. Information on the Connected Grantees

As set out in the Letter from the Board, the Board determined the Connected Grantees and the number of Restricted Shares granted to them with reference to, among other things, their respective roles, responsibilities, number of years of service, work experience, contributions, remuneration packages and prevailing compensation of similar positions in the market. The positions, roles, responsibilities and years of services in the Group (and where applicable, the relevant hospitals prior to its acquisition) of the Connected Grantees are set out as follows:

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Name of Connected Grantees	Position	Number of years of service in the Group (and where applicable, the relevant hospital prior to its acquisition)	Responsibility
Executive Directors			
Mr. Zhong Yong (鍾勇)	Executive Director and Chairman of the Board	5.5	Responsible for formulating the overall strategies and development plans of the Group
Dr. John G. Wilcox	Executive Director	27 ⁽¹⁾	Responsible for overseeing the clinical operation and management as well as the business development in North America
Mr. Dong Yang (董陽)	Executive Director and Chief Executive Officer	5	Responsible for overseeing the global business of the Group and its strategy planning and execution as well as its financial management and investment
Ms. Lyu Rong (呂蓉)	Executive Director and the Co-chief Executive Officer	7	Responsible for overseeing the management and the development of business in China as well as the integration of the new hospitals of the Group
Dr. Geng Lihong (耿麗紅)	Executive Director	3	Responsible for providing guidance on the implementation of clinical work and medical quality control of the Group

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Name of Connected Grantees	Position	Number of years of service in the Group (and where applicable, the relevant hospital prior to its acquisition)	Responsibility
Subsidiary Directors			
Ms. Li Yuan (李媛)	Chief medical officer of the Company and director of Chengdu Xinan Hospital	1.5	Responsible for improving the quality of medical services, strengthening the scientific research and innovation, training medical professionals and employees as well as improving the customer-centric culture of the Group
Ms. Duan Hongmei (段紅梅)	Chief operating officer of the domestic market of the Company and director of Hewanjia Hospital, Jiuzhou Hospital and Jinxin Shanghai	8	Responsible for overseeing the operation of the business in China market and the integration of patient professional service work flow and the new hospitals of the Group
Ms. Zhao Juanjuan (趙娟娟)	Hospital chief executive and director of Sichuan WCH	2 ⁽²⁾	Responsible for formulating and implementing the business strategies, development plans and financial budget of Sichuan WCH and overseeing its daily operation
Ms. Liu Yi (柳怡)	Director of Jinxin Medical Investment	31 ⁽³⁾	Responsible for implementing the business strategies, development plans and financial budget of the Group's managed hospital and overseeing its daily operation
Ms. Deng Jianglin (鄧江林)	Hospital chief executive of Shenzhen Zhongshan Hospital and director of Jinxin Women Wellness and Laien Service Consulting	21 ⁽⁴⁾	Responsible for formulating and implementing the business strategies, development plans and financial budget of Shenzhen Zhongshan Hospital and overseeing its daily operation

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Name of Connected Grantees	Position	Number of years of service in the Group (and where applicable, the relevant hospital prior to its acquisition)	Responsibility
Mr. Zhang Yang (張洋)	Vice president of the overseas affairs of the Group and director of New Hope, Willsun Fertility and Willsun Newco	3.5	Responsible for overseeing the overseas affairs of the Group and implementing the strategies and managing the operation of the overseas affairs department of the Group
Mr. Jiang Yingshuang (蔣穎爽)	Finance director of Shenzhen Zhongshan Hospital and director of Shenzhen Yuji	4.5	Responsible for overseeing the development, implementation and management of the financial system of Shenzhen Zhongshan Hospital
Ms. Huang Hanmei (黃寒梅)	Vice president of the Company and director of Sichuan WCH, Jinxin Medical Innovation Center, Jinxin Health Management, Jinxin Maternity Health Management and Shanghai Jinxiao	2	Responsible for overseeing the overall financial management of the Group
Mr. Diao Lianghui (刁梁輝)	General manager of the innovation center at Shenzhen Zhongshan Hospital and director of Jinxin Medical Innovation Center	10 ⁽⁵⁾	Responsible for overseeing the management and operation of the innovation center at Shenzhen Zhongshan Hospital, as well as its R&D and knowledge transfer work streams
Ms. Dong Jingjing (董靜靜)	Deputy hospital chief executive of Shenzhen Zhongshan Hospital and director of Shenzhen Yuji	13 ⁽⁶⁾	Responsible for overseeing the operation and marketing activities of Shenzhen Zhongshan Hospital

Notes:

1. Dr. John G. Wilcox has joined the Group since the acquisition of HRC Medical in 2018.

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2. Ms. Zhao Juanjuan (趙娟娟) has joined the Group since the acquisition of Sichuan WCH by the Group in November 2021.
3. Liu Yi (柳怡) has joined the Group since the hospital has been managed by the Group in 2021.
4. Ms. Deng Jianglin (鄧江林) has joined the Group since the acquisition of Shenzhen Zhongshan Hospital by the Group in January 2017.
5. Mr. Diao Lianghui (刁梁輝) has joined the Group since the acquisition of Shenzhen Zhongshan Hospital by the Group in January 2017.
6. Ms. Dong Jingjing (董靜靜) has joined the Group since the acquisition of Shenzhen Zhongshan Hospital by the Group in January 2017.

As set out in the table above, each of the Connected Grantees possesses a senior position in the Group, including executive Directors of the Company, and executives, management and directors of the subsidiaries of the Company. As stated in the section headed “2. *Reasons for and benefits of the Grant*” above, the Group is of the view that 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 stated in the 2022 Interim Report, as a leading assisted reproductive services provider in China and the United States, the Group has established a competitive advantage on branding, technology, medical staff and management in a market with significant entry barriers. The Group plans to pursue its core strategies to drive continued growth in the assisted reproductive services business and fertility related services which includes: (i) increasing productivity, capacity and market share; (ii) expanding service offerings to provide comprehensive and integrated full fertility lifecycle services; (iii) expanding business network through self-establishment or acquisitions; (iv) reinforcing scientific innovation and speciality construction to enhance clinical quality and create new sources of business growth; (v) recruiting and retaining experienced medical professionals; and (vi) enhancing environmental, social and governance initiatives. Given all the Connected Grantees are playing important roles in the Group, we concur with the Board that the Grant serves as a recognition of the contributions made by the Connected Grantees and motivates them in furthering their efforts in achieving the Group’s strategies and growth.

4. Principal terms of the Grant

On January 18, 2023, the Board has approved, subject to acceptance of the Connected Grantees and other conditions, the grant of 36,792,247 Restricted Shares to 5 Directors and 10 Subsidiary Directors. The Grant shall be satisfied by the issue and allotment of new Shares to the Trustee pursuant to the 2022 General Mandate and in accordance with terms of the Scheme Rules.

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

Based on the closing price of HK\$7.34 per Share as quoted on the Stock Exchange as of the date of the RSU Grant Announcement (i.e. January 18, 2023), the market value of 36,792,247 Restricted Shares to be issued and allotted to the Connected Grantees is HK\$270,055,092.98. Based on the closing price of HK\$6.54 per Share as quoted on the Stock Exchange as of the Latest Practicable Date, the market value of 36,792,247 Restricted Shares to be issued and allotted to the Connected Grantees is HK\$240,621,295.38.

The aggregate of 36,792,247 new Restricted Shares to be issued and allotted by the Company to the Connected Grantees, represent (i) approximately 1.3522% of the total number of Shares in issue as of the Latest Practicable Date; and (ii) approximately 1.3342% of the total number of Shares in issue as enlarged by the issue and allotment of the new Restricted Shares (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the allotment date of the new Shares, other than the issue and allotment of the new Restricted Shares to the Connected Grantees).

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The details of the Grant to the Connected Grantees are summarized as follows:

Name of Connected Grantees	Number of Restricted Shares	Approximate percentage of shareholding in the issued Shares as of the Latest Practicable Date	Approximate percentage of shareholding in the issued Shares as enlarged by the issue and allotment of the new Restricted Shares	Approximate market value of the Restricted Shares granted to the Connected Grantees as of the date of the RSU Grant Announcement ⁽¹⁾	Approximate market value of the Restricted Shares granted to the Connected Grantees as of the Latest Practicable Date ⁽²⁾
				(HK\$)	(HK\$)
Executive Directors					
Mr. Zhong Yong (鍾勇)	6,623,611	0.2434%	0.2402%	48,617,304.74	43,318,415.94
Dr. John G. Wilcox	10,000,000	0.3675%	0.3626%	73,400,000.00	65,400,000.00
Mr. Dong Yang (董陽)	5,419,318	0.1992%	0.1965%	39,777,794.12	35,442,339.72
Ms. Lyu Rong (呂蓉)	5,419,318	0.1992%	0.1965%	39,777,794.12	35,442,339.72
Dr. Geng Lihong (耿麗紅)	600,000	0.0221%	0.0218%	4,404,000.00	3,924,000.00
Subsidiary Directors					
Ms. Li Yuan (李媛)	2,000,000	0.0735%	0.0725%	14,680,000.00	13,080,000.00
Ms. Duan Hongmei (段紅梅)	2,000,000	0.0735%	0.0725%	14,680,000.00	13,080,000.00
Ms. Zhao Juanjuan (趙娟娟)	1,600,000	0.0588%	0.0580%	11,744,000.00	10,464,000.00
Ms. Liu Yi (柳怡)	1,000,000	0.0368%	0.0363%	7,340,000.00	6,540,000.00
Ms. Deng Jianglin (鄧江林)	410,000	0.0151%	0.0149%	3,009,400.00	2,681,400.00
Mr. Zhang Yang (張洋)	600,000	0.0221%	0.0218%	4,404,000.00	3,924,000.00
Mr. Jiang Yingshuang (蔣穎爽)	410,000	0.0151%	0.0149%	3,009,400.00	2,681,400.00
Ms. Huang Hanmei (黃寒梅)	300,000	0.0110%	0.0109%	2,202,000.00	1,962,000.00
Mr. Diao Lianghui (刁梁輝)	205,000	0.0075%	0.0074%	1,504,700.00	1,340,700.00
Ms. Dong Jingjing (董靜靜)	205,000	0.0075%	0.0074%	1,504,700.00	1,340,700.00
Total	36,792,247	1.3522%	1.3342%	270,055,092.98	240,621,295.38

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Notes:

1. The market value of the Restricted Shares to the Connected Grantees is calculated based on the closing market price of HK\$7.34 per Share as of the date of the RSU Grant Announcement.
2. The market value of the Restricted Shares to the Connected Grantees is calculated based on the closing market price of HK\$6.54 per Share as of March 6, 2023, being the Latest Practicable Date.

Set out below are the details of the Grant of the new Restricted Shares to the Connected Grantees:

Date of Grant: January 18, 2023, subject to the acceptance of the Connected Grantees and other conditions as may be determined by the Board, including but not limited 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 the RSU Grant Announcement as quoted on the Stock Exchange is HK\$7.34 per Share

Funds to be raised: The Connected 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 vesting conditions, 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;

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- (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 new Restricted Shares granted to the Connected Grantees, the vesting of the Restricted Shares during the respective vesting periods above are conditional upon the achievement of a number of vesting conditions as determined by the Board at its sole discretion.

The main purpose of the Grant is to further promote the Group's expansion and drive its business forward by motivating the executive management team of the Group as a whole through awarding them the new Restricted Shares. To that end, the Board has identified the Connected Grantees, who together represent the executive management team of the Group and collectively provided significant contributions to the business development of the Group in the past. The Board is confident that they will be able to continue to improve the operational and financial results of the Group in the future.

The vesting conditions for the Connected Grantees are based on a set of indicators that are linked with and subject to, (i) the achievement of the overall performance targets of the Group and its hospitals by the Connected Grantees together as well as (ii) the results of the individual performance assessment for each Connected Grantee. At the end of each vesting period, the Board (other than the Directors who are also the Connected Grantees) will determine the Restricted Shares which are scheduled to be vested to each Connected Grantee for that vesting period having considered, among others, the satisfaction of the vesting conditions as set out below:

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Vesting date	(i) Overall performance targets of the Group and its hospitals	(ii) Individual performance assessment	Percentage of Restricted Shares to be vested
The date of the first anniversary of the date of Grant	<ul style="list-style-type: none"> • Significant improvement in the financial performance of the Group and its hospitals, such as realizing a CAGR in the normalized net profits of the Group of not less than 15% during the period from 2023 to 2027 under the current industry policies and environment, and the ability to recover effectively from the COVID-19 pandemic 	<ul style="list-style-type: none"> • Satisfactory results of the individual performance assessment for each Connected Grantee during the relevant vesting period, taking into account of his/her roles and responsibilities, seniority, experience, expertise, historical and expected contributions to the Group 	20%
The date of the second anniversary of the date of Grant	<ul style="list-style-type: none"> • Further enhancement in the business development and operations of the Group and its hospitals, such as (i) realizing a CAGR in the number of international IVF fertility treatment cycles performed of not less than 25% during the period from 2023 to 2027; (ii) implementing major business expansions and acquisitions; (iii) improving the medical quality of the IVF fertility treatment and increasing the number of medical talents under the Group's partnership program in the United States by not less than 15% on an annual basis; and (iv) improving the business performance and financial results of newly acquired hospitals in accordance with the annual business plans and budgets as approved by the Board 	<ul style="list-style-type: none"> • Satisfactory results of the individual performance assessment for each Connected Grantee during the relevant vesting period, taking into account of his/her roles and responsibilities, seniority, experience, expertise, historical and expected contributions to the Group 	20%
The date of the third anniversary of the date of Grant	<ul style="list-style-type: none"> • Further enhancement in the business development and operations of the Group and its hospitals, such as (i) realizing a CAGR in the number of international IVF fertility treatment cycles performed of not less than 25% during the period from 2023 to 2027; (ii) implementing major business expansions and acquisitions; (iii) improving the medical quality of the IVF fertility treatment and increasing the number of medical talents under the Group's partnership program in the United States by not less than 15% on an annual basis; and (iv) improving the business performance and financial results of newly acquired hospitals in accordance with the annual business plans and budgets as approved by the Board 	<ul style="list-style-type: none"> • Satisfactory results of the individual performance assessment for each Connected Grantee during the relevant vesting period, taking into account of his/her roles and responsibilities, seniority, experience, expertise, historical and expected contributions to the Group 	20%
The date of the fourth anniversary of the date of Grant	<ul style="list-style-type: none"> • Further enhancement in the business development and operations of the Group and its hospitals, such as (i) realizing a CAGR in the number of international IVF fertility treatment cycles performed of not less than 25% during the period from 2023 to 2027; (ii) implementing major business expansions and acquisitions; (iii) improving the medical quality of the IVF fertility treatment and increasing the number of medical talents under the Group's partnership program in the United States by not less than 15% on an annual basis; and (iv) improving the business performance and financial results of newly acquired hospitals in accordance with the annual business plans and budgets as approved by the Board 	<ul style="list-style-type: none"> • Satisfactory results of the individual performance assessment for each Connected Grantee during the relevant vesting period, taking into account of his/her roles and responsibilities, seniority, experience, expertise, historical and expected contributions to the Group 	20%
The date of the fifth anniversary of the date of Grant	<ul style="list-style-type: none"> • Continuous improvement in the brand reputation, compliance and ethics culture, sustainability and corporate governance of the Group 	<ul style="list-style-type: none"> • Satisfactory results of the individual performance assessment for each Connected Grantee during the relevant vesting period, taking into account of his/her roles and responsibilities, seniority, experience, expertise, historical and expected contributions to the Group 	20%

Note:

The main purpose of the Grant is to further promote the Group's expansion and drive the Group's business forward by motivating the executive management team of the Group as a whole. In order to be vested with the Restricted Shares granted to them, the Connected Grantees shall work together to achieve the overall performance targets of the Group and its hospitals above, whilst at the same time they shall each satisfy the individual performance assessment at the end of each vesting period.

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Clawback Mechanism

Where the events as specified in the Scheme Rules arise, unless the Board determines otherwise at its sole discretion, the Connected 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 not limited to: (i) the Connected 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 Connected Grantee has been convicted for any criminal offence involving his/her integrity or honesty; or (iii) the Connected Grantee has committed any material breach of any contract entered into between the Connected Grantee on the one hand and any member of the Group on the other hand. Pursuant to the rules of the 2022 Restricted Share Award Scheme, the Shares underlying the unvested Restricted Shares previously granted to the Connected Grantees are to be held by the Trustee for the benefit of one or more Eligible Participants in connection with one or more grants of Restricted Shares to be made.

Issue and Allotment of the Restricted Shares to the Connected Grantees

The issue and allotment of the 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 such 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, the new Restricted Shares to be issued to the Connected Grantees.

The Company considers that the issue and allotment of the Restricted Shares to the Connected Grantees is an effective incentive method and also aligns the interest of the Connected Grantees with the Company and its Shareholders. Unlike giving a cash bonus, the Grant of the Restricted Shares will enable the Company to prevent cash outflow of the Group, while at the same time aligning the interests of the Connected Grantees with the Company and its Shareholders.

The Restricted Shares, upon their issue and allotment, shall be held by the Trustee on trust and be transferred to the Connected Grantees at nil consideration until the end of each vesting period which may differ among the Connected Grantees and subject to the satisfaction of the relevant vesting conditions as may be determined by the Board. As such, no fund will be raised by the Company as a result of the issue and allotment of the Restricted Shares to the Connected Grantees. To the best of the Directors' knowledge, the Trustee and its ultimate beneficial owners are third parties independent of the Company and its connected persons, and none of them is a director or a substantial shareholder of the Group as of the Latest Practicable Date.

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Application for Listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the aggregate of 36,792,247 Restricted Shares to the Connected Grantees.

The Grant of the Restricted Shares to the Connected Grantees has been approved by the Board on January 18, 2023, being the date of grant subject to the acceptance of the Connected Grantees and other conditions as may be determined by the Board, including the Independent Shareholders' approval at the EGM.

Our assessment of the principal terms of the Grant

In evaluating the fairness and reasonableness of the terms of the Grant, we have, on a best effort basis, identified a list of grant of award shares or restricted share units by healthcare/biopharmaceutical companies (with respective industry categorised as healthcare/pharmaceuticals/biotechnology on the website of the Stock Exchange) listed on the Stock Exchange with the relevant announcements published on the website of the Stock Exchange during the period from November 18, 2022 to January 18, 2023, being approximately two months immediately prior to the Grant Date. Based on the aforesaid criteria, we have identified 18 comparable grants of award shares or restricted share units (the “**Comparable Grants**”). Among the Comparable Grants, eight of which grant award shares/restricted share units solely to non-connected person(s), eight of which grant award shares/restricted share units to connected person(s) only or both connected persons and non-connected person(s), and two of which did not specify clearly in the announcement whether the awardees include connected persons or not. In view of, among other things, (i) the Comparable Grants granted by companies belong to the same industry sector as that of the Company; (ii) the Comparable Grants were granted within approximately two months immediately prior to the Grant Date, of which the market conditions shall be comparable to that as at the Grant Date; and (iii) the terms of the Comparable Grants to either connected or non-connected grantees reflect current market practice in respect of the grant of award shares or restricted share units by healthcare/biopharmaceutical companies, we consider the Comparable Grants fair and representative.

The purpose of the Comparable Grants is to provide a general reference to the terms of grant of award shares by listed healthcare/biopharmaceutical companies. Shareholders should note that the listed issuers of the Comparable Grants have different market capitalisations, profitability, financial positions and business focus as compared to those of the Company and the size of the award shares or restricted share units to be granted under the Comparable Grants differs from that of the Grant.

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The following table sets forth the details of the Comparable Grants:

Date of announcement	Company name (stock code)	Number of grantee(s)	Market value of the awarded shares on the date of grant/ announcement (HK\$ million)	Percentage of total number of awarded shares to total number of shares in issue on the date of announcement	Involve connected grantees? If so, percentage of number of awarded shares to total number of shares in issue on the date of announcement	Shareholders' approval required?	Vesting/Attribution period	Vesting conditions
Jan 18, 2023	Genscript Biotech Corporation (1548)	5 connected grantees, total number of grantees were undisclosed	80.9	0.137%	Yes	No	Connected grantees: vested in three batches and that the last batch will be vested on December 17, 2025 Non-connected grantees: vested in one to three batches and that the last batch will be vested on December 17, 2025	Yes
Jan 13, 2023	Wuxi Aptec Co., Ltd. (2559)	21	10.2	0.0035%	No connected grantees	No	(i) 25% on the first trading day immediately following the second anniversary of the commencement date of the employment of the selected participant (ii) 25% on the first trading day immediately following the third anniversary of the commencement date of the employment of the selected participant (iii) 50% on the first trading day immediately following the fourth anniversary of the commencement date of the employment of the selected participant	Yes
Jan 3, 2023	Zai Lab Limited (9688)	1	3.0	0.13%	No connected grantees	No	(i) 20% of 105,000 American depositary shares shall vest on each anniversary of the date of grant for the next five years (ii) 100% of 21,000 American depositary shares shall vest on the first anniversary of the date of grant	Yes

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Date of announcement	Company name (stock code)	Number of grantees(s)	Market value of the awarded shares on the date of grant/ announcement (HK\$ million)	Percentage of total number of awarded shares to total number of shares in issue on the date of announcement	Involve connected grantees? If so, percentage of number of awarded shares to total number of shares in issue on the date of announcement	Shareholders' approval required?	Vesting/Attribution period	Vesting conditions
Jan 1, 2023	JD Health International Inc. (6618)	Undisclosed	103.7	0.05%	Undisclosed	No	(i) 665,907 award shares will be vested over three months to three years from the date of grant; and (ii) 788,099 award shares will be vested over one to four years from the date of grant.	Yes
Dec 30, 2022	Wuxi Applec Co., Ltd. (2559)	369, including 14 connected grantees	1,040.7	0.43%	Yes Executive director: 0.0014%–0.0135% Connected grantees other than executive director: 0.0001%–0.0025%	No	(i) 25% on December 2, 2023 (ii) 25% on December 2, 2024 (iii) 25% on December 2, 2025 (iv) 25% on December 2, 2026	Yes
Dec 29, 2022	Mega Genomics Limited (6667)	4 connected grantees, total number of grantees were undisclosed	286.4	11.40%	Yes Executive director: 0.2%–5.7% Connected grantees other than executive director: 1.9%	No	(i) one third will become vested immediately upon the grant; (ii) one third will become vested on the first anniversary of the date of grant; and (iii) the remaining one third will be vested on the second anniversary of the date of grant.	No

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Date of announcement	Company name (stock code)	Number of grantee(s)	Market value of the awarded shares on the date of grant/ announcement (HK\$ million)	Percentage of total number of awarded shares to total number of shares in issue on the date of announcement	Involve connected grantees? If so, percentage of number of awarded shares to total number of shares in issue on the date of announcement	Shareholders' approval required?	Vesting/Attribution period	Vesting conditions
Dec. 28, 2022	RemeGen Co., Ltd. (9995)	188, including 10 connected grantees	236.9	0.53%	Yes	No	Class A interests: 20%: after the expiry of 12 months following the grant date and up to 24 months 20%: after the expiry of 24 months following the grant date and up to 36 months 20%: after the expiry of 36 months following the grant date and up to 48 months 20%: after the expiry of 48 months following the grant date and up to 60 months 20%: after the expiry of 60 months following the grant date and up to 72 months Class B interests: 20%: after the expiry of 24 months following the grant date and up to 36 months 40%: after the expiry of 36 months following the grant date and up to 48 months 20%: after the expiry of 48 months following the grant date and up to 60 months 20%: after the expiry of 60 months following the grant date and up to 72 months	Yes
					Executive director: 0.0027%-0.0643% Connected grantees other than executive director: 0.002%-0.0033%			

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Date of announcement	Company name (stock code)	Number of grantee(s)	Market value of the awarded shares on the date of grant/ announcement (HK\$ million)	Percentage of total number of awarded shares to total number of shares in issue on the date of announcement	Involvement of connected grantees? If so, percentage of number of awarded shares to total number of shares in issue on the date of announcement	Shareholders' approval required?	Vesting/Attribution period	Vesting conditions
Dec 19, 2022	Transcentia Holding Limited (6628)	92, including 3 connected grantees	15.1	1.20%	Yes	No	Connected grantees: (i) 30,000 award shares will vest with immediate effect on the date of grant; (ii) 30,000 award shares will be vested on September 29, 2023; and (iii) 30,000 award shares will be vested on September 29, 2024. Non-connected grantees: (i) 4,645,160 award shares will be vested over one to four years from the vesting commencement date; (ii) 300,000 of the award shares will be vested based on performance targets.	Yes
Dec 19, 2022	Transcentia Holding Limited (6628)	1 connected grantee	13.2	1.05%	Yes	Yes	850,000 restricted share units will vest with immediate effect on the date of grant and 2,550,000 restricted share units will vest equally in three years instalments on the anniversaries of the vesting commencement date	Yes

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Date of announcement	Company name (stock code)	Number of grantee(s)	Market value of the awarded shares on the date of grant/announcement (HK\$ million)	Percentage of total number of awarded shares to total number of shares in issue on the date of announcement	Involve connected grantees? If so, percentage of number of awarded shares to total number of shares in issue on the date of announcement	Shareholders' approval required?	Vesting/Attribution period	Vesting conditions
Dec 16, 2022	JW (Cayman) Therapeutics Co. Ltd (2126)	Undisclosed	0.2	0.01%	Undisclosed	No	There are two types of vesting schedules: (i) 30% vesting on the second anniversary of the vesting commencement date and the remaining 30% and 40% shall vest on the third and fourth anniversary of the vesting commencement date, respectively; and (ii) 25% vesting on the first anniversary of the vesting commencement date and the remaining 25%, 25% and 25% shall vest on the second, third and fourth anniversary of the vesting commencement date, respectively.	No
Dec 15, 2022	Brii Biosciences Limited (2137)	10	3.2	0.05%	No connected grantees	No	25%, 25%, 25% and 25% of the grant will vest on each of the first, second, third and fourth anniversaries of the RSU Vesting Start Date (as defined in the announcement of Brii Biosciences Limited dated December 15, 2022) of each grantee, respectively.	Yes
Dec 15, 2022	Alibaba Health Information Technology Limited (241)	9	3.1	0.003%	No connected grantees	No	The 390,000 restricted share units granted shall vest in the grantees within four years from the date of grant.	No
Dec 9, 2022	Innovent Biologics, Inc. (1801)	5	40.6	0.08%	No connected grantees	No	(i) 75% shall vest on December 9, 2025; and (ii) 25% shall vest on December 9, 2026.	Yes

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Date of announcement	Company name (stock code)	Number of grantees(s)	Market value of the awarded shares on the date of grant/ announcement (HK\$ million)	Percentage of total number of awarded shares to total number of shares in issue on the date of announcement	Involve connected grantees? If so, percentage of number of awarded shares to total number of shares in issue on the date of announcement	Shareholders' approval required?	Vesting/Attribution period	Vesting conditions
Dec 1, 2022	Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (2196) ("Shanghai Fosun")	146, including 14 connected grantees	107.9	0.10%	Yes Executive director: 0.007%-0.0096% Connected grantees other than executive director: 0.0004%-0.007%	Yes	33%: after expiry of the 12-month period from the date of completion of registration of certain corresponding restricted shares under the A Share First Grant (as defined in the circular of Shanghai Fosun dated October 31, 2022) and up to 24-month period from the date of completion of registration of certain corresponding restricted shares under the A Share First Grant 33%: after expiry of the 24-month period from the date of completion of registration of certain corresponding restricted shares under the A Share First Grant and up to 36-month period from the date of completion of registration of certain corresponding restricted shares under the A Share First Grant 34%: after expiry of the 36-month period from the date of completion of registration of certain corresponding restricted shares under the A Share First Grant and up to 48-month period from the date of completion of registration of certain corresponding restricted shares under the A Share First Grant	Yes
Nov 28, 2022	WuXi Biologics (Cayman) Inc. (2269)	681	347.1	0.17%	No connected grantees	No	The new shares so 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 may be specified by the board at the time of making the grant.	Yes
Nov 28, 2022	WuXi Biologics (Cayman) Inc. (2269)	234	320.5	0.16%	No connected grantees	No	The new shares so issued will be held on trust for the grantees until the end of each vesting period and be transferred to the grantees upon satisfaction of the relevant vesting conditions as may be specified by the board at the time of making the grant.	Yes

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Date of announcement	Company name (stock code)	Number of grantees(s)	Market value of the awarded shares on the date of grant/ announcement (HK\$ million)	Percentage of total number of awarded shares to total number of shares in issue on the date of announcement	Involve connected grantees? If so, percentage of number of awarded shares to total number of shares in issue on the date of announcement	Shareholders' approval required?	Vesting/Attribution period	Vesting conditions
Nov 25, 2022	Hangzhou Tigermed Consulting Co., Ltd. (3347)	817	420.7	0.78%	No connected grantees	No	40% from the first trading day after the expiry of 12 months following the grant date of the first grant until the last trading day within the 24 months following the grant date of the first grant	Yes
							40% from the first trading day after the expiry of 24 months following the grant date of the first grant until the last trading day within the 36 months following the grant date of the first grant	
							30% from the first trading day after the expiry of 36 months following the grant date of the first grant until the last trading day within the 48 months following the grant date of the first grant	
Nov 24, 2022	Simaomics Ltd. (257) ("Simaomics")	119, including 5 connected grantees	52.8	1.00%	Yes Executive director: 0.049%-0.13% Connected grantees other than executive director: 0.01%	Yes	1st batch: 50% shall vest on each of the first and second anniversary of the grant date respectively 2nd batch: 25% shall vest on each of the first, second, third and fourth anniversary of the grant date respectively	No
		Minimum	0.2	0.003%	Executive director: 0.0014% Connected grantees other than executive director: 0.0001%			
		Maximum	1,040.7	11.4%	Executive director: 5.7% Connected grantees other than executive director: 1.9%			
		Average	171.5	1.0%				

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Date of announcement	Company name (stock code)	Number of grantee(s)	Market value of the awarded shares on the date of grant/ announcement (HK\$ million)	Percentage of total number of awarded shares to total number of shares in issue on the date of announcement	Involve connected grantees? If so, percentage of number of awarded shares to total number of shares in issue on the date of announcement	Shareholders' approval required?	Vesting/Attribution period	Vesting conditions
Jan 18, 2023	The Company (0951)	174, including 15 Connected Grantees	Non-Connected Grantees: 213.3 Connected Grantees: 270.1	Non-Connected Grantees: 1.08% Connected Grantees: 1.37%	Executive Director: 0.02%-0.37% Subsidiary Director: 0.008%-0.07%	Yes	The Restricted Shares under the Grant shall, subject to the achievement of the relevant performance targets, be vested in accordance with the following schedule:	Yes
							(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.

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Size of grant

In terms of the total size of grant, as shown in the table above, the percentage of total number of award shares or restricted share units to the total number of shares in issue on the date of the announcement of the Comparable Grants ranges from approximately 0.003% to 11.4%. The new Shares to be issued and allotted by the Company pursuant to the Grant represents approximately 1.37% of the issued share capital as of the date of RSU Grant Announcement. Accordingly, such figure fall within the range of that of the Comparable Grants. In terms of the size of grant individually, the percentage of number of award shares or restricted share units of the Comparable Grants granted to each connected grantee who is an executive director to the total number of shares in issue on the date of the announcement of the Comparable Grants ranges from approximately 0.0014% to 5.7%; and that for each connected grantee other than executive directors ranges from approximately 0.0001% to 1.9%. Pursuant to the Grant, the new Shares to be issued and allotted by the Company to each Executive Director and each Subsidiary Director represents approximately 0.02% to 0.37% and approximately 0.008% to 0.07% of the issued share capital as of the date of RSU Grant Announcement, respectively. Accordingly, the size of grant to each Executive Director and Subsidiary Director falls within the range of the size of connected grants to each executive director and connected grantee other than executive directors of the Comparable Grants, respectively.

In terms of market value, based on the closing price of HK\$7.34 per Share as quoted on the Stock Exchange as of the date of the RSU Grant Announcement, the market value of the Grant is approximately HK\$270.1 million. Such market values fall within the range of the market values of the Comparable Grants of approximately HK\$0.2 million to approximately HK\$1,040.7 million as shown in the table above. Although the range is wide, we still consider the analysis on the remuneration packages of the executive directors of the Comparable Grants to be meaningful and necessary in assessing the fairness and reasonableness of the remuneration packages of the Connected Grantees given that (i) the remuneration packages of the Connected Grantees are estimated with reference to, among others, the remuneration level of the industry as advised by the Management; and (ii) the remuneration packages of the executive directors of the Comparable Grants could provide a general reference to the remuneration level of the industry.

Vesting period and number of tranches

As shown in the table above, the Comparable Grants generally had vesting period ranged from immediate vesting up to approximately six years from the date of grant, and were generally vested in one to five tranches over the vesting period. Under the Grant, 20% of the Restricted Shares under the Grant shall be vested on each of the first, second, third, fourth and fifth anniversary of the date of Grant respectively. The vesting period of five years with five vesting tranches of the Grant falls within the ranges of that of the Comparable Grants and is consistent with the market practice.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Vesting conditions

The vesting conditions for the Connected Grantees are based on a set of indicators that are linked with, and subject to, (i) the achievement of the overall performance targets of the Group and its hospitals by the Connected Grantees together as well as (ii) the results of the individual performance assessment for each Connected Grantee. Upon our enquiry with the Directors, we understand that the vesting conditions, including certain operational indicators such as targets for a CAGR in the number of international IVF fertility treatment cycles performed of not less than 25% during 2023 to 2027, the increase in the number of medical talents under the Group's partnership program in the United States of not less than 15% on an annual basis, and a CAGR in the normalized net profits of the Group of not less than 15% from 2023 to 2027, were determined taking into consideration of, among other things, (i) the industry prospects of the IVF industry; (ii) the key drivers of the Group's development, being (a) the ability to increase its highly-qualified talent resources to sustain the high success rates of the IVF treatments, and (b) the expansion of business network through self-establishment or merger and acquisitions; and (iii) the recovery of the global business. As shown in the table above, 14 out of the 18 Comparable Grants have vesting conditions on the grant of award shares or restricted share units, the fact that the Grant have vesting conditions is in line with the market and the Group's intention to incentivise the Connected Grantees in contributing to the development and growth of the Group. We have reviewed the vesting conditions of the Comparable Grants (where disclosed) and noted that, while such vesting conditions are firm specific, they are generally targets, milestones or achievements tied with the firm's prospective performance and growth. As such, the Group's methodology in determining the vesting conditions are in line with the market practice as well as the purpose of the Grant to promote the Group's expansion and drive its business forward. Based on the aforesaid, we are of the view that the vesting conditions, which provides motivation and incentives for the Connected Grantees to continue to contribute to the future growth and development of the Group, aligns the interest of the Connected Grantees with the Shareholders and is in the interest of the Company and its Shareholders as a whole.

As the principal terms of the Grant, including size of grant, vesting period and vesting conditions, are generally in line with the market, we concur with the Board's view that the Grant are on normal commercial terms and the terms of which are fair and reasonable.

5. Remunerations of the Connected Grantees

5.1 Remunerations of the executive Directors

Among the 15 Connected Grantees, five of which are executive Directors. The table below sets forth the total remuneration packages of the Connected Grantees who are executive Directors for the year ended December 31, 2022 ("FY2022") based on the unaudited information provided by the Company, and, for illustrative purposes only, the hypothetical total remuneration of these executive Directors after including the market value of the Restricted Shares to be granted:

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Name of Connected Grantees	Position	Total remuneration for FY2022	Total market value of the Restricted Shares	Market value of the Restricted Shares on annual basis	Hypothetical total remuneration	Percentage of share-based compensation to hypothetical total remuneration
		(Note 1) RMB'000 (A)	(Note 2) RMB'000 (B)	(Note 3) RMB'000 (C) = (B)/5	(Note 4) RMB'000 (D) = (A) + (C)	(C)/(D)
Executive Directors						
Mr. Zhong Yong (鍾勇)	Executive Director and Chairman of the Board	3,740.6	41,553.3	8,310.7	12,051.3	69.0%
Dr. John G. Wilcox	Executive Director	9,505.6 (Note 5)	62,735.0	12,547.0	22,052.6	56.9%
Mr. Dong Yang (董陽)	Executive Director and Chief Executive Officer	2,692.9	33,998.1	6,799.6	9,492.5	71.6%
Ms. Lyu Rong (呂蓉)	Executive Director and the Co-chief Executive Officer	3,307.5	33,998.1	6,799.6	10,107.1	67.3%
Dr. Geng Lihong (耿麗紅)	Executive Director	1,508.2	3,764.1	752.8	2,261.0	33.3%

Notes:

- As confirmed by the Company, none of the above executive Directors received any share-based compensation in FY2022. The remuneration packages of the above executive Directors for FY2022 includes fees, salaries and allowances, performance-related incentive payments and retirement benefit schemes contributions.
- Market value of the Restricted Shares was calculated based on the closing price of the Shares on the date of Grant as quoted on the Stock Exchange of HK\$7.34 per Share at the exchange rate of RMB1=HK\$1.17.
- Market value of the Restricted Shares on annual basis was calculated by dividing the total market value of the Restricted Shares as at the date of Grant by the vesting period of five years.
- Hypothetical total remuneration of the Connected Grantees was calculated as the sum of the total remuneration for FY2021 and the market value of the Restricted Shares on annual basis.
- As confirmed by the Company, represents the total remuneration for FY2022 received by Dr. John G. Wilcox for his services rendered as a physician of HRC Medical, being one of the assisted reproductive facilities managed by the Group.

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In assessing the fairness and reasonableness of the remuneration packages of these executive Directors, we have reviewed the latest annual reports of the 15 issuers of the Comparable Grants (the “Comparable Companies”) and summarised the annual remuneration packages of the executive directors of such issuers as set forth below:

Company Name (stock code) Name of executive directors	Non-share based compensation <i>RMB'000</i>	Share-based compensation <i>RMB'000</i>	Total remuneration <i>RMB'000</i>	Percentage of share-based compensation to total remuneration
1 Genscript Biotech Corporation (1548)				
Mr. Meng Jiange	2,962	1,836	4,798	38.3%
Ms. Wang Ye	4,583	2,111	6,694	31.5%
Dr. Zhu Li	1,776	2,030	3,806	53.3%
2 Wuxi Aptec Co., Ltd. (2359)				
Dr. Ge Li	24,764	6,155	30,919	19.9%
Dr. Steve Qing Yang	7,638	4,757	12,395	38.4%
Mr. Zhaohui Zhang	6,123	1,454	7,577	19.2%
Dr. Ning Zhao	3,236	1,368	4,604	29.7%
Mr. Edward Hu	7,771	4,935	12,706	38.8%
3 Zai Lab Limited (9688)				
Dr. Samantha Du	11,008	91,620	102,628	89.3%
4 JD Health International Inc. (6618)				
Mr. Enlin Jin	434	2,590	3,024	85.6%
Mr. Lijun Xin	1,548	95,502	97,050	98.4%
5 Mega Genomics Limited (6667)	Mega Genomics Limited was listed on the Stock Exchange in June 2022			
6 RemeGen Co., Ltd. (9995)				
Mr. Wang Weidong	1,500	—	1,500	0.0%
Dr. Fang Jianmin	7,700	—	7,700	0.0%
Mr. Lin Jian	883	—	883	0.0%
Dr. He Ruyi	4,216	6,271	10,487	59.8%

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Company Name (stock code) Name of executive directors	Non-share based compensation <i>RMB'000</i>	Share-based compensation <i>RMB'000</i>	Total remuneration <i>RMB'000</i>	Percentage of share-based compensation to total remuneration
7 Transcenta Holding Limited (6628)				
Dr. Xueming Qian	4,088	1,086	5,174	21.0%
Dr. Michael Ming Shi	4,609	—	4,609	0.0%
Mr. Albert Da Zhu	3,182	943	4,125	22.9%
8 JW (Cayman) Therapeutics Co. Ltd (2126)				
Dr. Yiping James Li	4,287	36,617	40,904	89.5%
9 BRII Biosciences Limited (2137)				
Dr. Zhi Hong	38,720	26,639	65,359	40.8%
Mr. Yongqing Lui	7,933	17,043	24,976	68.2%
10 Alibaba Health Information Technology Limited (241)				
Mr. Zhu Shun Yan	5,369	11,203	16,572	67.6%
Mr. Shen Difan	2,400	4,019	6,419	62.6%
Mr. Tu Yanwu	1,569	1,679	3,248	51.7%
11 Innovent Biologics, Inc. (1801)				
Dr. Yu, De-Chao Michael	26,221	101,738	127,959	79.5%
Mr. Ede, Hao Xi Ronald	5,398	14,969	20,367	73.5%
12 Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (2196)				
Mr. Wu Yifang	11,024	—	11,024	0.0%
Mr. Wang Kexin	7,236	—	7,236	0.0%
Ms. Guan Xiaohui	4,940	—	4,940	0.0%
13 WuXi Biologics (Cayman) Inc. (2269)				
Dr. Zhiseng Chen	4,527	46,267	50,794	91.1%
Dr. Weichang Zhou	2,617	11,587	14,204	81.6%

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Company Name (stock code) Name of executive directors	Non-share based compensation <i>RMB'000</i>	Share-based compensation <i>RMB'000</i>	Total remuneration <i>RMB'000</i>	Percentage of share-based compensation to total remuneration
14 Hangzhou Tigermed Consulting Co., Ltd. (3347)				
Dr. Ye Xiaoping	922	—	922	0.0%
Ms. Cao Xiaochun	899	—	899	0.0%
Ms. Yin Zhuan	696	91	787	11.6%
Mr. Wu Hao	259	—	259	0.0%
15 Sirnaomics Ltd. (2257)				
Dr. Yang Lu	3,585	24,753	28,338	87.3%
Dr. Michael V. Molyneaux	3,511	2,761	6,272	44.0%
Dr. David Mark Evans	2,566	3,216	5,782	55.6%
Min (excluding 0)	259	91	259	11.6%
Max	38,720	101,738	127,959	98.4%
Average (excluding 0)	6,124	18,759	19,946	55.4%
Median	4,152	2,350	6,965	38.6%

Note: Assuming the exchange rate of HK\$1 = US\$7.84 and RMB1 = HK\$1.17.

As shown in the table above, the total annual remuneration packages of the executive directors of the Comparable Companies ranged from approximately RMB0.3 million to approximately RMB128.0 million with an average of approximately RMB19.9 million. For illustrative purpose only, as set out in the table above, the hypothetical total remuneration package of the five executive Directors subject to the Grant will range approximately RMB2.3 million to approximately RMB22.1 million. Such remuneration packages of the five executive Directors subject to the Grant are either lower or close to the average of the total remuneration packages of the executive directors of the Comparable Companies.

Furthermore, excluding those executive directors of the Comparable Companies who did not receive any share-based compensation, the percentage of share-based compensation to total remuneration of the executive directors of the Comparable Companies ranged from approximately 11.6% to approximately 98.4%. The percentages of share-based compensation to the hypothetical total remuneration package of the Connected Grantees who are executive Directors ranged from approximately 33.3% to approximately 71.6%, which are within the range of that of the Comparable Companies.

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5.2 Remunerations of the Subsidiary Directors

The table below sets forth the total remuneration packages of the Connected Grantees who are Subsidiary Directors for FY2022 based on the unaudited information provided by the Company, and, for illustrative purposes only, the hypothetical total remuneration of these Subsidiary Directors after including the market value of the Restricted Shares to be granted:

Name of Connected Grantees	Position	Non-share-based compensation for FY2022		Share-based compensation for FY2022	Total remuneration for FY2022	Total market value of the Restricted Shares		Market value of the Restricted Shares on annual basis		Hypothetical total remuneration	Percentage of share-based compensation to hypothetical total remuneration
		(Note 1)	(Note 1)			(Note 2)	(Note 3)	(Note 4)	(Note 5)		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Subsidiary Directors											
Ms. Li Yuan (李媛)	Chief medical officer of the Company and director of Chengdu Xinan Hospital	3,420.1	2,176.0	5,596.1	12,547.0	2,509.4	8,105.5	2,509.4	8,105.5	57.8%	
Ms. Duan Hongmei (段红梅)	Chief operating officer of the domestic market of the Company and director of Hewanjia Hospital, Jiuzhou Hospital and Jinxin Shanghai	2,485.5	—	2,485.5	12,547.0	2,509.4	4,994.9	2,509.4	4,994.9	50.2%	
Ms. Zhao Juanjuan (赵娟娟)	Hospital chief executive and director of Sichuan WCH	1,555.7	—	1,555.7	10,037.6	2,007.5	3,563.2	2,007.5	3,563.2	56.3%	
Ms. Liu Yi (柳怡)	Director of Jinxin Medical Investment	2,203.3	—	2,203.3	6,273.5	1,254.7	3,458.0	1,254.7	3,458.0	36.3%	

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Name of Connected Grantees	Position	Non-share-based compensation for FY2022			Share-based compensation for FY2022			Total remuneration for FY2022			Market value of the Restricted Shares on annual basis		Hypothetical total remuneration		Percentage of share-based compensation to hypothetical total remuneration
		(Note 1)	(a)	(b)	(A) = (a) + (b)	(B)	(C) = (B)/5	(D) = (A) + (C)	(b) + (C)/(D)	(Note 2)	(Note 3)	(Note 4)	(Note 5)		
		RMB'000	RMB'000	RMB'000	RMB'000	Shares	RMB'000	RMB'000	RMB'000	Shares	RMB'000	RMB'000	RMB'000	RMB'000	
Ms. Deng Jianglin (鄧江林)	Hospital chief executive of Shenzhen Zhongshan Hospital and director of Jinxin Women Wellness and Laien Service Consulting	1,286.8	1,622.0	1,622.0	2,908.8	2,572.1	2,572.1	2,572.1	514.4	3,423.3	3,423.3	3,423.3	3,423.3	62.4%	
Mr. Zhang Yang (張洋)	Vice president of the overseas affairs of the Group and director of New Hope, Willsun Fertility and Willsun Newco	807.2	1,584.0	1,584.0	2,391.2	3,764.1	3,764.1	3,764.1	752.8	3,144.0	3,144.0	3,144.0	3,144.0	74.3%	
Mr. Jiang Yingshuang (蔣穎爽)	Finance director of Shenzhen Zhongshan Hospital and director of Shenzhen Yuji	957.1	198.0	198.0	1,155.1	2,572.1	2,572.1	2,572.1	514.4	1,669.5	1,669.5	1,669.5	1,669.5	42.7%	
Ms. Huang Hanmei (黃寒梅)	Vice president of the Company and director of Sichuan WCH, Jinxin Medical Innovation Center, Jinxin Health Management, Jinxin Maternity Health Management and Shanghai Jinxiao	1,572.9	—	—	1,572.9	1,882.1	1,882.1	1,882.1	376.4	1,949.3	1,949.3	1,949.3	1,949.3	19.3%	

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Name of Connected Grantees	Position	Non-share-based compensation for FY2022		Share-based compensation for FY2022		Total remuneration for FY2022		Market value of the Restricted Shares on annual basis		Hypothetical total remuneration		Percentage of share-based compensation to hypothetical total remuneration <i>(Note 5)</i>
		<i>(Note 1)</i>	<i>(a)</i>	<i>(b)</i>	<i>(A) = (a) + (b)</i>	Total market value of the Restricted Shares <i>(Note 2)</i>	Restricted Shares <i>(Note 3)</i>	Restricted Shares <i>(Note 3)</i>	Hypothetical total remuneration <i>(Note 4)</i>	Hypothetical total remuneration <i>(Note 4)</i>		
Mr. Diao Lianghui (刁梁輝)	General manager of the innovation center at Shenzhen Zhongshan Hospital and director of Jinxin Medical Innovation Center	RMB'000	829.7	RMB'000	173.0	1,002.7	1,286.1	257.2	1,259.9	RMB'000	RMB'000	34.1%
Ms. Dong Jingjing (董靜靜)	Deputy hospital chief executive of Shenzhen Zhongshan Hospital and director of Shenzhen Yuji	RMB'000	635.3	<i>(b)</i>	173.0	808.3	1,286.1	257.2	1,065.5	<i>(C) = (B)/5</i>	<i>(D) = (A) + (C)</i>	40.4%

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Notes:

1. Non-share-based compensation of the above Subsidiary Directors for FY2022 includes fees, salaries and allowances, performance-related incentive payments and retirement benefit schemes contributions.
2. Market value of the Restricted Shares was calculated based on the closing price of the Shares on the date of Grant as quoted on the Stock Exchange of HK\$7.34 per Share at the exchange rate of RMB1=HK\$1.17.
3. Market value of the Restricted Shares on annual basis was calculated by dividing the total market value of the Restricted Shares as at the date of Grant by the vesting period of five years.
4. Hypothetical total remuneration of the Connected Grantees was calculated as the sum of the total remuneration for FY2022 and the market value of the Restricted Shares on annual basis.
5. Percentage of share-based compensation to hypothetical total remuneration was calculated by dividing the sum of the share-based compensation for FY2022 and the market value of the Restricted Shares on annual basis by the hypothetical total remuneration of each of the Subsidiary Directors.

For the 10 Connected Grantees who are Subsidiary Directors, given the fact that no public information on the remuneration of directors in the subsidiary level is available, the remuneration packages of the Subsidiary Directors could not be directly compared to the Comparable Companies. However, the percentages of share-based compensation to the hypothetical total remuneration package of the Connected Grantees who are Subsidiary Directors ranged from approximately 19.3% to approximately 74.3%, which are within the range of that of the executive directors of the Comparable Companies ranging approximately 11.6% to approximately 98.4%.

Given that (i) these 10 Subsidiary Directors are key leaders and talents of the Company who have provided significant contributions to the successes of the Group; (ii) at the end of each vesting period, the Board (other than Directors who are also Connected Grantees) will determine the Restricted Shares which are scheduled to be vested to each Connected Grantee for that vesting period having considered the satisfaction of the vesting conditions; and (iii) Independent Shareholders can benefit from the improvement of the Group's performance when the vesting conditions and performance targets have been satisfied, we consider the number of Restricted Shares to be granted to these 10 Subsidiary Directors is fair and reasonable so far as the Independent Shareholders are concerned.

6. Shareholding effects of the Grant

As set out in the Letter from the Board, the shareholding effects of the Grant as of the Latest Practicable Date and immediately after the allotment, issuance and full vesting of the Restricted Shares to the Connected Grantees (assuming no other change in the issued share capital of the Company) is as follows:

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Name of Shareholders	As of the Latest Practicable Date		Immediately after the allotment, issuance and full vesting of the Restricted Shares to the Connected Grantees (assuming no other change in the issued share capital of the Company)	
	No. of Shares		No. of Shares	
Shareholders				
JINXIN Fertility Investment Group Limited ⁽¹⁾	319,471,061	11.7413%	319,471,061	11.5847%
HRC Investment Holding, LLC	288,580,005	10.6060%	288,580,005	10.4645%
HHLR Advisors, Ltd. (previously known as Hillhouse Capital Advisors, Ltd. ⁽²⁾)	176,181,349	6.4751%	176,181,349	6.3887%
Sub-total	784,232,415	28.8224%	784,232,415	28.4379%
Connected Grantees				
<i>Executive Directors</i>				
Mr. Zhong Yong (鍾勇)	4,300,500	0.1581%	10,924,111	0.3961%
Dr. John G. Wilcox	0	0%	10,000,000	0.3626%
Mr. Dong Yang (董陽)	3,475,000	0.1277%	8,894,318	0.3225%
Ms. Lyu Rong (呂蓉)	5,504,000	0.2023%	10,923,318	0.3961%
Dr. Geng Lihong (耿麗紅)	0	0%	600,000	0.0218%
<i>Subsidiary Directors</i>				
Ms. Li Yuan (李媛)	168,574	0.0062%	2,168,574	0.0786%
Ms. Duan Hongmei (段紅梅)	29,283	0.0011%	2,029,283	0.0736%
Ms. Zhao Juanjuan (趙娟娟)	0	0%	1,600,000	0.0580%
Ms. Liu Yi (柳怡)	0	0%	1,000,000	0.0363%
Ms. Deng Jianglin (鄧江林)	266,397	0.0098%	676,397	0.0245%
Mr. Zhang Yang (張洋)	0	0%	600,000	0.0218%
Mr. Jiang Yingshuang (蔣穎爽)	38,917	0.0014%	448,917	0.0163%
Ms. Huang Hanmei (黃寒梅)	0	0%	300,000	0.0109%
Mr. Diao Lianghai (刁梁輝)	33,823	0.0012%	238,823	0.0087%
Ms. Dong Jingjing (董靜靜)	34,314	0.0013%	239,314	0.0087%
Sub-total	13,850,808	0.5090%	50,643,055	1.8364%

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Name of Shareholders	As of the Latest Practicable Date		Immediately after the allotment, issuance and full vesting of the Restricted Shares to the Connected Grantees (assuming no other change in the issued share capital of the Company)	
	No. of Shares		No. of Shares	
Non-connected Grantees				
<i>Sub-total</i>	<u>29,060,994</u>	<u>1.0681%</u>	<u>29,060,994</u>	<u>1.0538%</u>
Public shareholders	1,893,769,579	69.6005%	1,893,769,579	68.6719%
Total	<u><u>2,720,913,796</u></u>	<u><u>100%</u></u>	<u><u>2,757,706,043</u></u>	<u><u>100%</u></u>

Notes:

1. JINXIN Fertility Investment Group Limited 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 Latest Practicable Date.
2. HHLR Advisors, Ltd. is the investment manager of HHLR Fund, L.P. and is therefore deemed to be interested in 152,915,349 Shares held by HHLR Fund, L.P. as of the Latest Practicable Date.

As shown in the table above, as a result of the issue and allotment of the 36,792,247 Restricted Shares to be granted to the Connected Grantees, the shareholding interests of existing public Shareholders will be diluted from approximately 69.6005% to approximately 68.6719% of the total issued share capital of the Company as at the Latest Practicable Date, we are of the view that such dilution effect on the shareholdings of the existing public Shareholders is immaterial. Despite the dilution on the shareholdings of the existing public Shareholders, taking into account: (i) the reasons for and benefits of the Grant as discussed in the section headed "2. Reasons for and benefits of the Grant" above; (ii) the terms of the Grant are fair and reasonable and in the interests of the Company and the Shareholders as a whole as discussed in the section headed "4. Principal terms of the Grant" above; and (iii) there will not be any actual cash outflow by the Group under the Grant, we consider the dilution to the Independent Shareholders upon the issue and allotment of the Restricted Shares to the Connected Grantees to be acceptable.

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RECOMMENDATION

Having considered the principal factors and reasons as discussed above, we are of the view that the Grant is conducted in the ordinary and usual course of business of the Group based on normal commercial terms, and the terms thereof are fair and reasonable so far as the Company and the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Grant at the EGM.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Calvin Leung
Director

Mr. Calvin Leung is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over 18 years of experience in the corporate finance industry.

* *For identification purpose only*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

a) Directors and Chief Executive

As of the Latest Practicable Date, the interests and short positions, if any, of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under provisions of the SFO), or which were required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies adopted by the Company were as follows:

i. Interest in Shares and Underlying Shares

Name of Director/chief executive	Nature of interests	Number of Shares held	Approximate percentage of shareholding as of the Latest Practicable Date
Zhong Yong	Long position	4,300,500	0.16%
Dong Yang	Long position	3,475,000	0.13%
Lyu Rong	Long position	5,504,000	0.20%
Yan Xiaoqing	Long position	2,216,000	0.08%

ii. *Interest in the Company's Associated Corporations*

Name of Director/chief executive	Capacity/Nature of interests	Name of associated corporation	Approximate percentage of shareholding as of the Latest Practicable Date
Lyu Rong	Beneficial owner	Chengdu Jinyi Hongkang Corporate Management Co, Ltd.* (成都錦逸弘康企業管理有限公司) (“ Jinyi Hongkang ”)	51% ⁽¹⁾
Yan Xiaoqing	Beneficial owner	Chengdu Jinrun Fude Medical Management Company Limited* (成都錦潤福德醫療管理有限公司) (“ Jinrun Fude ”)	51% ⁽²⁾

Notes:

1. Ms. Lyu Rong, one of the registered shareholders of Jinyi Hongkang, holds 51% of the equity interest in Jinyi Hongkang. Jinyi Hongkang is a subsidiary of the Company by virtue of the series of contractual arrangements entered into to allow the Company to receive the economic benefits of its VIE entities.
2. Ms. Yan Xiaoqing, one of the registered shareholders of Jinrun Fude, holds 51% of the equity interest in Jinrun Fude. Jinrun Fude is a subsidiary of the Company by virtue of the series of contractual arrangements entered into to allow the Company to receive the economic benefits of its VIE entities.

b) Substantial Shareholders

So far as is known to any Director or the chief executive of the Company, as of the Latest Practicable Date, Shareholders who had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name	Capacity/Nature of interests	Number of Shares held	Approximate percentage of shareholding as of the Latest Practicable Date
JINXIN Fertility Investment Group Limited ⁽¹⁾	Long position	319,471,061	11.74%
HRC Investment Holding, LLC	Long position	288,580,005	10.61%
HHLR Advisors, Ltd. (previously known as Hillhouse Capital Advisors, Ltd.) ⁽²⁾	Long position	176,181,349	6.48%
HHLR Fund, L.P. (previously known as Gaoling Fund, L.P.) ⁽²⁾	Long position	152,915,349	5.62%

Notes:

1. JINXIN Fertility Investment Group Limited 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 Company and remain as one of the Company's substantial Shareholders upon the listing of the Company and as of the Latest Practicable Date.
2. HHLR Advisors, Ltd. is the investment manager of HHLR Fund, L.P. and is therefore deemed to be interested in the Shares held by HHLR Fund, L.P.

Save as disclosed above, so far as is known to the Directors and the chief executive of the Company, as of the Latest Practicable Date, no other person (other than a Director or chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly,

interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

Save as disclosed above, as of the Latest Practicable Date, none of the Directors is a director or employee of a company which has an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As of the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

4. COMPETING BUSINESS INTEREST OF DIRECTORS

As of the Latest Practicable Date, none of the Directors or their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

As of the Latest Practicable Date, no Director was materially interested in any subsisting contract or arrangement which was significant in relation to the business of the Group, and no Director was interested in any assets which had been acquired or disposed of by or leased to (or are proposed to be acquired or disposed of by or leased to) any member of the Group since the date of the latest published audited accounts of the Company.

As of the Latest Practicable Date, no Director was a director or employee of the Company's substantial shareholders.

5. DIRECTORS' INTEREST IN CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP

As of the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement subsisting entered into by any member of the Group subsisting as of the Latest Practicable Date and which is significant in relation to the business of the Group.

6. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position or prospects of the Group since December 31, 2021, being the date to which the latest published audited accounts of the Company were made up.

7. LITIGATION

As of the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration proceedings of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

8. EXPERT AND CONSENT

The following are the qualifications of the expert who has been named in this circular or has given opinion or letter contained in this circular:

Name	Qualifications
Somerley Capital Limited	A licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As of the Latest Practicable Date, the Independent Financial Adviser does not have any shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not), to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As of the Latest Practicable Date, the Independent Financial Adviser does not have any interest, direct or indirect, in any assets which have been since December 31, 2021, the date up to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter of advice and/or references to its names in the form and context in which they appear.

9. GENERAL

- (a) None of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or proposed to be so acquired, disposed of by or leased to any member of the Group since December 31, 2021, being the date to which the latest published audited accounts of the Company were made up, and up to the Latest Practicable Date.
- (b) The joint company secretaries of the Company are Ms. Ng Sau Mei, the director and head of the listing services department of TMF Hong Kong Limited (a company secretarial services provider) and Ms. Zhai Yangyang, who is a member of the China National Bar Association.
- (c) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (d) The principal place of business of the Company in Hong Kong is 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.
- (e) The share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited.
- (f) The English text of this circular shall prevail over their respective Chinese text for the purpose of interpretation.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange (<https://www.hkexnews.hk>) and the website of the Company (<https://www.jxr-fertility.com>) for the period of 14 days commencing from the date of this circular:

- (a) the letter from the Independent Board Committee as set out in this circular;
- (b) the letter from the Independent Financial Adviser as set out in this circular;
- (c) the written consent of the experts as referred to in the section headed “Expert and Consent” of this Appendix; and
- (d) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the “**EGM**”) of Jinxin Fertility Group Limited (the “**Company**”) will be held at Conference Room, 6th Floor, No. 301, North Jingsha Road Jinjiang District, Chengdu Sichuan, China on March 27, 2023 at 10 a.m. for the purpose of consideration and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

1. “THAT:

- (a) the grant of 6,623,611 new restricted shares to Mr. Zhong Yong, an executive director of the Company, pursuant to the 2022 Restricted Share Award Scheme be and is hereby approved and confirmed;
- (b) the grant of 10,000,000 new restricted shares to Dr. John G. Wilcox, an executive director of the Company, pursuant to the 2022 Restricted Share Award Scheme be and is hereby approved and confirmed;
- (c) the grant of 5,419,318 new restricted shares to Mr. Dong Yang, an executive director of the Company, pursuant to the 2022 Restricted Share Award Scheme be and is hereby approved and confirmed;
- (d) the grant of 5,419,318 new restricted shares to Ms. Lyu Rong, an executive director of the Company, pursuant to the 2022 Restricted Share Award Scheme be and is hereby approved and confirmed;
- (e) the grant of 600,000 new restricted shares to Dr. Geng Lihong, an executive director of the Company, pursuant to the 2022 Restricted Share Award Scheme be and is hereby approved and confirmed;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (f) the grant of 2,000,000 new restricted shares to Ms. Li Yuan, director of a subsidiary of the Company, pursuant to the 2022 Restricted Share Award Scheme be and is hereby approved and confirmed;
- (g) the grant of 2,000,000 new restricted shares to Ms. Duan Hongmei, director of a subsidiary of the Company, pursuant to the 2022 Restricted Share Award Scheme be and is hereby approved and confirmed;
- (h) the grant of 1,600,000 new restricted shares to Ms. Zhao Juanjuan, director of a subsidiary of the Company, pursuant to the 2022 Restricted Share Award Scheme be and is hereby approved and confirmed;
- (i) the grant of 1,000,000 new restricted shares to Ms. Liu Yi, director of the subsidiary of a Company, pursuant to the 2022 Restricted Share Award Scheme be and is hereby approved and confirmed;
- (j) the grant of 410,000 new restricted shares to Ms. Deng Jianglin, director of a subsidiary of the Company, pursuant to the 2022 Restricted Share Award Scheme be and is hereby approved and confirmed;
- (k) the grant of 600,000 new restricted shares to Mr. Zhang Yang, director of a subsidiary of the Company, pursuant to the 2022 Restricted Share Award Scheme be and is hereby approved and confirmed;
- (l) the grant of 410,000 new restricted shares to Mr. Jiang Yingshuang, director of a subsidiary of the Company, pursuant to the 2022 Restricted Share Award Scheme be and is hereby approved and confirmed;
- (m) the grant of 300,000 new restricted shares to Ms. Huang Hanmei, director of a subsidiary of the Company, pursuant to the 2022 Restricted Share Award Scheme be and is hereby approved and confirmed;
- (n) the grant of 205,000 new restricted shares to Mr. Diao Lianghui, director of a subsidiary of the Company, pursuant to the 2022 Restricted Share Award Scheme be and is hereby approved and confirmed; and
- (o) the grant of 205,000 new restricted shares to Ms. Dong Jingjing, director of a subsidiary of the Company, pursuant to the 2022 Restricted Share Award Scheme be and is hereby approved and confirmed.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

2. “THAT:

any one Director (other than Mr. Zhong Yong, Dr. John G. Wilcox, Mr. Dong Yang, Ms. Lyu Rong and Dr. Geng Lihong) be and is hereby authorized to do all such acts and things and execute all such documents which he/she may consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the grant of the new restricted shares to the Connected Grantees pursuant to the 2022 Restricted Share Award Scheme.”

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

Hong Kong, March 10, 2023

**For identification purpose only*

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111
Cayman Islands

Principal place of business in Hong Kong:

31/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

Notes:

1. Any member entitled to attend and vote at the EGM (and any adjournment of such meeting) shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf at the EGM (and any adjournment of such meeting). A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her/its attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.
3. In order to be valid, the proxy form and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power of attorney or authority, must be deposited with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM (or any adjournment of such meeting) (as the case may be) at which the person named in the instrument proposes to vote.
4. Completion and return of the proxy form does not preclude a member from attending and voting in person at the EGM (or any adjournment of such meeting) and, in such event, the proxy form shall be deemed to be revoked.

NOTICE OF EXTRAORDINARY GENERAL MEETING

5. Where there are joint holders of any Shares, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders are present at the EGM (and any adjournment of such meeting), the most senior will alone be entitled to vote, whether in person or by proxy. For this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
6. The register of members of the Company will be closed from March 22, 2023 to March 27, 2023 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for attending the EGM, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on March 21, 2023.

As of the date of this notice, 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.