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Shanghai Kindly Medical Instruments Co., Ltd.*

上海康德萊醫療器械股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1501)

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(1) PROPOSED CHANGE OF COMPANY NAME

The Board proposed to change the English name of the Company from “Shanghai Kindly Medical Instruments Co., Ltd.” to “Shanghai INT Medical Instruments Co., Ltd.” and to change the Chinese name of the Company from “上海康德萊醫療器械股份有限公司” to “上海康德瑛泰醫療器械股份有限公司” (the “**Proposed Change of Company Name**”).

Conditions for the Proposed Change of Company Name

The Proposed Change of Company Name will be subject to, among other things, the satisfaction of the following conditions:

- (i) the passing of a special resolution by the Shareholders at the AGM to approve the Proposed Change of Company Name; and

- (ii) all the relevant approvals, authorities, licenses and consents have been obtained from the relevant governmental authorities, and all filings and registration procedures in the PRC have been completed for the use of the proposed name of “上海康德瑛泰醫療器械股份有限公司 (Shanghai INT Medical Instruments Co., Ltd.)”.

The Proposed Change of Company Name will take effect from the day when change of Company name has been registered with the authorities in the PRC. Thereafter, the Company will carry out necessary filing procedures with the Companies Registry in Hong Kong.

Besides, subject to confirmation of the Stock Exchange, the English and Chinese stock short names for trading in the H Shares on the Stock Exchange will also be changed after the Proposed Change of Company Name becomes effective. The stock code of the Company will remain unchanged as “1501”.

Further announcement will be made by the Company relating to the effective date of the Proposed Change of Company Name and the Company’s stock short names.

Reasons for the Proposed Change of Company Name

The Board considers the proposed name of “上海康德瑛泰醫療器械股份有限公司 (Shanghai INT Medical Instruments Co., Ltd.)” will be helpful to establish an independent corporate identity, strengthen market recognition of the Company’s own brand, and will be aligned with the Company’s future strategic development plan. As such, the Board, including the independent non-executive Directors, considers that the Proposed Change of Company Name is in the interests of the Company and the Shareholders as a whole.

Effect of Proposed Change of Company Name

The Proposed Change of Company Name will not affect the rights of the Shareholders. After the Proposed Change of Company Name becomes effective, all existing share certificates of the Company in issue bearing the existing name of the Company will continue to be effective and as documents of title to the Shares and will continue to be valid for trading, settlement, registration and delivery purposes. Accordingly, there will not be any arrangement for a free exchange of the existing share certificates for new share certificates bearing the new name of the Company. After the Proposed Change of Company Name becomes effective, new share certificates of the Company will be issued under the new name of the Company.

(2) PROPOSED AMENDMENTS TO THE ARTICLES

The Company proposed to make certain amendments to the Articles in relation to, among other things, the Proposed Change of Company Name.

Details regarding the proposed amendments to the Articles will be set out in the circular to be despatched to the Shareholders.

The proposed amendments to the Articles are subject to Shareholders' approval at the AGM, and special resolutions to consider and approve the amendments to the Articles will be proposed at the AGM. The proposed amendments to the Articles in relation to the Proposed Change of Company Name shall take effect upon the effective date of the Proposed Change of Company Name.

(3) PROPOSED RE-ELECTION AND APPOINTMENT OF DIRECTORS

Reference is made to the announcement of the Company dated December 7, 2021 in relation to, among others, the postponed election of the new session of the Board and the Supervisory Committee. The Board hereby further announces that as the term of office of the Second Session of the Board has expired on December 7, 2021, the Board resolved at the Board meeting held on March 18, 2022 to propose to re-elect Dr. Liang Dongke and appoint Mr. Lin Sen as executive Directors, to re-elect Mr. Zhang Weixin and Ms. Chen Hongqin and appoint Dr. Song Yuan and Mr. Wang Ruiqin as non-executive Directors, and to re-elect Mr. Jian Xigao and Mr. Hui Hung Kwan and appoint Mr. Xu Congli as independent non-executive Directors, of the Third Session of the Board.

For the biographical details of Dr. Liang Dongke, Mr. Zhang Weixin, Ms. Chen Hongqin, Mr. Jian Xigao and Mr. Hui Hung Kwan, please refer to the 2020 annual report of the Company published on April 15, 2021.

Mr. Lin Sen (林森), aged 52, is currently the chief technology officer of the Company, the general manager of Shanghai Kindly Medical Instruments Automation Research Center Co., Ltd.* (上海康德萊醫療器械自動化研究所有限公司) and the executive director and general manager of Shanghai Puyue Medical Co., Ltd.* (上海璞躍醫療器械有限公司). He successively served as the section chief of Taizhou Luqiao Huakangda Plastic Products Factory* (台州市路橋華康達塑膠製品廠), the head of Yuhuan County Qinggang Wumu Plastic Factory* (玉環縣清港五木塑膠廠) and the chief engineer of Shanghai Wonderful Medical Instruments Automation Research Institute Co., Ltd.* (上海萬德福醫療器械自動化研究所有限公司), the predecessor of Shanghai Kindly Medical Instruments Automation Research Center Co., Ltd.* (上海康德萊醫療器械自動化研究所有限公司)). Mr. Lin obtained his bachelor's degree in economics from China University of Geosciences (中國地質大學) in the PRC in 2007.

As at the date of this announcement, Mr. Lin holds 7,142,858 Domestic Shares, representing approximately 4.30% of the total number of issued Shares.

Dr. Song Yuan (宋媛), aged 42, is currently the vice general manager, the board secretary and joint company secretary of the Company, the vice general manager of Shandong INT Medical Instruments Co., Ltd. (山東瑛泰醫療器械有限公司) and the supervisor of Shanghai INT Medical Technology Co., Ltd. (上海瑛泰醫療科技有限公司). She successively served as a lecturer of Huaiyin Institute of Technology* (淮陰工學院), an office staff member of Shanghai Kindly Holding Group Co., Ltd.* (上海康德萊控股集團有限公司) and the board secretary of Shanghai Kindly Enterprise Development Group Co., Ltd.* (上海康德萊企業發展集團股份有限公司). She obtained her doctoral degree in polymer material science and engineering from Dalian University of Technology (大連理工大學) in the PRC in October 2008. Dr. Song is the spouse of Dr. Liang Dongke, the executive Director and chairman of the Board.

As at the date of this announcement, Dr. Song is deemed to be interested in 10,542,854 Domestic Shares, representing approximately 6.35% of the total number of issued Shares, through her spouse within the meaning of Part XV of the SFO.

Mr. Wang Ruiqin (王瑞琴), aged 50, is currently the production director of the Company. He successively served the production manager of Shanghai Fuersai Medical Plastic Co., Ltd.* (上海賽爾富醫械塑料有限公司), the manager of Shanghai Meihua Medical Instruments Co., Ltd.* (上海美華醫療器具股份有限公司) and the vice general manager and the general manager of the Shanghai Wonderful Medical Device Automation Research Institute Co., Ltd.* (上海萬德福醫療器械自動化研究所有限公司), the predecessor of Shanghai Kindly Medical Instruments Automation Research Center Co., Ltd.* (上海康德萊醫療器械自動化研究所有限公司)). He obtained his bachelor's degree in business administration from Jinggangshan University (井岡山大學) in the PRC in January 2009.

As at the date of this announcement, Mr. Wang holds 7,142,858 Domestic Shares, representing approximately 4.30% of the total number of issued Shares.

Mr. Xu Congli (徐從禮), aged 51, is currently a partner of Da Hua Certified Public Accountants LLP* (大華會計師事務所(特殊普通合夥)). He successively served as a department manager of Shandong Fangzheng Accounting Firm Co., Ltd.* (山東方正會計師事務所有限公司), a senior manager of Shanghai Branch of Yuehua Accounting Firm Co., Ltd.* (岳華會計師事務所有限公司上海分公司), a senior manager of BDO China Shu Lun Pan Certified Public Accountants LLP* (立信會計師事務所(特殊普通合夥)) and a partner of Ruihua Certified Public Accountants LLP* (瑞華會計師事務所(特殊普通合夥)). He obtained his bachelor's degree in finance from Changsha University of Science & Technology (長沙理工大學) in the PRC in June 1994. He became Certified Public Accountant of China in December 2002.

In accordance with the Articles, the above-proposed re-election and appointment of Directors and their respective remuneration are subject to the approval by the Shareholders at the general meeting of the Company. Relevant proposals will be put forward at the AGM for Shareholders' consideration and approval by way of ordinary resolutions.

Upon the above proposed re-elections and appointment of Directors of the Third Session of the Board and their respective remuneration being approved by the Shareholders at the AGM, the Company will enter into a service contract with each of them. The term of office of each of them as a Director of the Third Session of the Board is for a period commencing from the date the AGM to the date of the annual general meeting to be convened in 2025.

In light of the re-election of the new session of the Board, the Board also resolved that the composition of each of the audit committee, remuneration committee and nomination committee of the Board are determined as follows with effect from the date of the AGM, until the date of the annual general meeting to be convened in 2025:

- (i) Auditor committee: Mr. Hui Hung Kwan (chairman), Mr. Xu Congli and Dr. Song Yuan;
- (ii) Remuneration committee: Mr. Jian Xigao (chairman), Dr. Liang Dongke and Mr. Hui Hung Kwan;
- (iii) Nomination committee: Dr. Liang Dongke (chairman), Mr. Jian Xigao and Mr. Xu Congli.

As of the date of this announcement, save as disclosed above, each of the new Directors confirmed that (i) he/she has no relationship with any other Directors, Supervisors, senior management, substantial Shareholders or controlling Shareholders of the Company; (ii) he/she does not hold any other positions within the Company or other members of the Company and its subsidiaries; (iii) he/she did not hold any directorship of any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; (iv) he/she has no interest or deemed interest in any share or underlying share of the Company or its associated corporations within the meaning of Part XV of the SFO; and (v) there are no other matters relating to his/her appointment that need to be brought to the attention of the Shareholders or the Stock Exchange or to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

(4) PROPOSED RE-ELECTION AND APPOINTMENT OF SUPERVISORS

The Board further announces that as the term of office of the Second Session of the Supervisory Committee has also expired on December 7, 2021, the Supervisory Committee resolved at a meeting held on March 18, 2022 to propose to appoint Ms.

Ma Huifang as a shareholder representative Supervisor, and appoint Mr. Shen Xiaoru as a shareholder representative Supervisor of the Third Session of the Supervisory Committee.

At the employee representatives' meeting of the Company held on March 18, 2022, Ms. Chen Jie (陳潔), was re-elected and appointed democratically as an employee representative Supervisor of the Third Session of the Supervisory Committee. The appointment of Ms. Chen Jie is not subject to approval by the Shareholders and shall come into effect from the convening date of the AGM until the date of the annual general meeting to be convened in 2025.

Ms. Ma Huifang (馬慧芳), aged 53, is currently the financial director of Shanghai Kindly Medical Instruments Automation Research Center Co., Ltd.* (上海康德萊醫療器械自動化研究所有限公司). She successively served as an accountant of Shanghai Qunwei Children's Car Factory* (上海群偉童車廠), an accountant of Shanghai Haoda Plastics Products Co., Ltd.* (上海浩達塑膠製品有限公司) and an accountant of Shanghai Yanji Chemical Co., Ltd.* (上海焱基化工有限公司). Ms. Ma obtained an associate degree (專科) in accounting from Shanghai Lixin Accounting School (上海市立信會計學校) (currently known as Shanghai Lixin University of Accounting and Finance (上海立信會計金融學院)) in the PRC in June 1988.

Mr. Shen Xiaoru (沈曉如), aged 38, currently serves as the chief financial officer and the head of financial management center of Shanghai Kindly Enterprise Development Group Co., Ltd.* (上海康德萊企業發展集團股份有限公司), a supervisor of Zhejiang Kindly Medical Devices Co., Ltd.* (浙江康德萊醫療器械股份有限公司), a supervisor of Guangdong Kindly Medical Device Group Co., Ltd.* (廣東康德萊醫療器械集團有限公司) and a supervisor of Shanghai Kindly Enterprise Development Group Medical Investment Co., Ltd.* (上海康德萊企業發展集團醫療投資有限公司). He successively served as the financial director of Shanghai Kaiifu Medical Polymer Equipment Co., Ltd.* (上海開愛富醫用高分子器材有限公司), the vice general manager of finance of Shanghai Kindly Enterprise Development Group Co., Ltd.* (上海康德萊企業發展集團股份有限公司), and the manager of the finance department of Shanghai Kindly International Trade Co., Ltd.* (上海康德萊國際商貿有限公司). Mr. Shen obtained his bachelor's degree in accounting from East China Normal University (華東師範大學) in the PRC in January 2010. Mr. Shen obtained the qualification of senior accountant in November 2021.

In accordance with the Articles of Association, the above proposed appointment of shareholder representative Supervisors and their respective remuneration are subject to the approval by the Shareholders at the general meeting of the Company. Relevant proposals will be put forward at the AGM for Shareholders' consideration and approval by way of ordinary resolutions.

Upon the above proposed re-election of shareholder representative Supervisors of the Third Session of the Supervisory Committee and their respective remuneration being approved by the Shareholders at the AGM, the Company will enter into a service contract with each of them. The term of office of each of them as a Supervisor of the Third Session of the Supervisory Committee is for a period commencing from the date of the AGM to the date of the annual general meeting to be convened in 2025.

As of the date of this announcement, save as disclosed above, each of the new Supervisors confirmed that (i) he/she has no relationship with any other Directors, Supervisors, senior management, substantial Shareholders or controlling Shareholders of the Company; (ii) he/she does not hold any other positions within the Company or other members of the Company and its subsidiaries; (iii) he/she did not hold any directorship of any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; (iv) he/she has no interest or deemed interest in any share or underlying share of the Company or its associated corporations within the meaning of Part XV of the SFO; and (v) there are no other matters relating to his appointment that need to be brought to the attention of the Shareholders or the Stock Exchange or to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

(5) PROPOSED ADOPTION OF THE H SHARE AWARD AND TRUST SCHEME

Principal Terms of the H Share Scheme

The Board has resolved at a meeting of the Board held on March 18, 2022 to propose the adoption of the H Share Scheme. The H Share Scheme is still subject to the consideration and approval of the Shareholders which will be sought at the AGM. The principal terms of the H Share Scheme are set out below.

A. Purpose of the H Share Scheme

The purposes of the H Share Scheme are:

- (i) to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company;
- (ii) to deepen the reform on the Company's remuneration system and to develop and constantly improve the interests balance mechanism among the Shareholders, the operational and executive management; and
- (iii) to (a) recognize the contributions of the leadership of the Company including the Directors; (b) encourage, motivate and retain the leadership of the Company whose contributions are beneficial to the continual operation, development and long-term growth of the Group; and (c) provide additional

incentive for the leadership of the Company and long standing employee by aligning the interests of the leadership of the Company to those of the Shareholders and the Group as a whole.

B. Duration

Subject to any early termination of the H Share Scheme pursuant to the H Share Scheme Rules, the H Share Scheme shall be valid and effective for ten years commencing from the date on which the H Share Scheme is approved by the Shareholders at the AGM (after which no Awards shall be granted), and thereafter for so long as there are non-vested Award Shares granted under the H Share Scheme prior to the expiration of the H Share Scheme, in order to give effect to the vesting of such Award Shares.

C. Source of Funds

The source of funds for funding the H Share Scheme is the internal funds of the Group.

D. Source of Award Shares and acquisition of H Shares by the Trustee

The source of the Award Shares under the H Share Scheme shall be H Shares to be acquired by the Trustee through on-market transactions at the prevailing market price in accordance with the instructions of the Company and the relevant provisions of the H Share Scheme Rules. The Board may specify in the instructions given to the Trustee with respect to the acquisition of H Shares any conditions or terms, including without limitation, the specified price or range of prices for the acquisition, the maximum amount of funds to be used for the acquisition, and/or the maximum number of H Shares to be acquired.

The Company shall as soon as reasonably practicable, for the purposes of satisfying the grant of Awards, transfer to the Trust the necessary funds and instruct the Trustee to acquire H Shares through on-market transactions at the prevailing market price. The Trustee shall as soon as reasonably practicable thereafter proceed to acquire such number of H Shares as instructed by the Company on-market at the prevailing market price. The Company shall instruct the Trustee whether or not to apply any Returned Shares to satisfy any grant of Awards made, and if the Returned Shares, as specified by the Company, are not sufficient to satisfy the Awards granted, the Company shall, as soon as reasonably practicable, for purposes of satisfying the Awards granted, transfer to the Trust the necessary funds and instruct the Trustee to acquire further H Shares through on-market transactions at the prevailing market price.

E. H Share Scheme Limit

Subject to the H Share Scheme Rules, the H Share Scheme Limit shall be the maximum number of H Shares that will be acquired by the Trustee through on-market transactions from time to time at the prevailing market price, and in any case being 10,420,000 H Shares. The Company proposed to set the H Share Scheme Limit in terms of the number of H Shares in order to (i) regulate the costs of the Company in setting up the H Share Scheme; and (ii) provide Shareholders with clarity on the financial outlay on the H Share Scheme. The maximum number of H Shares that can be purchased accounts for approximately 9.9987% of the Company's total number of issued H Shares and approximately 6.2771% of the Company's total number of issued Shares as at the date of this announcement. The ultimate number of H Shares underlying the H Share Scheme is uncertain as it depends on the actual implementation of the acquisition of H Shares by the Trustee. The Company shall not make any further grant of Award which will result in the aggregate number of H Shares underlying all grants made pursuant to the H Share Scheme (excluding Award Shares that have been forfeited in accordance with the H Share Scheme) to exceed the H Share Scheme Limit without Shareholders' approval. The H Share Scheme Limit shall not be subject to any refreshment. The total number of non-vested Award Shares granted to Selected Participants under the H Share Scheme shall not exceed one per cent of the total number of issued Shares of the Company from time to time.

F. Administration of the H Share Scheme

The H Share Scheme shall be subject to the administration of the following administrative bodies:

- (a) the general meeting of the Shareholders, as the institution vested with the supreme authority of the Company, is responsible for the consideration and approval of the adoption of the H Share Scheme. The general meeting of the Shareholders may authorize the Board to deal with all matters related to the H Share Scheme to the extent of its authority;
- (b) the Board is the institution in charge of the administration of the H Share Scheme in accordance with the H Share Scheme Rules and where applicable, the Trust Deed. A decision of the Board or the Delegatee shall be final and binding on all persons affected. The Remuneration Committee shall be responsible for drafting and revising the H Share Scheme and submitting the same to the Board for consideration. Upon consideration and approval of the H Share Scheme, the Board will submit the H Share Scheme to the general meeting of the Shareholders for consideration. The Board or the Delegatee may handle all matters related to the H Share Scheme within the authorization by the general meeting of the Shareholders;

- (c) the independent non-executive Directors are the supervisory institution of the H Share Scheme and shall express their views on whether the H Share Scheme facilitates the sustainable development of the Company and whether the H Share Scheme impairs the interests of the Company and the Shareholders as a whole. The independent non-executive Directors supervise whether the implementation of the H Share Scheme complies with relevant laws, regulations, regulatory documents and the Listing Rules, and is responsible for reviewing the list of Selected Participants; and
- (d) the Trust will be constituted to service the H Share Scheme whereby the Trustee shall, subject to the relevant provisions of the Trust Deed and upon the instruction of the Company, acquire not more than 10,420,000 H Shares through on-market transactions with funds to be transferred by the Company to the Trust.

Pursuant to the H Share Scheme Rules, the authority to administer the H Share Scheme may be delegated by the Board to the Delegatee as deemed appropriate at the sole discretion of the Board. Upon the approval and adoption of the H Share Scheme by the Shareholders at the AGM, the Board will delegate to the Management Committee the authority to administer the H Share Scheme, including the power to grant an Award under the H Share Scheme.

G. Selected Participants of the H Share Scheme

Eligible Participant who may participate in the H Share Scheme include any full-time PRC or non-PRC employee of any members of the Group, who is a Director (other than independent non-executive Directors), Supervisor, senior management, key operating team member, employee, or, a consultant of the Group. The Board or the Delegatee may, from time to time, select any Eligible Participant to be a Selected Participant of the respective plans in accordance with the H Share Scheme Rules. The Selected Participants are determined in accordance with the Company Law of the PRC, the Securities Law of the PRC and other applicable laws, regulations and regulatory documents and the relevant provisions of the Articles of Association, together with the Company's actual circumstances and matters including the present and expected contribution of the relevant Selected Participant to the Group.

No one should be considered as a Selected Participant of the H Share Scheme if he or she:

- (a) has been publicly reprimanded or deemed as an inappropriate candidate for similar award schemes or share incentive plans of a listed company by any securities regulatory bodies with authority in the last 12 months;

- (b) has been imposed with penalties or is banned from trading securities by securities regulatory bodies due to material non-compliance with laws or regulations in the last 12 months;
- (c) was in breach of relevant national laws and regulations or the Articles of Association; or
- (d) has caused losses to the Company during his/her term of service due to soliciting bribes, corruption and theft, disclosure of the operation and technology secrets of the Company, infringement of company interest through connected transactions and any acts which cause damage to the reputation and image of the Company, which can be proven with sufficient evidence by the Company.

The Selected Participants shall undertake that if any of the above provisions occur during implementation of the H Share Scheme which would prevent him or her from being considered as a Selected Participant, he or she shall give up his or her rights to participate in the H Share Scheme and shall not be given any compensation.

H. Grant of Awards

The Board or the Delegatee may grant Awards to Selected Participants during the Award Period conditional upon fulfilment of terms and conditions of the Awards and performance targets as the Board or the Delegatee determines from time to time. Each grant of an Award to any connected person of the Group shall be subject to the Listing Rules and any applicable laws and regulations.

No grant of any Award Shares to any Selected Participant may be made and no directions or recommendations shall be given to the Trustee with respect to a grant of an Award under certain circumstances including:

- (i) where the requisite approval from any applicable regulatory authorities or Shareholders has not been granted;
- (ii) where any member of the Group will be required under applicable securities laws, rules or regulations to issue a prospectus or other offer documents in respect of such Award or the H Share Scheme;
- (iii) where such Award would result in a breach by any member of the Group or its directors of any applicable securities laws, rules or regulations in any jurisdiction;
- (iv) where such grant of Award would result in a breach of the H Share Scheme Limit;

- (v) after the expiry of the Award Period or after the earlier termination of the H Share Scheme;
- (vi) where any Director is in possession of unpublished inside information (as defined under the SFO) in relation to the Company or where any Director reasonably believes there is inside information which must be disclosed pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO or where dealings by Directors are prohibited under any code or requirement of the Listing Rules or any applicable laws, rules or regulations;
- (vii) during the period of 60 days immediately preceding the publication date of the annual results of the Group or, if shorter, the period from the end of the relevant financial year up to the publication date of such results; and
- (viii) during the period of 30 days immediately preceding the publication date of the half-year results of the Group or, if shorter, the period from the end of the relevant half-year period up to the publication date of such results.

I. Vesting of the Awards

The Board or the Delegatee may determine the vesting criteria and conditions or periods for the Awards to be vested.

a. Vesting Schedule

Upon approval by the Board or the Delegatee, and subject to the vesting conditions set out in the H Share Scheme Rules, all Awards under the H Share Scheme shall be vested in multiple tranches as specified in the Award Letter. The specific commencement and duration of each Vesting Period and the actual vesting amount of the Award granted to a Selected Participant for the respective Vesting Periods shall be specified in the Award Letter approved by the Board or the Delegatee. The Vesting Periods of the Awards granted under the H Share Scheme or the Awards to be satisfied by the application of any Returned Shares shall be determined by the Board or the Delegatee in its sole and absolute discretion, and shall in any event not extend beyond the then remaining term of the Award Period at the time of grant.

b. Vesting Conditions

Vesting of the Award granted under the H Share Scheme is subject to the conditions of the performance indicators of the Company and any other applicable vesting conditions as set out in the Award Letter.

The details of the performance indicators of the Company shall be determined by the Board or the Delegatee from time to time with reference to the business performance and financial condition of the Company and the then market conditions and shall be set out in the Award Letter.

If the Selected Participant fails to fulfil the vesting conditions applicable to the relevant Awards, all the Award Shares underlying the relevant Awards which may otherwise be vested during the respective Vesting Periods shall not be vested and become immediately forfeited with respect to such Selected Participant.

J. Interest in the Award Shares

Neither the Selected Participant nor the Trustee may exercise any voting rights attached to any H Shares held by the Trustee under the Trust (including any Award Shares that have not yet vested).

Any dividend underlying the non-vested Award Shares shall be retained by the Trustee, and transferred to the Selected Participant together with the Award Shares upon vesting. In the event that the Award Shares are to be forfeited, such underlying dividend shall be transferred back to the Company.

K. Alteration or Termination of the H Share Scheme

a. Amendment of the H Share Scheme

Subject to the H Share Scheme Limit, the H Share Scheme may be altered or supplemented in any respect by resolution of the Board. Any alternation or supplement of the H Share Scheme shall be notified to the Trustee.

b. Termination of the H Share Scheme

The H Share Scheme shall terminate on the earlier of (i) the end of the Award Period except in respect of any non-vested Award Shares granted hereunder prior to the expiration of the H Share Scheme, for the purpose of giving effect to the vesting of such Award Shares or otherwise as may be required in accordance with the provisions of the H Share Scheme; or (ii) such date of early termination as determined by the Board.

Reasons for and Benefits of the Adoption of the H Share Scheme

Please refer to the section headed “(5) Proposed Adoption of the H Share Award and Trust Scheme — Principal Terms of the H Share Scheme — Purposes of the H Share Scheme” in this announcement.

The Directors are of the view that the adoption of the H Share Scheme will realize the aforesaid goals, and that the terms and conditions of the H Share Scheme are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Implications under the Listing Rules

The H Share Scheme involves no issue of new shares or granting of option for any new securities of the Company. Thus, it does not constitute a share option scheme as defined and regulated under Chapter 17 of the Listing Rules.

(6) PROPOSED AUTHORIZATION TO THE BOARD AND/OR THE DELEGATEE TO HANDLE MATTERS PERTAINING TO THE H SHARE SCHEME

In order to ensure the successful implementation of the H Share Scheme, the Board proposed that, subject to the approval of the H Share Scheme by the Shareholders at the AGM, the Shareholders also grant an authorization to the Board and/or the Delegatee to deal with matters in relation to the H Share Scheme with full authority, including but not limited to:

- (i) to authorize the Board to consider, appoint and establish the Management Committee for the purpose of the H Share Scheme;
- (ii) to authorize any member of the Management Committee to enter into the Trust Deed on behalf of the Company with the Trustee and to affix the Company seal onto such Trust Deed, pursuant to which the Trustee will provide trust services for the H Share Scheme;
- (iii) to authorize the Board to consider and approve the plan management agreement and to authorize any member of the Management Committee to enter into the plan management agreement with the Trustee on behalf of the Company, pursuant to which the Trustee will provide plan management services in respect of the H Share Scheme;
- (iv) to authorize the Board to set up a cash securities account under the name of the Trust or its nominee so as to facilitate the provision of trading services and trading platform for the Selected Participants of the H Share Scheme by the Trustee;

- (v) to authorize the Board to consider and authorize the Management Committee to handle matters pertaining to the H Share Scheme with full authority during the validity period of the H Share Scheme, including but not limited to:
 - a. to determine the terms and conditions of the grant of Awards, approve the form and content of the Award Letter, select Eligible Participants to become Selected Participants, and grant Awards to Selected Participants from time to time;
 - b. to determine the Grant Date and Vesting Date of Award Shares;
 - c. to administer, amend and adjust the H Share Scheme, including but not limited to adjusting the number of outstanding Award Shares or accelerate the Vesting Dates of any Awards, provided that the H Share Scheme Limit shall not be adjusted and if such amendments require the approval of the Shareholders' meeting and/or relevant regulatory authorities pursuant to the relevant laws, regulations or requirements of the relevant regulatory authorities, the Board or the Delegatee shall obtain the corresponding authorization for such amendments;
 - d. to decide on the selection, engagement and change of bank(s), accountant(s), lawyer(s), consultant(s) and other professional parties for the purpose of the H Share Scheme;
 - e. to sign, execute, and terminate all agreements and other relevant documents in connection with the H Share Scheme, fulfill all relevant procedures in relation to the H Share Scheme, and adopt other methods to implement the terms of the H Share Scheme;
 - f. to determine and adjust the standards and conditions of the vesting of the Awards as well as the Vesting Periods, evaluate and manage the performance indicators, and to determine whether Awards granted to the Selected Participants can be vested;
 - g. to determine the execution, amendment and termination of the H Share Scheme, including the forfeiture of Awards and continued vesting of Award Shares upon the changes in circumstances pertaining to the Selected Participants;
 - h. to construe and interpret the H Share Scheme Rules and to resolve any issues and disputes arising from or in connection with the H Share Scheme;
 - i. to exercise any other authorizations in relation to matters necessary to the implementation of the H Share Scheme granted by the Shareholders' meeting from time to time;

- j. on behalf of the Company, execute all documents in relation to the operations of and other matters of the H Share Scheme, or providing instructions to the Trustee in relation to its operations, the execution of relevant documents in relation to the setting up of the accounts, operations of the accounts, and the setting up and operations of the cash securities account with CMB International Securities Limited under the name of the Company, the release of Award Shares for the purpose of the vesting of the Awards, or the sale of Award Shares on-market at the prevailing market price and pay the proceeds arising from such sale to Selected Participants, or directing and procuring the Trustee to release the Award Shares to the Selected Participants by transferring the Award Shares to the Selected Participants as determined by them from time to time, and confirming, allowing and approving all matters precedent arising from or in relation to the Trust Deed and the plan management agreement; and
- k. on behalf of the Company, approve, execute, refine, deliver, negotiate, agree on and agree to all such agreements, contracts, documents, regulations, matters and things (as the case may be) as it deems reasonable, necessary, desirable, appropriate or expedient, in order to implement and/or implement all transactions conducted accordingly, and make any reasonable alterations, amendments, changes, modifications and/or supplements as it deems necessary, desirable, appropriate or expedient. If there is a requirement to affix a company seal on any such agreement, contract or document, it has the right to sign the agreement, contract or document and affix the company seal in accordance with the Articles of Association in that case.

The aforementioned authorization to the Board and/or the Delegatee shall be valid for the Award Period.

AGM

The AGM will be convened to consider and, if thought fit, approve, among other things, the Proposed Change of Company name, the proposed amendments to the Articles, the proposed re-election and appointment of Directors, proposed re-election and appointment of Supervisors, the proposed the proposed adoption of the H Share Scheme and the proposed authorization to the Board and/or the Delegatee to handle matters pertaining to the H Share Scheme.

A circular containing, among other things, further information on the Proposed Change of Company Name, the proposed amendments to the Articles and the proposed re-election and appointment of Directors, the proposed re-election and appointment of Supervisors, the proposed adoption of the H Share Scheme and the proposed authorization to the Board and/or the Delegatee to handle matters pertaining to the H Share Scheme, together with a notice convening the AGM, will be despatched to the Shareholders on or before April 12, 2022.

In order to determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, April 15, 2022 to Monday, May 16, 2022 (both days inclusive). In order to be qualified to attend and vote at the AGM, Shareholders must lodge all transfer documents accompanied by the relevant H Share certificates with the H Share Registrar, 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 Thursday, April 14, 2022.

DEFINITIONS

In this announcement, the following expressions shall have the meaning set out below unless the context requires otherwise:

“Adoption Date”	the date on which the Shareholders approve the H Share Scheme
“AGM”	the annual general meeting of the Company to be held on Monday, May 16, 2022
“Articles of Association” or “Articles”	the articles of association of the Company currently in force (as amended from time to time)
“Award”	award granted by the Board or the Delegatee to a Selected Participant, pursuant to the H Share Scheme, which may vest in the form of Award Shares or the actual selling Price of the Award Shares in cash, as the Board or the Delegatee may determine in accordance with the terms of the H Share Scheme Rules. For avoidance of doubt, if the award is vested in the form of Award Shares, the Selected Participant shall assume the Grant Cost for accepting the Award Shares, namely the Grant Cost shall be deducted from the actual selling price of the Award Shares
“Award Letter”	letter issued by the Company to each Selected Participant in such form as the Board or the Delegatee may from time to time determine, specifying the Grant Date, the manner of acceptance of the Award, the value of the Award and/or number of Award Shares underlying the Award (with the basis on which the number of Award Shares underlying the Award is arrived at), the vesting criteria and conditions, and the Vesting Date and such other details, terms and conditions as they may consider necessary and in compliance with the H Share Scheme

“Award Period”	the period commencing on the Adoption Date, and ending on the Business Day immediately prior to the 10th anniversary of the date on which the Shareholders approve the H Share Scheme
“Award Shares”	the H Shares granted to a Selected Participant in an Award
“Board”	the board of Directors
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities
“Company”	Shanghai Kindly Medical Instruments Co., Ltd.* (上海康德萊醫療器械股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Stock Exchange (stock code: 1501)
“Delegatee”	the Management Committee, person(s) or board committee(s) to which the Board has delegated its authority
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB and are unlisted Shares which are currently not listed or traded on any stock exchange
“Eligible Participant”	any full-time PRC or non-PRC employee of any members of the Group, who is a Director (other than independent non-executive Directors), Supervisor, senior management, key operating team member, employee, or, a consultant of the Group; however, no individual who is resident in a place where the grant, acceptance or vesting of an Award pursuant to the H Share Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or the Delegatee, in compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the H Share Scheme and such individual shall therefore be excluded therefrom

“Grant Cost”	the product of the grant price of the Award Shares on the Grant Date multiplied by the number of Award Shares granted to a Selected Participant by the Board of Delegates (subject to the final determination by the Board or the Delegate)
“Grant Date”	the date of an Award Letter, on which the grant of an Award is made to a Selected Participant
“Group”	the Company and its subsidiaries from time to time, and the expression member of the Group shall be construed accordingly
“H Share(s)”	overseas listed foreign invested ordinary share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
“H Share Award and Trust Scheme” or “H Share Scheme”	the H Share award and trust scheme proposed to be adopted by the Company
“H Share Scheme Limit”	the maximum size of the H Share Scheme, being the maximum number of H Shares that will be acquired by the Trustee through on-market transactions from time to time at the prevailing market price, and in any case being 10,420,000 H Shares
“H Share Scheme Rules”	the rules governing the operation of the H Share Scheme as well as the implementation procedure (as amended from time to time)
“H Shareholder(s)”	holder(s) of H Shares
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Management Committee”	the management committee of the H Share Scheme, consisting of the Manager’s Committee which the Board has delegated its authority to administer the H Share Scheme

“on-market”	the acquisition of H Shares through one or more transactions through the facilities of the Stock Exchange in accordance with the Listing Rules and any other applicable laws and regulations
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Returned Shares”	such Award Shares that are not vested and/or are lapsed, cancelled or forfeited in accordance with the terms of the H Share Scheme, or such H Shares being deemed to be Returned Shares under the H Share Scheme Rules
“Selected Participant”	any Eligible Participant who, in accordance with H Share Scheme Rules, is approved for participation in the H Share Scheme, and has been granted any Award thereunder
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, comprising Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of Shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“Trust”	the trust constituted by the Trust Deed to service the H Share Scheme
“Trust Deed”	the trust deed to be entered into between the Company and the Trustee (as may be restated, supplemented and amended from time to time)
“Trustee”	the trustee appointed by the Company for the purpose of the Trust, and initially, Trident Trust Company (HK) Limited, a company incorporated in Hong Kong and having its registered office at 14th Floor, Golden Centre, 188 Des Voeux Road Central, Hong Kong

“Vesting Date”	the date or dates, as determined from time to time by the Board or the Delegatee on which the Award (or part thereof) is to vest in the relevant Selected Participant as set out in the relevant Award Letter
“Vesting Period”	the vesting period(s) of the Awards granted under the H Share Scheme
“%”	percent

By Order of the Board
Shanghai Kindly Medical Instruments Co., Ltd.*
 上海康德萊醫療器械股份有限公司
Dr. Liang Dongke
Chairman

Shanghai, PRC
 March 18, 2022

As at the date of this announcement, the Board comprises Dr. Liang Dongke and Mr. Wang Cailiang as executive Directors, Mr. Zhang Weixin, Ms. Chen Hongqin and Mr. Fang Shengshi as non-executive Directors, and Mr. Dai Kerong, Mr. Jian Xigao and Mr. Hui Hung Kwan as independent non-executive Directors.

* *For identification purposes only*