

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Shanghai Kindly Medical Instruments Co., Ltd.* (上海康德萊醫療器械股份有限公司), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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)

- (1) REPORT OF THE DIRECTORS FOR THE YEAR 2021**
- (2) REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2021**
 - (3) ANNUAL REPORT FOR THE YEAR 2021**
 - (4) AUDITED FINANCIAL STATEMENTS FOR THE YEAR 2021**
 - (5) PROFIT DISTRIBUTION PLAN FOR THE YEAR 2021**
 - (6) ANNUAL FINANCIAL BUDGET FOR THE YEAR 2022**
 - (7) PROPOSED CHANGE OF COMPANY NAME**
- (8) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**
- (9) PROPOSED RE-ELECTION AND APPOINTMENT OF DIRECTORS AND SUPERVISORS**
- (10) REMUNERATION OF DIRECTORS FOR THE YEAR 2022**
- (11) REMUNERATION OF SUPERVISORS FOR THE YEAR 2022**
- (12) PROPOSED ADOPTION OF THE H SHARE AWARD AND TRUST SCHEME**
- (13) PROPOSED AUTHORIZATION TO THE BOARD AND/OR THE DELEGATEE TO HANDLE MATTERS PERTAINING TO THE H SHARE AWARD AND TRUST SCHEME**
- (14) RE-APPOINTMENT OF INTERNATIONAL AND DOMESTIC AUDITORS FOR THE YEAR 2022**
- (15) GENERAL MANDATE TO ISSUE SHARES AND**
- (16) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting (the "AGM") of Shanghai Kindly Medical Instruments Co., Ltd.* (上海康德萊醫療器械股份有限公司) to be held at Block 2, No. 925 Jin Yuan Yi Road, Jiading District, Shanghai, the PRC on Monday, 16 May 2022 at 2:00 p.m. is set out on pages AGM-1 to AGM-5 of this circular. A form of proxy for use at the AGM is also enclosed. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.kdl-int.com).

Whether or not you are able to attend the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for H Shareholders) or the Company's registered office at Block 2, No. 925 Jin Yuan Yi Road, Jiading District, Shanghai, the PRC (for Domestic Shareholders) as soon as possible but in any event not less than 24 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the AGM or any adjournment thereof (as the case may be) if they so wish and in such event, the form of proxy shall be deemed to be revoked.

* For identification purposes only

12 April 2022

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	6
APPENDIX I — BIOGRAPHICAL DETAILS OF DIRECTORS AND SUPERVISORS PROPOSED FOR RE-ELECTION AND APPOINTMENT	28
APPENDIX II — RULES OF THE H SHARE AWARD AND TRUST SCHEME (DRAFT)	34
NOTICE OF ANNUAL GENERAL MEETING	AGM-1

DEFINITIONS

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

“Adoption Date”	the date on which the Shareholders approve the H Share Scheme
“AGM”	the annual general meeting of the Company to be held at Block 2, No. 925 Jin Yuan Yi Road, Jiading District, Shanghai, the PRC on Monday, 16 May 2022 at 2:00 p.m., or any adjournment thereof (as the case may be) and notice of which is set out on pages AGM-1 to AGM-5 of this circular
“Articles of Association”	the articles of association of the Company, as amended, modified or otherwise supplemented 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 difference after deducting the Grant Cost from 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

DEFINITIONS

“Board” or “Board of Directors”	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)”	domestic ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company
“Domestic Shareholder(s)”	holder(s) of Domestic Share(s)
“Eligible Participant(s)”	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 or the Delegatee (subject to the final determination by the Board or the Delegatee)
“Grant Date”	the date of an Award Letter, on which the grant of an Award is made to a Selected Participant

DEFINITIONS

“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign invested ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, listed on the Main Board of the Stock Exchange
“H Shareholder(s)”	holder(s) of H Share(s)
“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)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Mandate”	a general mandate proposed to be granted to the Board by the Shareholders at the AGM to issue not exceeding 10% of the respective number of Domestic Shares and H Shares in issue as at the date of passing of the relevant special resolution set out in the notice of the AGM, and make corresponding amendments to the Articles of Association as and when deemed appropriate
“Latest Practicable Date”	4 April 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Management Committee”	the management committee of the H Share Scheme, which the Board has delegated its authority to administer the H Share Scheme

DEFINITIONS

“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 but excluding, for the purposes of this circular only, Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan region
“PRC Company Law”	the Company Law of the PRC, as the same may be amended, supplemented or otherwise modified from time to time
“RMB”	Renminbi, the lawful currency of the PRC
“Remuneration Committee”	the remuneration committee of the Board
“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(s)”	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)”	H Share(s) and Domestic Share(s)
“Shareholder(s)”	the holder(s) of the Share(s)
“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)

DEFINITIONS

“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
“%”	per cent

* *For identification purposes only*

LETTER FROM THE BOARD



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)

Executive Directors:

Dr. Liang Dongke
(Chairman and General Manager)
Mr. Wang Cailiang

*Registered office, headquarters and
principal place of business in the PRC:*
Block 2, No. 925 Jin Yuan Yi Road
Jiading District, Shanghai
the PRC

Non-executive Directors:

Mr. Zhang Weixin
Ms. Chen Hongqin
Mr. Fang Shengshi

Principal place of business in Hong Kong:
31/F, Tower Two, Times Square
1 Matheson Street, Causeway Bay
Hong Kong

Independent Non-executive Directors:

Mr. Dai Kerong
Mr. Jian Xigao
Mr. Hui Hung Kwan

12 April 2022

To the Shareholders

Dear Sir or Madam,

- (1) REPORT OF THE DIRECTORS FOR THE YEAR 2021
- (2) REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2021
- (3) ANNUAL REPORT FOR THE YEAR 2021
- (4) AUDITED FINANCIAL STATEMENTS FOR THE YEAR 2021
- (5) PROFIT DISTRIBUTION PLAN FOR THE YEAR 2021
- (6) ANNUAL FINANCIAL BUDGET FOR THE YEAR 2022
- (7) PROPOSED CHANGE OF COMPANY NAME
- (8) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
- (9) PROPOSED RE-ELECTION AND APPOINTMENT OF DIRECTORS AND SUPERVISORS
- (10) REMUNERATION OF DIRECTORS FOR THE YEAR 2022
- (11) REMUNERATION OF SUPERVISORS FOR THE YEAR 2022
- (12) PROPOSED ADOPTION OF THE H SHARE AWARD AND TRUST SCHEME
- (13) PROPOSED AUTHORIZATION TO THE BOARD AND/OR THE DELEGATEE TO HANDLE MATTERS PERTAINING TO THE H SHARE AWARD AND TRUST SCHEME
- (14) RE-APPOINTMENT OF INTERNATIONAL AND DOMESTIC AUDITORS FOR THE YEAR 2022
- (15) GENERAL MANDATE TO ISSUE SHARES AND
- (16) NOTICE OF ANNUAL GENERAL MEETING

* For identification purposes only

LETTER FROM THE BOARD

INTRODUCTION

The purpose of this circular is to give you a notice of AGM, which is set out on pages AGM-1 to AGM-5 of this circular and to provide you with information reasonably necessary to enable you to make informed decision on whether to vote on those resolutions to be proposed at the AGM as described below.

At the AGM, ordinary resolutions concerning the following matters of the Company will be proposed to consider and approve (1) the report of the Directors for the year 2021; (2) the report of the Supervisory Committee for the year 2021; (3) the annual report of the Company for the year 2021; (4) the audited financial statements of the Group for the year 2021; (5) the profit distribution plan of the Company for the year 2021; (6) the annual financial budget of the Group for the year 2022; (7) the proposed re-election and appointment of Directors and Supervisors; (8) the remuneration plan for Directors for the year 2022; (9) the remuneration plan for Supervisors for the year 2022; and (10) the re-appointment of international and domestic auditors of the Company for the year 2022.

At the AGM, special resolutions concerning the following matters of the Company will also be proposed to consider and approve (1) the proposed change of company name of the Company; (2) the proposed amendments to the Articles of Association; (3) proposed adoption of the H Share Award and Trust Scheme; (4) the proposed authorization to the Board and/or the Delegatee to handle matters pertaining to the H Share Award and Trust Scheme; and (5) the grant of general mandate to the Board to issue Shares.

MATTERS TO BE RESOLVED AT THE AGM

(1) Report of the Directors for the year 2021

An ordinary resolution will be proposed at the AGM to approve the report of the Directors for the year 2021. The full text of the report of the Directors for the year 2021 is set out in the Company's 2021 annual report.

(2) Report of the Supervisory Committee for the year 2021

An ordinary resolution will be proposed at the AGM to approve the report of the Supervisory Committee for the year 2021. The full text of the report of the Supervisory Committee for the year 2021 is set out in the Company's 2021 annual report.

(3) The annual report of the Company for the year 2021

An ordinary resolution will be proposed at the AGM to approve the Company's annual report for the year 2021.

LETTER FROM THE BOARD

(4) The audited financial statements of the Group for the year 2021

An ordinary resolution will be proposed at the AGM to approve the Group's audited financial statements for the year 2021. The audited financial statements which were prepared in compliance with the Hong Kong Financial Reporting Standards and the full text of the independent auditor's report for the year 2021 is set out in the Company's 2021 annual report.

(5) The profit distribution plan of the Company for the year 2021

Pursuant to the Articles of Association, an ordinary resolution will be proposed at the AGM to approve the profit distribution plan of the Company.

On 18 March 2022, the Board recommended the payment of the proposed final dividend of RMB0.26 per Share (equivalent to HK\$0.32 per Share) (inclusive of applicable tax) for the year ended 31 December 2021. Subject to the approval of the proposed final dividend by the Shareholders at the AGM to be held on Monday, 16 May 2022, the proposed final dividend will be distributed on or about Monday, 20 June 2022 to the Shareholders whose names appear on the register of members of the Company on Sunday, 29 May 2022 (the "**Record Date**").

The final dividend distribution shall be calculated based on the total number of Shares in issue as of the Record Date and the final cash dividend distribution shall be based on RMB0.26 per Share (equivalent to HK\$0.32 per Share) (inclusive of applicable tax). In order to qualify for the final dividend, the Shareholders must lodge all share certificates accompanied by the transfer documents with the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for H Shareholders), or the Company's registered office at Block 2, No. 925 Jin Yuan Yi Road, Jiading District, Shanghai, the PRC (for Domestic Shareholders), before 4:30 p.m. on Monday, 23 May 2022. For the purpose of ascertaining the Shareholders who qualify for the final dividend, the register of members of the Company will be closed from Tuesday, 24 May 2022 to Sunday, 29 May 2022, both days inclusive, during which period no transfer of Shares will be effected.

The final dividend shall be denominated and declared in RMB. The Domestic Shareholders will be paid in RMB and the H Shareholders will be paid in Hong Kong dollar. The exchange rate for the final dividend to be paid in Hong Kong dollar will be the mean of the exchange rate of Hong Kong dollar to RMB as announced by the People's Bank of China during the five business days prior to the date of the Board meeting for the declaration of the final dividend.

In accordance with the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) which was passed by the Standing Committee of the National People's Congress on 16 March 2007 and amended on 24 February 2017 and 29 December 2018 (the latest amendment which has taken effect on the even date), and its implementation regulations which came into effect on 1 January 2008 and amended on 23 April 2019 (the latest amendment which has taken effect on the even date), the Company is required to withhold and pay enterprise income tax at the rate of 10% on behalf of the non-resident enterprise Shareholders whose names appear on the register of members for H Shares when distributing

LETTER FROM THE BOARD

the cash dividends. Any H Shares not registered under the name of an individual Shareholder, including HKSCC Nominees Limited, other nominees, agents or trustees, or other organizations or groups, shall be deemed as Shares held by non-resident enterprise Shareholders. Therefore, on this basis, enterprise income tax shall be withheld from dividends payable to such Shareholders. If H Shareholders intend to change its Shareholder status, please enquire about the relevant procedures with your agents or trustees. The Company will strictly comply with the law or the requirements of the relevant government authority and withhold and pay enterprise income tax on behalf of the relevant Shareholders based on the register of members for H Shares as of the Record Date.

If the individual holders of H Shares are Hong Kong or Macau residents or residents of the countries (regions) which had an agreed tax rate of 10% for the cash dividends to them with the PRC under the relevant tax agreement, the Company should withhold and pay individual income tax on behalf of the relevant Shareholders at a rate of 10%. Should the individual H Shareholders be residents of the countries which had an agreed tax rate of less than 10% with the PRC under the relevant tax agreement, the Company shall withhold and pay individual income tax on behalf of the relevant Shareholders at a rate of 10%. In that case, if the relevant individual H Shareholders wish to reclaim the extra amount withheld due to the application of 10% tax rate, the Company can apply for the relevant agreed preferential tax treatment provided that the relevant Shareholders submit the evidence required by the notice of the tax agreement to Computershare Hong Kong Investor Services Limited. The Company will assist with the tax refund after the approval of the competent tax authority. Should the individual H Shareholders be residents of the countries which had an agreed tax rate of over 10% but less than 20% with the PRC under the tax agreement, the Company shall withhold and pay the individual income tax at the agreed actual rate in accordance with the relevant tax agreement. In the case that the individual H Shareholders are residents of the countries which had an agreed tax rate of 20% with the PRC, or which has not entered into any tax agreement with the PRC, or otherwise, the Company shall withhold and pay the individual income tax at a rate of 20%.

Shareholders are recommended to consult their tax advisers regarding the tax implication in the PRC, Hong Kong and other tax implications arising from their holding and disposal of H Shares.

(6) The annual financial budget of the Group for the year 2022

In response to the strategic development and business expansion, the Group intends to set a budget of capital expenditure amounting to approximately RMB521 million for 2022, amongst which (a) approximately RMB100 million will be used to fund potential investments; (b) approximately RMB150 million will be used to set up a research and development center and an additional facility in Jiading District, Shanghai, the PRC; (c) approximately RMB50 million will be used for construction and decoration of the factory located in Zhuhai, the PRC; (d) approximately RMB116 million will be used to purchase additional and replace existing production equipment; (e) approximately RMB100 million will be used for the construction of the Shandong INT Innovative Medical Instruments Industrial Park in Rizhao, the PRC; and (f) approximately RMB5 million will be used for upgrade of IT systems.

LETTER FROM THE BOARD

An ordinary resolution will be proposed at the AGM to approve the Group's annual financial budget for the year 2022.

(7) Proposed change of company name

Reference is made to the announcement of the Company dated 18 March 2022 in relation to, among others, the proposed change of the company name of the Company. 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, considered that the Proposed Change of Company Name is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

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.

A special resolution will be proposed at the AGM to approve the Proposed Change of Company Name.

(8) Proposed Amendments to the Articles of Association

Reference is made to the announcements of the Company dated 18 March 2022 in relation to, among others, the amendments to the Articles of Association. The Board proposed to make certain amendments to the Articles of Association in relation to, among other things, the Proposed Change of Company Name and in respect of the additional development demand of business of the Company.

Details regarding the proposed amendments to the Articles of Association are as follows:

Comparison Table of the Articles of Association

Before Amendment	After Amendment
Chapter 1 Article 2 The Company's registered names are: Full name in Chinese: 上海康德萊醫療器械股份有限公司 Full name in English: SHANGHAI KINDLY MEDICAL INSTRUMENTS CO., LTD.*	Chapter 1 Article 2 The Company's registered names are: Full name in Chinese: 上海康德瑛泰醫療器械股份有限公司 Full name in English: SHANGHAI INT MEDICAL INSTRUMENTS CO., LTD.*

LETTER FROM THE BOARD

Before Amendment	After Amendment
<p>Chapter 2 Article 11</p> <p>The business scope of the Company is: Licensed items of business: production of Class II and Class III medical devices, and operation of Class III medical devices, inspection and testing services, import and export of goods and technology (For the above items subjects to the administrative approval, approvals from the relevant authorities must be obtained prior to operation. Special items shall be subject to approvals or licenses from relevant authorities)</p> <p>General items of business: sales of Class II medical devices, production and sale of instruments and apparatuses, sales of Class I medical devices, production and sale of civil protective equipment, consulting services for sterilization technology of daily necessities and medical devices, sterilization service, housing rental, sales of electronic products, metal materials, chemical products (excluding dangerous chemicals, restricted chemicals, fireworks, civil explosives and drug-making chemicals) and plastic products, design and sales of molds, and technology development in the field of mold technology. (Except for the items subject to the administrative approval, the Company carries out operating activities listed in its business license freely according to the law)</p> <p>The business scope referred to in the preceding paragraph shall be such items as audited by the relevant company registration authority.</p> <p>The Company may, based on any changes in domestic and international markets, business development and its own capability, adjust its business scope and complete relevant formalities of industry and commerce administration registration for such an adjustment according to relevant provisions.</p>	<p>Chapter 2 Article 11</p> <p>The business scope of the Company is: Licensed items of business: production of Class II and Class III medical devices, and operation of Class III medical devices, inspection and testing services, import and export of goods and technology (For the above items subjects to the administrative approval, approvals from the relevant authorities must be obtained prior to operation. Special items shall be subject to approvals or licenses from relevant authorities)</p> <p>General items of business: sales of Class II medical devices, production and sale of instruments and apparatuses, sales of Class I medical devices, production and sale of civil protective equipment, consulting services for sterilization technology of daily necessities and medical devices, technical service, technology development, technology consultation, technology exchange, technology transfer, technology promotion, property management, sterilization service, housing rental, sales of electronic products, metal materials, chemical products (excluding dangerous chemicals, restricted chemicals, fireworks, civil explosives and drug-making chemicals) and plastic products, design and sales of molds, and technology development in the field of mold technology. (Except for the items subject to the administrative approval, the Company carries out operating activities listed in its business license freely according to the law)</p> <p>The business scope referred to in the preceding paragraph shall be such items as audited by the relevant company registration authority.</p> <p>The Company may, based on any changes in domestic and international markets, business development and its own capability, adjust its business scope and complete relevant formalities of industry and commerce administration registration for such an adjustment according to relevant provisions.</p>

LETTER FROM THE BOARD

Except for the proposed amendments mentioned above, other provisions of the Articles of Association remain unchanged.

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

A special resolution will be proposed at the AGM to approve the proposed amendments to the Articles of Association.

(9) Proposed re-election and appointment of Directors and Supervisors

References are made to the announcements of the Company dated 7 December 2021 and 18 March 2022 in relation to, among others, the postpone election of the new session of the Board and the Supervisory Committee and the proposed re-election and appointment of the Directors and the Supervisors, respectively.

The term of office of members of the Second Session of the Board and the Supervisory Committee has expired on 7 December 2021. According to the requirements of the relevant laws and regulations and the Articles of Association, all members of the Second Session of the Board and the Supervisory Committee will continue to perform their duties as the Directors and Supervisors before the completion of change of session of the Board and the Supervisory Committee.

The Board resolved at the Board meeting held on 18 March 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.

The Supervisory Committee resolved at a meeting held on 18 March 2022 to propose to appoint Ms. Ma Huifang and Mr. Shen Xiaoru as the shareholder representative Supervisors of the Third Session of the Supervisory Committee. At the employee representatives' meeting of the Company held on 18 March 2022 Ms. Chen Jie was 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 the 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.

Mr. Wang Cailiang, Mr. Fang Shengshi and Mr. Dai Kerong will retire and will not stand for election as the Directors of the Third Session of the Board and Ms. Wang Li and Mr. Xu Jianhai will retire and will not stand for election as the Supervisors of the Third Session of the Supervisory Committee. The retiring Directors (i.e. Mr. Wang Cailiang, Mr. Fang Shengshi and Mr. Dai Kerong) and the retiring Supervisors (i.e. Ms. Wang Li and Mr. Xu

LETTER FROM THE BOARD

Jianhai) have confirmed that they have no disagreement with the Board and the Supervisory Committee and there are no matters that need to be brought to the attention of the Shareholders.

In accordance with the Articles of Association, 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. 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 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 of the AGM to the date of the annual general meeting to be convened in 2025. Upon the above proposed appointment 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.

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; and
- (iii) Nomination committee: Dr. Liang Dongke (chairman), Mr. Jian Xigao and Mr. Xu Congli.

When proposing the re-election and appointment of independent non-executive Directors, the Board has taken into account a number of factors pursuant to the diversity policy of the Board, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and industry and regional experience, to achieve the diversity of the Board members. The Board believes that the educational background, professional experience and cultural background of the independent non-executive Directors proposed to be re-elected and appointed contribute to the diversity of the Board.

LETTER FROM THE BOARD

Mr. Jian Xigao, Mr. Hui Hung Kwan and Mr. Xu Congli have confirmed their independence with reference to the factors set out in Rule 3.13 of the Listing Rules. The Company considers they are independent in accordance with the independence guidelines as set out in the Listing Rules and they should be re-elected and appointed as the independent non-executive Directors of the Third Session of the Board.

The biographical details of the Directors and Supervisors who are proposed to be re-elected and appointed as Directors or Supervisors are set out in Appendix I to this circular.

As at the Latest Practicable Date, save as disclosed in Appendix I, the proposed Directors and Supervisors confirmed that (i) they had no relationship with any other Directors, Supervisors, senior management, substantial Shareholders or controlling Shareholders of the Company; (ii) they do not hold any other positions within the Company or other members of the Company and its subsidiaries; (iii) they 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) they had no interest or deemed interest in any Shares or underlying Shares of the Company or its associated corporations with the meaning of Part XV of the SFO; and (v) they are no other matters relating to their re-election and 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.

(10) Remuneration plan for Directors for the year 2022

An ordinary resolution will be proposed at the AGM to consider and approve the remuneration plan for the Directors for the year end 31 December 2022 formulated in accordance with the Company's internal policies and relevant regulatory requirements.

Each of the independent non-executive Directors will be entitled to an annual remuneration of RMB120,000 (before tax) from the Company for the year 2022.

The executive Directors, Dr. Liang Dongke and Mr. Lin Sen, shall not receive any Directors' fees for their roles as Directors, but shall be entitled to remuneration based on their other employment positions in the Company and in accordance with the Company's internal policies.

Except for the independent non-executive Directors and executive Directors with other employment positions in the Company, other Directors shall not be entitled to any remuneration from the Company.

(11) Remuneration plan for Supervisors for the year 2022

An ordinary resolution will be proposed at the AGM to consider and approve the remuneration plan for the Supervisors for the year end 31 December 2022 formulated in accordance with the Company's internal policies and relevant regulatory requirements.

LETTER FROM THE BOARD

The shareholder representative Supervisors, namely Ms. Ma Huifang and Mr. Shen Xiaoru, shall not receive any remuneration for their roles as Supervisors, but shall be entitled to remuneration, based on their other employment positions and in accordance with the Company's internal policies. The remaining Supervisor, namely Ms. Chen Jie, shall not be entitled to any remuneration from the Company.

(12) Proposed adoption of the H Share Award and Trust Scheme

Reference is made to the announcement of the Company dated 18 March 2022 in relation to, among others, the proposed adoption of the H Share Award and Trust Scheme by the Company. The Board has resolved at a meeting of the Board held on 18 March 2022 to propose the adoption of the H Share Award and Trust Scheme. A special resolution will be proposed at the AGM to approve the proposed adoption of the H Share Award and Trust Scheme.

The full text of the H Share Scheme Rules is set out in Appendix II to this circular.

Principal Terms of the H Share Scheme

A. Purposes 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.

LETTER FROM THE BOARD

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 onmarket 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 onmarket 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 Latest Practicable Date. 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 1% of the total number of issued Shares of the Company from time to time.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

G. Selected Participants of the H Share Scheme

Eligible Participant who may participate in the H Share Scheme include any fulltime 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.

LETTER FROM THE BOARD

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 or acquiring H Shares through on-market transactions 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.

LETTER FROM THE BOARD

I. Vesting of 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.

LETTER FROM THE BOARD

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 “(12) Proposed Adoption of the H Share Award and Trust Scheme — Principal Terms of the H Share Scheme — A. Purposes of the H Share Scheme” in this circular.

The Directors consider that the inclusion of consultants as Eligible Participants is appropriate, as the successful development of the Group could not be achieved by Directors and employees alone and will also depend on the cooperation with external consultants (e.g. industry research and development experts), who play an important role in the business of the Group. Having the H Share Plan in place is one of the means to attract and retain those consultants who contribute to the continuous development of the Group, so that they have an incentive to render improved services and/or patronage to the Group on a long-term basis. The inclusion of consultants who have contributed to the Group in the list of Eligible Participants would provide the Company with the flexibility of rewarding such persons should the situation arises that such award and incentive would encourage them to align their interest and objectives with that of the Group and work towards enhancing the value of the Company for the long-term development and would benefit of the Company and the Shareholders as a whole. The Board will consider the suitability of each consultant based on merits and his/her contribution to the growth and development of the Group on a case-by-case basis before any Award is made. In particular, the Board might consider factors including but not limited to (i) the consultant’s background and length of business relationship with the Group, (ii) the materiality and nature of their services, and (iii) the track record in the quality of the services and advices provided.

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.

LETTER FROM THE BOARD

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.

(13) 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'

LETTER FROM THE BOARD

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

LETTER FROM THE BOARD

- 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.

A special resolution will be proposed at the AGM that the Shareholders also grant an authorization to the Board and/or the Delegatee to deal with the above matters in relation to the H Share Scheme with full authority.

(14) Re-appointment of international and domestic auditors of the Company for the year 2022

An ordinary resolution will be proposed at the AGM to consider and approve the re-appointment of KPMG and BDO China Shu Lun Pan Certified Public Accountants LLP as international and domestic auditors of the Company for the year 2022, respectively for a term until the conclusion of the next annual general meeting of the Company, and to authorize the Board to determine their remunerations.

(15) Grant of general mandate to the Board of Directors to Issue Shares

A special resolution will be proposed at the AGM that the Board be granted the Issue Mandate to exercise the power of the Company to allot, issue or otherwise deal with new Shares (otherwise than pursuant to the issue of Shares by conversion of the surplus reserve into the share capital in accordance with the PRC Company Law and the Articles of Association) not exceeding 10% of the respective number of Domestic Shares and/or H Shares in issue as of the date of passing the special resolution, and to authorize the Board to make amendments to the Articles of Association as it thinks fit so as to reflect the new share capital structure upon the allotment or issue of additional shares pursuant to such mandate.

The number of Domestic Shares and H Shares in issue of the Company as at the Latest Practicable Date was 61,786,608 Domestic Shares and 104,213,392 H Shares, respectively. Assuming that the number of Shares remains unchanged as at the date of passing the special resolution, the Board will be allowed under the Issue Mandate to issue a maximum of 6,178,660 Domestic Shares and 10,421,339 H Shares, subject to the passing of the special resolution approving the grant of the Issue Mandate to the Board. Meanwhile, the Board is authorized to make necessary amendments to the Articles of Association so as to reflect the new share capital structure upon the allotment or issue of additional Shares pursuant to such mandate.

LETTER FROM THE BOARD

The Directors believe that it is in the best interests of the Company and the Shareholders to grant the Issue Mandate to the Board to issue new Shares. Whilst it is not possible to anticipate in advance any special circumstances in which the Board might think it appropriate to issue Shares, the ability to do so would give the Directors the flexibility to capture the opportunity if it so arises.

The Issue Mandate would expire on the earlier of: (a) the conclusion of the next annual general meeting following the passing of the special resolution; or (b) the expiration of 12 months after the passing of the special resolution; or (c) the date on which the authorization set out in the special resolution are revoked or amended by a special resolution in a general meeting of the Company.

THE AGM

A notice convening the AGM to be held at Block 2, No. 925 Jin Yuan Yi Road, Jiading District, Shanghai, the PRC on Monday, 16 May 2022 at 2:00 p.m. is set out on pages AGM-1 to AGM-5 of this circular. A form of proxy for use at the AGM is also enclosed. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.kdl-int.com).

Whether or not you are able to attend the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for H Shareholders) or the Company's registered office at Block 2, No. 925 Jin Yuan Yi Road, Jiading District, Shanghai, the PRC (for Domestic Shareholders) as soon as possible but in any event not less than 24 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the AGM or any adjournment thereof (as the case may be) if they so wish and in such event, the form of proxy shall be deemed to be revoked.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the Shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 15 April 2022 to Monday, 16 May 2022, both days inclusive, during which period no transfer of Shares will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for H Shareholders), or the Company's registered office at Block 2, No. 925 Jin Yuan Yi Road, Jiading District, Shanghai, the PRC (for Domestic Shareholders), by no later than 4:30 p.m. on Thursday, 14 April 2022.

For the purpose of determining the identity of the Shareholders who are entitled to receive the proposed final dividend (subject to approval by the Shareholders at the AGM), the register of members of the Company will be closed from Tuesday, 24 May 2022 to Sunday, 29 May 2022, both days inclusive, during which period no transfer of Shares will be registered. All transfer forms accompanied by the relevant share certificates must be lodged with the

LETTER FROM THE BOARD

Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for H Shareholders), or the Company's registered office at Block 2, No. 925 Jin Yuan Yi Road, Jiading District, Shanghai, the PRC (for Domestic Shareholders), by no later than 4:30 p.m. on Monday, 23 May 2022.

VOTING BY POLL

According to Rule 13.39(4) of the Listing Rules, apart from certain exceptions, any vote of Shareholders at a general meeting must be taken by poll.

On a poll, every Shareholder present in person or by proxy (or being a corporation by its duly authorized representative) shall have one vote for each Share registered in his/her/its name in the register of members. A Shareholder entitled to more than one vote needs not use all his/her/its votes or cast all the votes he/she/it has in the same manner.

RECOMMENDATION

The Board considers that each ordinary resolution and special resolution to be proposed at the AGM is in the interests of the Company and the Shareholders as a whole, and accordingly, recommends the Shareholders to vote in favour of all the resolutions to be proposed at the AGM.

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 Company. 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.

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

* *For identification purposes only*

Biographical details of the Nominees of the Directors and Supervisors proposed for re-election and appointment are set out as follows:

NOMINEES FOR DIRECTORS

Executive Directors

Dr. Liang Dongke (梁棟科), aged 44, is the founder of the business of the Group. He was appointed as a Director on 7 June 2006 and as the general manager of the Company on 30 June 2010, appointed as the Chairman of the Board on 26 April 2016 and designated as an executive Director on 8 December 2018. Dr. Liang is primarily in charge of the overall management, business, strategic development, and scientific research and development of the Group. In addition, Dr. Liang holds the following positions in the subsidiaries of the Group:

Name of subsidiary	Position	Period
Zhuhai Derui Medical Instruments Co., Ltd. (珠海德瑞醫療器械有限公司)	Executive director and general manager	26 February 2016 to present
Shanghai Qimu Medical Instruments Co., Ltd. (上海七木醫療器械有限公司)	Executive director	17 August 2018 to present
Shanghai Puhui Medical Instruments Co., Ltd (上海璞慧醫療器械有限公司)	Executive director	14 November 2018 to present
Shanghai Healing Medical Instruments Co., Ltd. (上海翰凌醫療器械有限公司)	Executive director	15 February 2019 to present
Hongkong INT Medical Instruments Company Limited (香港瑛泰醫療器械有限公司)	Executive director	21 February 2019 to present
Shanghai Kindly Medical Instruments Automation Research Center Co., Ltd. (上海康德萊醫療器械自動化研究有限公司)	Executive director	22 March 2019 to present
Shanghai Pumei Medical Instruments Co., Ltd. (上海璞鎂醫療器械有限公司)	Executive director	12 March 2020 to present
Shandong Int Medical Instruments Co., Ltd.* (山東瑛泰醫療器械有限公司)	Executive director	13 January 2021 to present
Shanghai Yikai Medical Instruments Co., Ltd.* (上海益凱醫療器械有限公司)	Executive director	23 June 2021 to present

Dr. Liang has over 15 years of experience in the medical devices industry. Dr. Liang obtained a Bachelor of Engineering in material science and engineering from Shandong Industrial University (山東工業大學) (now part of Shandong University) in Shandong, the PRC and a Master of Engineering in material science from Shandong University in Shandong, the PRC in July 2000 and December 2002, respectively, and a Ph.D. in biomedical engineering from Dalian University of Technology in Liaoning, the PRC in July 2006. Dr. Liang was qualified as a senior engineer by the Shanghai Municipal Human Resources and Social Security Bureau (上海市人力資源和社會保障局) in October 2014. Dr. Liang also served as the director 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) (“KDL”) from 16 February 2017 to 4 May 2017 and has served as an executive director of Shanghai INT Medical Technology Co., Ltd.* (上海瑛泰醫療科技有限公司) since September 2021.

His awards and recognitions include “Shanghai Pioneer in Outstanding Technologies” (上海市優秀技術帶頭人) awarded by the Shanghai Science and Technology Committee (上海市科學技術委員會) in April 2014, “Entrepreneur Talents in Technological Innovation” (科技創新創業人才) awarded by the Ministry of Science and Technology of the PRC (中華人民共和國科學技術部) in February 2015, and being selected as one of the scientific and technological innovation leaders in “The Plan for Ten Thousand Talents” (萬人計劃) in June 2016.

Dr. Liang is the husband of Dr. Song Yuan, the secretary to the Board and the deputy general manager and joint company secretaries of the Company.

As at the Latest Practicable Date, Dr. Liang beneficially owned 9,542,854 Domestic Shares and is interested in 1,000,000 underlying Shares which to be allotted and issued upon exercise of his rights to take such underlying Shares under the share incentive scheme of the Company, which in aggregate represented approximately 6.35% of the total number of issued Shares.

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 LuqiaoHuakangda 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 Latest Practice Date, Mr. Lin held 7,142,858 Domestic Shares, representing approximately 4.30% of the total number of issued Shares.

Non-executive Directors

Mr. Zhang Weixin (張維鑫), aged 48, was appointed as a non-executive Director on 8 December 2018. Mr. Zhang is primarily responsible for supervising the management of the Board.

Mr. Zhang has over 25 years of experience in the medical devices industry. From 1996 to 1998, Mr. Zhang served as the deputy general manager of Shanghai Safe Medical Device Polymer Co., Ltd. (上海賽爾富醫械塑膠有限公司), the predecessor of Zhuhai Kindly Medical Instruments Co., Ltd. (珠海康德萊醫療器械有限公司), which is a subsidiary of KDL (one of the Controlling Shareholders which is engaged in the research and development, manufacturing and sales of medical puncture devices and is listed on the Shanghai Stock Exchange (stock code: 603987)). Mr. Zhang was the deputy general manager of KDL from 1998 to 2002, and the director and the general manager of Shanghai Meihua Amsino Equipment Co., Ltd. (上海美華醫療器具股份有限公司), a former subsidiary of KDL which sells medical equipment, chemicals and other non-hazardous materials, from November 2001 to March 2008 and from March 2006 to March 2008, respectively. Mr. Zhang has served as the chairman of the board of directors of Shanghai Gongye Investment Co., Ltd. (上海共業投資有限公司), a company engaged in business consulting, investment and domestic trading, since June 2006.

After obtaining his bachelor's degree in economics through online courses from China University of Geosciences in Wuhan, the PRC in July 2007, Mr. Zhang re-joined KDL and served as its general manager from August 2007 to May 2012, its director since September 2010, its deputy general manager from May 2012 to February 2017, and its general manager since February 2017. Mr. Zhang has been the director of Shanghai Kindly Pipe Co., Ltd. (上海康德萊制管有限公司) (“**Shanghai Pipe**”), a subsidiary of KDL engaged in the production and sale of needle tubes, since March 2017, and the director and the chairman of the board of directors of Zhejiang Kindly Medical Devices Co., Ltd. (浙江康德萊醫療器械股份有限公司), another subsidiary of KDL engaged in the production of medical puncture devices, since May 2009 and February 2018, respectively.

Ms. Chen Hongqin (陳紅琴), aged 52, was a Director from 21 September 2015 to 25 May 2017, and was reappointed as a non-executive Director on 8 December 2018. Ms. Chen is primarily responsible for supervising the management of the Board.

Ms. Chen has over 20 years of experience in equipment manufacturing and management in the medical devices industry. Ms. Chen obtained her bachelor's degree in mining equipment from the Guizhou Institute of Technology (貴州工學院) in Guizhou Province, the PRC in July 1991 and obtained a senior engineer qualification certificate granted by the Shanghai Municipal Human Resources and Social Security Bureau in October 2012.

Prior to joining the Group, Ms. Chen worked as an assistant engineer at State-Run No.126 Factory (國營第一二六廠) from October 1992 to March 1997 and as an engineer at China Guihang Group Xin'an Machinery Factory (中國貴航集團新安機械廠) from March 1997 to December 2001. Ms. Chen has held a number of management positions since 2002, including the quality director and management representative of KDL from January 2002 to March 2016, the officer of the general manager office of Shanghai Kindly Holding Group Co., Ltd. (上海康德萊控股集團有限公司) (“**KDL Holding**”), one of the Controlling Shareholders, from March to December 2016, the deputy general officer and manager of the general manager office of KDL from February 2017 to February 2018, the assistant to the general manager of KDL Holding from March 2018 to January 2019, and the assistant to the manager (總裁) of KDL from February 2019 to September 2020. Ms. Chen has also served as the director of KDL and Shanghai Pipe since February 2017 and April 2020, respectively.

Dr. Song Yuan (宋媛), aged 42, is currently the deputy 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 KDL Holding and the board secretary of KDL. 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 Latest Practicable Date, 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 Latest Practicable Date, Mr. Wang held 7,142,858 Domestic Shares, representing approximately 4.30% of the total number of issued Shares.

Independent non-executive Directors

Mr. Jian Xigao (蹇錫高), aged 76, was appointed as an independent non-executive Director on 8 December 2018. Mr. Jian is primarily responsible for supervising and providing independent advice to the Board.

Mr. Jian obtained his bachelor's degree in polymer chemical engineering and master's degree in polymer materials science from Dalian University of Technology (formerly known as Dalian Institute of Technology) in Liaoning, the PRC in 1969 and 1981, respectively.

Mr. Jian is currently a professor at the Dalian University of Technology, the head of its Polymer Materials Research Institute (高分子材料研究所所長) and director of the Liaoning High Performance Resin Engineering Technology Research Center (遼寧省高性能樹脂工程技術研究中心主任). In September 2016, he was appointed as an independent director of Red Avenue New Materials Group Co Ltd (彤程新材料集團股份有限公司), a chemical manufacturer listed on the Shanghai Stock Exchange (stock code: 603650).

Mr. Jian has received a number of state level awards, including a Second Class State Technological Invention Award granted by the State Council of the PRC in January 2004, a Second Class State Technological Invention Award granted by the State Council of the PRC in December 2011, a Patent Gold (專利金獎) Award for Chinese Outstanding Patented Invention granted by World Intellectual Property Organization and State Intellectual Property Office of the PRC in November 2015 and an extraordinary gold medal (特別金獎) at the Geneva International Exhibition of Inventions in April 2016. Mr. Jian has been admitted as an academician of the Chinese Academy of Engineering (中國工程院院士) in January 2013.

Mr. Hui Hung Kwan (許鴻群), aged 50, was appointed as an independent non-executive Director on 8 December 2018. Mr. Hui is primarily responsible for supervising and providing independent advice to the Board.

Mr. Hui has more than 26 years of experience in accounting. After graduating with a bachelor's degree in business administration from the Chinese University of Hong Kong in Hong Kong in December 1994, he has held various positions, including audit manager at Li, Tang, Chen & Co. from June 1994 to June 2004. From June 2004 to October 2010, Mr. Hui served as the chief financial officer of C&G Environmental Protection Holdings Limited, a company listed on the main board of the Singapore Exchange Limited (stock code: D79). He was the chief financial officer of Premiere Eastern Energy Pte. Limited (東潤能源有限公司) from November 2010 to December 2012, the independent non-executive director of Titan Invo Technology Limited (formerly known as Tus International Limited and/or Jinheng Automotive Safety Technology Holdings Limited), a company listed on the Main Board of the Stock Exchange (stock code: 872) from July 2009 to June 2015, the chief financial officer of China Creative Global Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1678) from June 2013 to May 2020, the independent non-executive director of Gansu Qingheyuan Halal Food Co., Ltd. (甘肅清河源清真食品股份有限公司) from September 2018 to June 2021, the company secretary of Shengli Mining Co. Ltd. (勝利礦業股份有限公司) from May 2020 to January 2021, and the chief financial officer of Maiyue Technology Limited (邁越科技股份有限公司) from March 2021 to April 2021. Mr. Hui also

served as the company secretary of Idea Knack Cultural Communication Holding Limited (金鎧文化傳播控股有限公司) since May 2021. Mr. Hui has been an associate of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) and a fellow of the Association of Chartered Certified Accountants since September 1997 and October 2002, respectively.

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.

NOMINEES FOR SUPERVISORS

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 KDL, 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 Kaiaifu 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.

1. DEFINITIONS AND INTERPRETATION

1.1 In these Scheme Rules, unless the context otherwise requires, each of the following words and expressions shall have the meaning respectively shown opposite to it:

“Actual Selling Price” is the actual price at which the Awards Shares are sold (net of brokerage, Stock Exchange trading fee, SFC transaction levy and any other applicable costs) on vesting of an Award pursuant to the Scheme or in the case of a vesting when there is an event of change in control or privatisation of the Company pursuant to Rule 14.1, the consideration receivable under the related scheme or offer;

“Adoption Date” is the date on which the Shareholders approve this Scheme;

“Articles” is the articles of association of the Company as amended from time to time;

“Award” is an award granted by the Board or the Delegatee to a Selected Participant, pursuant to the Scheme, which may vest in the form of Award Shares or the difference after deducting the Grant Cost from 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 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, and the difference of deduction goes to the Selected Participant;

“Award Letter” shall have the meaning as set out in Rule 7.1;

“Award Period” is the period commencing on the Adoption Date, and ending on the Business Day immediately prior to the 10th anniversary of the Adoption Date;

“Award Shares” is the H Shares granted to Selected Participants in an Award;

“Board” is the board of directors of the Company (please also refer to Rule 1.2(i)), from time to time;

“Business Day” is any day on which the Stock Exchange is open for the business of dealing in securities;

“Company” or “our Company” is Shanghai Kindly Medical Instruments Co., Ltd.;

“connected person” shall have the meaning as set out in the Listing Rules;

“Delegatee” is the Management Committee, person(s) or board committee(s) to which the Board has delegated its authority;

“Director(s)” is the director(s) of the Company, from time to time;

“Eligible Employee” is any full-time PRC or non-PRC employee of any members of the Group, who is a Director (other than independent non-executive Directors), a Supervisor, a senior management, a key operating team member, an 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 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 Scheme and such individual shall therefore be excluded from the term Eligible Employee;

“Grant Date” is the date on which the grant of an Award is made to a Selected Participant, being the date of an Award Letter;

“Grant Cost” is 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 or the Delegatee (subject to the final determination by the Board or the Delegatee) ;

“Group” or “our Group” is the Company and its subsidiaries from time to time, and the expression member of the Group shall be construed accordingly;

“H Shares” is the overseas listed foreign shares with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Stock Exchange;

“HK\$” is Hong Kong dollars, the lawful currency of Hong Kong;

“Hong Kong” is the Hong Kong Special Administrative Region of the People’s Republic of China;

“Listing Rules” is the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

“Management Committee” is the management committee of the Scheme to which the Board has delegated its authority to administer the Scheme;

“on-market” is the acquisition of H Shares of the Company 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” is the People’s Republic of China;

“Remuneration Committee” is the remuneration committee of the Board;

“Returned Shares” is such Award Shares that failed to be vested and/or are lapsed, cancelled or forfeited in accordance with the terms of the Scheme, or such H Shares being deemed to be Returned Shares under the Scheme Rules;

“Scheme” or “this Scheme” is the H Share Award and Trust Scheme adopted by the Company in accordance with these Scheme Rules on the Adoption Date;

“Scheme Limit” shall have the meaning as set out in Rule 15.1;

“Scheme Rules” is the rules set out herein relating to the Scheme as amended from time to time;

“Selected Participant” is any Eligible Employee who, in accordance with Rule 6, is approved for participation in the Scheme and has been granted any Award or (where the context so permits) any person who is entitled in accordance with Rule 9 to any Award in consequence of the death of the original Selected Participants;

“SFC” is the Securities and Futures Commission of Hong Kong;

“SFO” is the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);
“Shareholder(s)” is the shareholder(s) of the Company;

“Stock Exchange” is The Stock Exchange of Hong Kong Limited;

“Subsidiary” or “Subsidiaries” is any subsidiary (as the term is defined in the Listing Rules) of the Company;

“Taxes” shall have the meaning as set out in Rule 9.14;

“Trust” is the trust constituted by the Trust Deed to service the Scheme;

“Trust Deed” is 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” is 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” is 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 pursuant to Rule 7.1;

“Vesting Notice” shall have the meaning as set out in Rule 9.10; and

“Vesting Period” shall have the meaning as set out in Rule 9.2.

1.2 In these Scheme Rules, except where the context otherwise requires:

- (a) references to Rules are to the rules of the Scheme Rules;
- (b) references to times of the day are to Hong Kong time;
- (c) references to any statutory body shall include the successor thereof and any body established to replace or assume the function of the same;
- (d) if a period of time is specified as from a given day, or from the day of an act or event, it shall be calculated exclusive of that day;

- (e) a reference to “include”, “includes” and “including” shall be deemed to be followed by the words “without limitation”;
- (f) a reference to “dollars” or to “\$” shall be construed as a reference to the lawful currency for the time being of Hong Kong;
- (g) a reference, express or implied, to statutes, statutory provisions or the Listing Rules shall be construed as references to those statutes, provisions or rules as respectively amended or re-enacted or as their application is modified from time to time by other provisions (whether before or after the date hereof) and shall include any statutes, provisions of rules of which are re-enacted (whether with or without modification) and shall include any orders, regulations, instruments, subsidiary legislation, other subordinate legislation or practice notes under the relevant statute, provision or rule;
- (h) words importing the singular include the plural and vice versa, and words importing a gender include every gender; and
- (i) unless otherwise indicated, the Board can make determinations in its sole and absolute discretion and if the Board delegates its authority to administer the Scheme to the Delegatee, such Delegatee shall enjoy the same role and absolute discretion.

2. GENERAL INTRODUCTION AND PURPOSE OF THE SCHEME

- 2.1 The Scheme is a share award of H Shares and Trust scheme established by the Company to award Eligible Employees, who could be a Director (other than independent non-executive Directors), a Supervisor, a senior management, a key operating team member, an employee, or a consultant of the Group.
- 2.2 A Trust Deed will be entered into between the Company and the Trustee, being Trident Trust Company (HK) Limited initially. Pursuant to the Trust Deed, the Trust will be constituted to service the Scheme whereby the Trustee shall assist with the administration of the Scheme and shall, subject to the relevant provisions of the Trust Deed and upon the instruction of the Company, acquire such underlying H Shares of the Scheme through on-market transactions with funds to be transferred by the Group to the Trust in accordance with Rule 8. Such underlying H Shares of the Scheme shall not exceed 10,420,000 H Shares in any event. Awards granted to the Selected Participants shall be held by the Trustee on trust for the benefit of the Selected Participants, and the Trustee shall, for the purposes of (1) vesting of the Award and upon the instruction of the Board or the Delegatee, release from the Trust the Award Shares to the Selected Participants, and 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, and the difference of deduction goes to the Selected Participant; or (2) sell the number of Award Shares so vested on-market at the prevailing market price, namely the Grant Cost shall be deducted from the actual selling price of the Award Shares, and the difference after deduction goes to the Selected Participants in cash, in accordance with Rule 9 and relevant provisions under the Trust Deed.

2.3 The purposes of the Scheme are:

- (a) 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;
- (b) 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
- (c) to (i) recognize the contributions of the leadership of the Company including the Directors; (ii) 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 (iii) provide additional incentive for the leadership of the Company by aligning the interests of the leadership of the Company to those of the Shareholders and the Group as a whole.

3. CONDITIONS

3.1 The Scheme is conditional upon the passing of a resolution by (i) the Shareholders and (ii) the Board, to approve the adoption of the Scheme and to authorize the Management Committee to grant Awards under the Scheme and to procure the transfer of and otherwise deal with the Award Shares in connection with the Scheme.

4. DURATION

4.1 Subject to Rules 9.10 and 20, the Scheme shall be valid and effective for the Award Period (after which no further Awards will be granted), and thereafter for so long as there are any non-vested Award Shares granted hereunder prior to the expiration of the Scheme, in order to give effect to the vesting of such Award Shares or otherwise as may be required in accordance with the provisions of the Scheme Rules.

5. ADMINISTRATION

5.1 The 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 Scheme. The general meeting of the Shareholders may authorize the Board to deal with all matters related to the Scheme to the extent of its authority;
- (b) the Board is the institution in charge of the administration of the Scheme in accordance with the 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 Scheme and submitting the same to the Board for consideration. Upon consideration and approval of the Scheme, the Board will submit the Scheme to the general meeting of

the Shareholders for consideration. The Board or the Delegatee may handle all matters related to the Scheme within the authorization by the general meeting of the Shareholders;

- (c) the independent non-executive Directors are the supervisory institution of the Scheme and shall express their views on whether the Scheme facilitates the sustainable development of the Company and whether the Scheme impairs the interests of the Company and the Shareholders as a whole. The independent non-executive Directors supervise whether the implementation of the 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 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 Group to the Trust.

- 5.2 The authority to administer the Scheme may be delegated by the Board to the Delegatee as deemed appropriate in the sole and absolute discretion of the Board, provided that nothing in this Rule 5.2 shall prejudice the Board's power to revoke such delegation at any time or derogate from the discretion vested with the Board as contemplated in Rule 5.1(b).
- 5.3 Subject to any restrictions in the Scheme Rules, it is noted that as at the Adoption Date the Board has delegated to the Management Committee the authority to administer the Scheme, including the power to grant an Award under the Scheme.
- 5.4 Without prejudice to the Board's general power of administration, the Board or the Delegatee may from time to time appoint one or more administrators, who may be independent third-party contractors, to assist in the administration of the Scheme, to whom they, in their sole and absolute discretion, may delegate such functions relating to the administration of the Scheme as they may think fit. The duration of office, terms of reference and remuneration (if any) of such administrator(s) shall be determined by the Board or the Delegatee in its sole and absolute discretion from time to time.
- 5.5 Without prejudice to the Board's general power of administration, to the extent not prohibited by applicable laws and regulations, the Board or the Delegatee may also from time to time appoint one or more Trustees in respect of granting, administration or vesting of any Award Shares. For the avoidance of doubt, notwithstanding any provision herein, the Board or, if delegated to the Delegatee, then the Delegatee shall be the sole body which has the authority to given any direction, instruction or recommendation to the Trustee or from which the Trustee seeks direction, instruction or recommendation with respect to the Scheme and the Trust.

- 5.6 Subject to the Scheme Rules, the Listing Rules and any applicable laws and regulations, the Board or the Delegatee shall have the power from time to time to:
- (a) construe and interpret the Scheme Rules and the terms of the Awards granted under the Scheme;
 - (b) make or vary such arrangements, guidelines, procedures and/or regulations for the administration, interpretation, implementation and operation of the Scheme, provided that they are not inconsistent with the Scheme Rules;
 - (c) decide how the vesting of the Award Shares will be settled pursuant to Rule 9;
 - (d) determine the basis of eligibility of any Eligible Employee for the grant of Awards from time to time on the basis of their contribution to the development and growth of the Group or such other factors deemed appropriate;
 - (e) grant Awards to those Eligible Employees whom it shall select from time to time;
 - (f) determine the terms and conditions of the Awards;
 - (g) establish, assess and administer performance targets in respect of the Scheme;
 - (h) approve the form and content of an Award Letter;
 - (i) adjust the number of outstanding Award Shares or accelerate the Vesting Dates of any Awards pursuant to Rule 14;
 - (j) exercise any authority as may be granted by the Shareholders from time to time;
 - (k) engage bank(s), accountant(s), lawyer(s), consultant(s) and other professional parties for the purpose of the Scheme; and
 - (l) sign, execute, amend and terminate all documents relating to the Scheme, undertake all procedures relevant to the Scheme and take such other steps or actions to give effect to the terms and intent of the Scheme Rules.
- 5.7 None of the Directors or any Delegatee shall be personally liable by reason of any contract or other instrument executed by him/her, or on his/her behalf or for any mistake of judgment made in good faith, for the purposes of the Scheme, and the Company shall indemnify and hold harmless each member of the Board and any Delegatee in relation to the administration or interpretation of the Scheme, against any cost or expense (including legal fees) or liability (including any sum paid in settlement of a claim with the approval of the Board) arising out of any act or omission to act in connection with the Scheme unless arising out of such person's own wilful default, fraud or bad faith.
- 5.8 In respect of the administration of the Scheme, the Company shall comply with all applicable disclosure regulations including those imposed by the Listing Rules and all applicable PRC laws, regulations and rules.

6. SELECTION OF SELECTED PARTICIPANT

- 6.1 The Board or the Delegatee may, from time to time, select any Eligible Employee to be a Selected Participant and, subject to Rule 6.4, grant an Award to such Selected Participant 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.
- 6.2 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, 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 Scheme if he:

- (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) is in breach of relevant national laws and regulations or the Articles; 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: if any of the above provisions occur during implementation of the Scheme which would prevent him/her from being considered as a Selected Participant, he shall give up his/her rights to participate in the Scheme and shall not be given any compensation.

- 6.3 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.

6.4 Notwithstanding the provisions in Rule 6.1, Rule 6.2 and Rule 6.3, 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 or acquiring H Shares through on-market transactions under the circumstances below, and any such grant so made or any such direction or recommendation so given shall be null and void (and notified to the Trustee as soon as practicable) to the extent (and only to the extent) that it falls within the circumstances below:

- (a) in any circumstances where the requisite approval from any applicable regulatory authorities or Shareholders has not been granted;
- (b) in any circumstances that 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 Scheme, unless the Board determines otherwise;
- (c) 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;
- (d) where such grant of Award would result in a breach of the Scheme Limit;
- (e) after the expiry of the Award Period or after the earlier termination of this Scheme in accordance with Rule 20;
- (f) 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;
- (g) 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
- (h) during the period of 30 days immediately preceding the publication date of the quarterly or half-year results of the Group or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of such results.

6.5 Allocation proposal with respect to Award Shares and amount for Selected Participants shall be determined based on the rank and job duty of the Selected Participant. Such allocation proposal and amount shall be determined and documented by the Management Committee from time to time.

7. AWARD LETTER AND NOTIFICATION OF GRANT OF AWARDS

- 7.1 The Company shall issue a letter 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 this Scheme (the “**Award Letter**”).
- 7.2 As soon as practicable after the grant of any Award to a Selected Participant, the Company shall provide a fully executed copy of the Award Letter to the Trustee.

8. ACQUISITION OF H SHARES BY THE TRUSTEE

- 8.1 Subject to Rule 8.4, the Group shall as soon as reasonably practicable, and if applicable, once the relevant requirements for the grant of Awards to any connected person under Rule 6.3 have been met, 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. Subject to Rule 14, 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 Group shall, subject to Rule 8.3 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. The Board may specify in the instructions given with respect to the acquisition of H Shares pursuant to this Rule 8.1 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.
- 8.2 Where the Trustee has received instructions from the Company to acquire H Shares through on-market transactions, the Trustee shall acquire such number of H Shares in such manner as instructed by the Company on-market at the prevailing market price as soon as reasonably practicable after receiving the necessary funds from the Group.
- 8.3 Subject to Rule 9.9(b), the Trustee shall only be obliged to transfer Award Shares to Selected Participants on vesting to the extent that Award Shares are comprised in the Trust.
- 8.4 The Company shall not instruct the Trustee to acquire H Shares through on-market transactions at the prevailing market price, where (i) such action (as applicable) is prohibited under the Listing Rules, other applicable PRC laws, regulations and rules, the SFO or any other applicable laws from time to time; or (ii) during such periods as stated in Rules 6.4(g) and (h). Where such a prohibition causes the prescribed timing imposed by the Scheme Rules or the Trust Deed to be missed, such prescribed timing shall be treated as extended until as soon as reasonably practicable after the first Business Day on which the prohibition no longer prevents the relevant action.

9. VESTING OF AWARD

- 9.1 The Board or the Delegatee may from time to time while the Scheme is in force and subject to all applicable laws, rules and regulations, determine such vesting criteria and conditions or periods for the Award to be vested hereunder.
- 9.2 Upon approval of the Board or the Delegatee and the vesting conditions set out in the Scheme Rules, all awards under the H Share Plan 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.
- 9.3 Vesting of the Award granted under the 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.
- 9.4 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 set out in the Award Letter.
- 9.5 If the Selected Participant fails to fulfill 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. The Trustee shall be notified of such forfeiture and such forfeited shares shall be held by the Trustee as Returned Shares.
- 9.6 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 Group.
- 9.7 If the Vesting Date is not a Business Day, the Vesting Date shall, subject to any trading halt or suspension in the H Shares, be the Business Day immediately thereafter.
- 9.8 For the avoidance of doubt, the Vesting Periods of the Awards granted under the 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. The Trustee shall be notified of such Vesting Periods.

9.9 For the purpose of vesting of the Award, the Board or the Delegatee may either:

- (a) direct and procure the Trustee to release from the Trust the Award Shares to the Selected Participants by transferring the number of Award Shares to the Selected Participants in such manner as determined by them from time to time, and the Selected Participants 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, and the difference of deduction goes to the Selected Participants; or
- (b) to the extent that, at the determination of the Board or the Delegatee, it is not practicable for the Selected Participant to receive the Award in H Shares solely due to legal or regulatory restrictions with respect to the Selected Participants' ability to receive the Award in H Shares or any restrictions or circumstances that result in the Trustee's inability to give effect to any such transfer to the Selected Participant, the Board or the Delegatee will direct and procure the Trustee to sell, on-market at the prevailing market price, the number of Award Shares so vested in respect of the Selected Participant, namely the Grant Cost shall be deducted from the actual selling price of the Award Shares, and the difference after deduction goes to the Selected Participants in cash.
- (c) to the extent that, the Board or the Delegatee shall have the power to require the Selected Participants or the Trustee to sell, on-market at the prevailing market price or within a specified period, the number of Award Shares to pay the Grant Cost to be assumed by the Selected Participant, and the above issue of selling the Award Shares shall be subject to the final determination by the Board or the Delegatee.

9.10 Except in the circumstances set out in Rule 9.14, barring any unforeseen circumstances, within a reasonable time period as agreed between the Trustee and the Board from time to time prior to any Vesting Date, the Board or the Delegatee shall send to the relevant Selected Participant a vesting notice (the "**Vesting Notice**"). The Board or the Delegatee shall forward a copy of the Vesting Notice to the Trustee and instruct the Trustee the extent to which the Award Shares held in the Trust shall be transferred and released from the Trust to the Selected Participant in the manner as determined by the Board to the Delegatee, or be sold as soon as practicable from the Vesting Date.

9.11 Except in circumstances as set out in Rule 9.14, subject to the receipt of the Vesting Notice and the instructions from the Board or the Delegatee, the Trustee shall transfer and release the relevant Award Shares to the relevant Selected Participant in the manner as determined by the Board or the Delegatee or sell the relevant Award Shares within any time stipulated in Rule 9.10 above and pay the Actual Selling Price to the Selected Participant within a reasonable time period in satisfaction of the Award.

9.12 Any stamp duty or other direct costs and expenses arising on vesting and transfer of the Award Shares to or for the benefit of the Selected Participants shall be borne by the Group. Any duty or other direct costs and expenses arising on the sale of the Award Shares due to the vesting shall be borne by the Selected Participant.

9.13 All costs and expenses in relation to all dealings with the Award Shares after vesting and transfer of the Award Shares to the Selected Participant (as the case may be) shall be borne by the Selected Participant and neither the Group nor the Trustee shall be liable for any such costs and expenses thereafter.

9.14 Other than the stamp duty to be borne by the Group in accordance with Rule 9.12, all other taxes (including personal income taxes, professional taxes, salary taxes and similar taxes, as applicable), duties, social security contributions, impositions, charges and other levies arising out of or in connection with the Selected Participant's participation in the Scheme or in relation to the Award Shares or cash amount of equivalent value of the Award Shares (the "Taxes") shall be borne by the Selected Participant and neither the Group nor the Trustee shall be liable for any Taxes. The Selected Participant will indemnify the Trustee and all members of the Group against any liability each of them may have to pay or account for such Taxes, including any withholding liability in connection with any Taxes. To give effect to this, the Trustee or any member of the Group may, notwithstanding anything else in these Scheme Rules (but subject to applicable law):

- (a) reduce or withhold the number of Selected Participant's Award Shares underlying the Award (the number of Award Shares underlying the Award that may be reduced or withheld shall be limited to the number of Award Shares that have a fair market value on the date of withholding that, in the reasonable opinion of the Company is sufficient to cover any such liability);
- (b) sell, on the Selected Participant's behalf, such number of H Shares to which the Selected Participant becomes entitled under the Scheme and retain the proceeds and/or pay them to the relevant authorities or government agency;
- (c) deduct or withhold, without notice to the Selected Participant, the amount of any such liability from any payment to the Selected Participant made under the Scheme or from any payments due from a member of the Group to the Selected Participant, including from the salary payable to the Selected Participant by any member of the Group; and/or
- (d) require the Selected Participant to remit to the Trustee or any member of the Group, in the form of cash or a certified or bank cashier's check, an amount sufficient to satisfy any Taxes or other amounts required by any governmental authority to be withheld and paid over to such authority by the Trustee or any member of the Group on account of the Selected Participant or to otherwise make alternative arrangements satisfactory to the Company for the payment of such amounts.

The Trustee shall not be obliged to transfer any Award Shares (or pay the Actual Selling Price of such Award Shares in cash) to a Selected Participant unless and until the Selected Participant satisfies the Trustee and the Company that such Selected Participant's obligations under this Rule has been met.

10. CHANGES OF CIRCUMSTANCES PERTAINING TO THE SELECTED PARTICIPANTS

10.1 If a Selected Participant ceases to be an Eligible Employee by reason of a change in job position in the Group, or reemployment after retirement by the Group upon the execution of a reemployment agreement, the outstanding Award Shares not yet vested shall continue to vest in accordance with the Vesting Dates set out in the Award Letter, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion. However, if a Selected Participant has a change in job position due to any of the following reasons:

- (a) violation of laws, professional ethics or the leakage of confidential information of any member of the Group;
- (b) causing damage to the interests or reputation of any member of the Group due to failure to discharge his/her duties or a willful misconduct; or
- (c) termination of his/her employment contract by any member of the Group for any of the above reason.

the Selected Participant shall return to the Trust all interests in the Award Shares already vested such that such Award Shares become Returned Shares, and in the event of serious violation or damage, the Company reserves the right to bring a claim against the Selected Participant for the damages suffered as a result of the reasons above stated, any outstanding Award Shares not yet vested shall be immediately forfeited, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion.

10.2 If a Selected Participant ceases to be an Eligible Employee by reason of disqualification from participating in the Scheme due to any of the reasons set forth in Rule 6.2 under which no one should be considered as a Selected Participant, any outstanding Award Shares not yet vested shall be immediately forfeited, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion.

10.3 If a Selected Participant ceases to be an Eligible Employee by reason of leaving the Group due to resignation, expiration or termination of labor contract, employment or contractual engagement by the Group for reason such as redundancy, any outstanding Award Shares not yet vested shall be immediately forfeited, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion.

10.4 If a Selected Participant ceases to be an Eligible Employee by reason of retirement upon reaching retirement age stipulated by law, subject to the provisions in Rule 10.1 above, any outstanding Award Shares not yet vested shall be immediately forfeited, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion.

- 10.5 If a Selected Participant ceases to be an Eligible Employee by reason of being in a rank or position that does not allow him/her to hold Awards, or being transferred to such a rank or position as a result of reorganization within the Group, any outstanding Award Shares not yet vested shall be immediately forfeited, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion.
- 10.6 If a Selected Participant ceases to be an Eligible Employee by reason of termination of the Selected Participant's labor contract, employment or contractual engagement with the Group or resignation due to incapacity resulting from work injury, any outstanding Award Shares not yet vested shall continue to vest in accordance with the Vesting Dates set out in the Award Letter, or alternative vesting procedures as determined by the Management Committee, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion. The individual performance indicator of such Selected Participant will no longer be included as vesting conditions.
- 10.7 If a Selected Participant ceases to be an Eligible Employee by reason of termination of the Selected Participant's labor contract, employment or contractual engagement with the Group or resignation due to incapacity not resulting from work injury, any outstanding Award Shares not yet vested shall be immediately forfeited, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion.
- 10.8 If a Selected Participant ceases to be an Eligible Employee by reason of death of the Selected Participant due to work injury, any outstanding Award Shares not yet vested shall continue to vest in accordance with the Vesting Dates set out in the Award Letter, or alternative vesting procedures as determined by the Management Committee, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion. The legal personal representatives or the lawful successors of the Grantee shall become entitled to the Award Shares, in the absence of which and unless the Board or the Delegatee determines otherwise in its sole and absolute discretion, the Award Shares shall be forfeited and held by the Trust as Returned Shares. The individual performance indicator of such Selected Participant will no longer be included as vesting conditions.
- 10.9 If a Selected Participant ceases to be an Eligible Employee by reason of death of the Selected Participant not due to work injury, on the date of the occurrence of such event, any outstanding Award Shares not yet vested shall be immediately forfeited, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion.
- 10.10 If a Selected Participant ceases to be an Eligible Employee for reasons other than those set out in Rules 10.1 to 10.9, any outstanding Award Shares not yet vested shall be immediately forfeited, unless the Board or the Delegatee determines otherwise in its sole and absolute discretion.
- 10.11 A Selected Participant shall be taken to have retired on the date that he retires upon or after reaching the age of retirement stipulated by law or specified in his/her service agreement or pursuant to any retirement policy of the Group applicable to him/her from time to time or, in case there is no such terms of retirement applicable to the Selected Participant, with the approval of the Board.

10.12 The Company shall, from time to time, inform the Trustee in writing of the date on which and the reason for which such Selected Participant ceases to be an Eligible Employee, forfeiture of any outstanding Award Shares not yet vested and any amendments to the terms and conditions of the Award with respect to such Selected Participant (including the number of Award Shares entitled).

11. TRANSFERABILITY AND OTHER RIGHTS TO AWARD SHARES

11.1 Any Award granted hereunder but not yet vested shall be personal to the Selected Participant to whom it is made and shall not be assignable or transferable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Award, or enter any agreement to do so, unless the Award or any interest thereof is transferred as a result of the Selected Participant's death in accordance with the terms of this Scheme.

11.2 Any actual or purported breach of Rule 11.1 shall entitle the Company to cancel any outstanding Award or part thereof granted to such Selected Participant. For this purpose, a determination from such person(s) delegated with this function by the Board, to the effect that the Selected Participant has or has not breached any of the foregoing shall be final and conclusive as to such Selected Participant.

12. INTEREST IN THE ASSETS OF THE TRUST

12.1 For the avoidance of doubt:

- (a) a Selected Participant shall have only a contingent interest in the Award subject to the vesting of such Award in accordance with Rules 9 and 14;
- (b) no instructions may be given by a Selected Participant to the Trustee in respect of the Award or any other property of the Trust and the Trustee shall not follow instructions given by a Selected Participant to the Trustee in respect of the Award or any other property of the Trust;
- (c) 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);
- (d) a Selected Participant shall have no rights in the balance of the fractional shares arising out of consolidation of H Shares (if any) and such H Shares shall be deemed as Returned Shares for the purposes of the Scheme; and
- (e) in the event a Selected Participant ceases to be an Eligible Employee on or prior to the relevant Vesting Date and the Award in respect of the relevant Vesting Date shall lapse or be forfeited pursuant to the Scheme, such Award shall not vest on the relevant Vesting Date and the Selected Participant shall have no claims against the Company (unless the Board or the Delegatee determines otherwise in its sole and absolute discretion) or the Trustee.

13. RESTRICTIVE COVENANTS

- 13.1 By accepting any Award granted pursuant to the Scheme, a Selected Participant shall be deemed to have made the restrictive covenants set forth in this Rule 13 to and for the benefit of the Group.
- 13.2 The Selected Participant hereby undertakes to the Group that he will not at any time whilst an employee, a director (other than independent non-executive directors), a supervisor, a senior management, shareholders or otherwise interested in the Group (save in so far as is reasonably necessary to fulfill his duties to the Group) or at any time thereafter, directly or indirectly use or disclose or communicate to any person any information concerning the affairs, business methods, processes, systems, inventions, plans or research and development of the Group or those of its customers, clients or suppliers and which may be reasonably regarded as being confidential to the Group or to such persons (other than information which he is required disclose by law or which is for the relevant time being in the public domain other than by reason of wrongful disclosure of the same by him/her) and will use his best endeavours to prevent the publication or disclosure of any such information by any third party.
- 13.3 The Selected Participant undertakes to the Group that he/she will not, except with the prior written approval of the Company, be directly or indirectly concerned with or engaged or interested in any other business which is in any respect in competition with or similar to the business of the Group during his employment with the Group.
- 13.4 The Selected Participant undertakes to the Group that for so long as he/she is employed by the Company or any other member within the Group he will devote his full time and attention to the business of the Group and will use his best endeavours to develop the business and interests of the Group and will not be concerned with any other (competitive or other) business.
- 13.5 The Selected Participant undertakes to the Group that he shall strictly comply with his/her post-employment obligations as set out in his/her employment agreement entered into with the Company.

14. TAKEOVER, RIGHTS ISSUE, OPEN OFFER, SCRIP DIVIDEND SCHEME, ETC.

Change in control

- 14.1 If there is an event of change in control of the Company by way of a merger, privatization of the Company by way of a scheme or by way of an offer, change of actual control of the Company involving reorganization of major assets, the Company no longer exists after merger with another company, division of the Company, or resolution of the general meeting of the Shareholders to replace half of all members of the Board before the expiry of the term of office of the Board, the Board shall in its sole and absolute discretion determine whether this Scheme shall be terminated within 5 trading days upon the change in control of the Company.

For the purpose of Rule 14.1, “control” shall have the meaning as specified in The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC from time to time.

Open offer and rights issue

14.2 In the event the Company undertakes an open offer of new securities, the Trustee shall not subscribe for any new H Shares. In the event of a rights issue, the Trustee shall seek instruction from the Company on the steps or actions to be taken in relation to the nil-paid rights allotted to it.

Bonus warrants

14.3 In the event the Company issues bonus warrants in respect of any H Shares which are held by the Trustee, the Trustee shall not, unless otherwise instructed by the Company, subscribe for any new H Shares by exercising any of the subscription rights attached to the bonus warrants, and shall sell the bonus warrants created and granted to it, and the net proceeds of sale of such bonus warrants shall be held as funds of the Trust.

Scrip dividend

14.4 In the event the Company undertakes a scrip dividend scheme, the Trustee shall elect to receive the script Shares and such H Shares will be held as Returned Shares.

Capitalization issue, rights issue, consolidation, sub-division, Share Bonus issue and other distribution

14.5 In the event the Company undertakes a capitalization issue, rights issue, sub-division, consolidation or reduction of the H Shares, corresponding changes will be made to the number of outstanding Award Shares that have been granted provided that the adjustments shall be made in such manner as the Board determines to be fair and reasonable in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Scheme for the Selected Participants. All fractional shares (if any) arising out of such consolidation or sub-division in respect of the Award Shares of a Selected Participant shall be deemed as Returned Shares and shall not be transferred to the relevant Selected Participant on the relevant Vesting Date.

14.6 In the event of an issue of H Shares by the Company credited as fully paid to the holders of the H Shares by way of capitalization of profits or reserves (including share premium account), the H Shares attributable to any Award Shares held by the Trustee shall be deemed to be an accretion to such Award Shares and shall be held by the Trustee as if they were Award Shares purchased by the Trustee hereunder and all the provisions hereof in relation to the original Award Shares shall apply to such additional Shares.

14.7 In the event of any non-cash distribution or other events not referred to above by reason of which the Board considers an adjustment to an outstanding Award to be fair and reasonable, an adjustment shall be made to the number of outstanding Award Shares of each Selected Participant as the Board shall consider to be fair and reasonable in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Scheme for the Selected Participants. The Group shall provide such funds, or such directions on application of the Returned Shares or other funds in the Trust, as may be required to enable the Trustee to purchase H Shares on-market at the prevailing market price to satisfy the additional Award.

14.8 In the event of other non-cash and non-scrip distributions made by the Company not otherwise referred to in the Scheme Rules in respect of the H Shares held upon Trust, the Trustee shall sell such distribution and the net sale proceeds thereof shall be deemed as cash income of an H Share held upon the Trust.

Voluntary winding-up

14.9 If an effective resolution is passed during the Award Period for the voluntary winding-up of the Company (other than for the purposes of a reconstruction, amalgamation or scheme of arrangement), the Board or the Delegatee shall in its sole and absolute discretion determine whether the Vesting Dates of any Awards will be accelerated and whether the Selected Participant will be entitled to receive out of the assets available in liquidation on an equal basis with the Shareholders such sum as they would have received in respect of the Awards. Any determination made under this Rule 14.9 shall be notified to the Trustee.

Compromise or arrangement

14.10 If a compromise or arrangement between the Company and its Shareholders or creditors is proposed in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies and a notice is given by the Company to its Shareholders to convene a general meeting to consider and if thought fit approve such compromise or arrangement and such shareholders' approval is obtained, the Board or the Delegatee shall in its sole and absolute discretion determine whether the Vesting Dates or any Awards will be accelerated. Any such acceleration shall be notified to the Trustee.

15. SCHEME LIMIT

15.1 The maximum size of the Scheme 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 pursuant to Rule 8.1, and in any case being not more than 10,420,000 H Shares (the "**Scheme Limit**"). 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 Scheme (excluding Award Shares that have been forfeited in accordance with the Scheme) to exceed the Scheme Limit without Shareholders' approval.

15.2 The total number of non-vested Award Shares granted to a Selected Participant under the Scheme shall not exceed 1% of the total number of issued shares of the Company from time to time.

16. RETURNED SHARES

16.1 The Trustee shall hold Returned Shares to be applied towards future Awards in accordance with the provisions hereof for the purpose of the Scheme. When H Shares have been deemed to be Returned Shares under the Scheme Rules, the Trustee shall notify the Company accordingly.

17. INTERPRETATION

17.1 Any decision to be made under the Scheme, including matters of interpretation with respect to the Scheme Rules, shall be made by the Board or the Delegatee and notified to the Trustee. The decision by the Board shall be final and binding.

18. ALTERATION OF THE SCHEME

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

18.2 Where the Board alters the Scheme, the independent non-executive Directors shall express their independent opinion on whether the altered Scheme facilitates the sustainable development of the Company and whether the altered Scheme impairs the interests of the Company and the Shareholders as a whole.

19. CANCELLATION OF AWARDS

19.1 The Board or the Delegatee may in its sole and absolute discretion cancel any Award that has not vested or been forfeited. Such cancellation shall be notified to the Trustee.

20. TERMINATION

20.1 Subject to Rule 4, the Scheme shall terminate on the earlier of:

- (a) the end of the Award Period except in respect of any non-vested Award Shares granted hereunder prior to the expiration of the 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 Scheme; or
- (b) such date of early termination as determined by the Board.

20.2 On the Business Day following the settlement, lapse, forfeiture or cancellation (as the case may be) of the last outstanding Award made under the Scheme, the Trustee shall sell all the H Shares remaining in the Trust within a reasonable time period as agreed between the Trustee and the Company upon receiving notice of the settlement, lapse, forfeiture or cancellation (as the case may be) of such last outstanding Award (or such longer period as the Company may otherwise determine), and remit all cash and net proceeds of such sale referred to in this Rule 20.2 and other funds remaining in the Trust (after making appropriate deductions in respect of all disposal costs, expenses and other existing and future liabilities in accordance with the Trust Deed) to the Group. For the avoidance of doubt, the Trustee shall not transfer any H Shares to the Company nor may the Company otherwise hold any H Shares whatsoever (other than the proceeds in the sale of such H Shares pursuant to this Rule 20.2).

21. MISCELLANEOUS

21.1 The Scheme shall not form part of any contract of employment between the Company or any Subsidiary and any Eligible Employee, and the rights and obligations of any Eligible Employee under the terms of his/her office or employment shall not be affected by his/her participation in the Scheme or any right which he may have to participate in it and the Scheme shall afford such Eligible Employee no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.

21.2 The Group shall bear the costs of establishing and administering the Scheme, including, for the avoidance of doubt, costs arising from communication as referred to in Rule 21.3, expenses incurred in the purchase of H Shares by the Trustee and stamp duty and normal registration fee (i.e. not being fee chargeable by the share registrar of any express service of registration) in respect of the transfer of H Shares to Selected Participants on the relevant Vesting Date. For the avoidance of doubt, the Company shall not be liable for any Tax or expenses of such other nature payable on the part of any Eligible Employee in respect of any sale, purchase, vesting or transfer of H Shares (or cash amount of equivalent value being paid), other than for any withholding tax liability of the Company or any member of the Group under applicable laws.

21.3 Any notice or other communication between the Company and any Eligible Employee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its registered office in the PRC or such other address as notified to the Eligible Employee from time to time and in the case of an Eligible Employee, his/her address as notified to the Company from time to time or by hand delivery. In addition, any notice (including the Vesting Notice) or other communication from the Company to any Eligible Employee or Selected Participant may be given by any electronic means through the Trustee, as the Board considers appropriate.

21.4 Any notice or other communication served by post shall be deemed to have been served 24 hours after the same was put in the post. Any notice or other communication served by electronic means shall be deemed to have been received on the day following that on which it was sent.

- 21.5 The Company shall not be responsible for any failure by any Eligible Employee to obtain any consent or approval required for such Eligible Employee to participate in the Scheme as a Selected Participant or for any Tax, expenses, fees or any other liability to which an Eligible Employee may become subject as a result of participation in the Scheme.
- 21.6 Each and every provision hereof shall be treated as a separate provision and shall be severally enforceable as such in the event of any provision or provisions being or becoming unenforceable in whole or in part. To the extent that any provision or provisions are unenforceable they shall be deemed to be deleted from these Scheme Rules, and any such deletion shall not affect the enforceability of the Scheme Rules as remain not so deleted.
- 21.7 The Scheme is not subject to the provisions of Chapter 17 of the Listing Rules.
- 21.8 Save as specifically provided herein, the Scheme shall not confer on any person any legal or equitable rights (other than those constituting and attaching to the Award Shares themselves) against the Group directly or indirectly or give rise to any cause of action at law or in equity against the Group. No person shall, under any circumstances, hold the Board or the Delegatee and/or the Company liable for any costs, losses, expenses and/or damages whatsoever arising from or in connection with the Scheme or the administration thereof.
- 21.9 In the event that an Award lapses in accordance with the Scheme Rules, no Selected Participants shall be entitled to any compensation for any loss or any right or benefit or prospective right or benefit under the Scheme which he or she might otherwise have enjoyed.
- 21.10 The Scheme shall operate subject to the Articles and to any restrictions under any applicable laws, rules and regulations.
- 21.11 By participating in the Scheme, the Selected Participant consents to the holding, processing, storage and use of personal data or information concerning him/her by any member of the Group, in Hong Kong or elsewhere, for the purpose of the administration, management or operation of the Scheme. Such consent permits, but is not limited to, the following:
- (a) the administration and maintenance of records of the Selected Participant;
 - (b) the provision of data or information to members of the Group, the Trustee, registrars, brokers or third party administrators or managers of the Scheme, in Hong Kong or elsewhere;
 - (c) the provision of data or information to future purchasers or merger partners of the Company, the Selected Participant's employing company, or the business in which the Selected Participant works;

- (d) the transfer of data or information about the Selected Participant to a country or territory outside the Selected Participant's home country which may not provide the same statutory protection for the information as his/her home country; and
- (e) in the case where an announcement is required to be made or a circular is required to be despatched pursuant to the Listing Rules or other applicable laws, rules and regulations for the purposes of granting an Award, the disclosure of the identity of such Selected Participant, the number of Award Shares and the terms of the Award granted and/or to be granted and all other information as required under the Listing Rules or other applicable laws, rules and regulations.

The Selected Participant is entitled, on payment of a reasonable fee, to a copy of the personal data held about him/her, and if such personal data is inaccurate, the Selected Participant has the right to have it corrected.

22. DISPUTE RESOLUTION

22.1 The Board shall determine any question of interpretation and settle any dispute arising under or in connection with this Scheme. In such matters, the Board's decision shall be final.

23. GOVERNING LAW

23.1 The Scheme shall be governed by and construed in accordance with the laws of Hong Kong.

24. TRANSLATION

24.1 In case of any discrepancies between the Chinese and English versions of this Scheme, the Chinese version shall prevail.

NOTICE OF ANNUAL GENERAL MEETING



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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the annual general meeting (the “AGM”) of Shanghai Kindly Medical Instruments Co., Ltd.* (上海康德萊醫療器械股份有限公司) (the “Company”) will be held at Block 2, No. 925 Jin Yuan Yi Road, Jiading District, Shanghai, the PRC on Monday, 16 May 2022 at 2:00 p.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions:

ORDINARY RESOLUTIONS

1. To consider and approve the adoptions of the report of the Directors for the year ended 31 December 2021.
2. To consider and approve the adoption of the report of the Supervisory Committee for the year ended 31 December 2021.
3. To consider and approve the annual report of the Company for the year 2021.
4. To consider and approve the audited financial statements of the Group for the year 2021.
5. To consider and approve the Company's profit distribution plan for the year ended 31 December 2021.
6. To consider and approve the annual financial budget of the Group for the year 2022.
7. To consider and approve the re-election of Dr. Liang Dongke as an executive Director of the Third Session of the Board.
8. To consider and approve the appointment of Mr. Lin Sen as an executive Director of the Third Session of the Board.
9. To consider and approve the re-election of Mr. Zhang Weixin as a non-executive Director of the Third Session of the Board.

* For identification purposes only

NOTICE OF ANNUAL GENERAL MEETING

10. To consider and approve the re-election of Ms. Chen Hongqin as a non-executive Director of the Third Session of the Board.
11. To consider and approve the appointment of Dr. Song Yuan as a non-executive Director of the Third Session of the Board.
12. To consider and approve the appointment of Mr. Wang Ruiqin as a non-executive Director of the Third Session of the Board.
13. To consider and approve the re-election of Mr. Jian Xigao as an independent non-executive Director of the Third Session of the Board.
14. To consider and approve the re-election of Mr. Hui Hung Kwan as an independent non-executive Director of the Third Session of the Board.
15. To consider and approve the appointment of Mr. Xu Congli as an independent non-executive Director of the Third Session of the Board.
16. To consider and approve the appointment of Ms. Ma Huifang as a Supervisor of the Third Session of the Supervisory Committee.
17. To consider and approve the appointment of Mr. Shen Xiaoru as a Supervisor of the Third Session of the Supervisory Committee.
18. To consider and approve the remuneration plan for the Directors for the year end 31 December 2022.
19. To consider and approve the remuneration plan for the Supervisors for the year end 31 December 2022.
20. To consider and approve the re-appointment of KPMG and BDO China Shu Lun Pan Certified Public Accountants LLP as international and domestic auditors of the Company for the year 2022, respectively and to authorize the Board to determine their remunerations.

SPECIAL RESOLUTION

21. To consider and approve the proposed change of company name of the Company.
22. To consider and approve the proposed amendments to the Articles of Association.
23. To consider and approve the proposed adoption of the H Share Award and Trust Scheme.
24. To consider and approve the proposed authorization to the Board and/or the Delegatee to handle matters pertaining to the H Share Award and Trust Scheme.

NOTICE OF ANNUAL GENERAL MEETING

25. (A) To consider and approve the grant of a general mandate to the Board to allot, issue and deal with additional Domestic Shares and/or H Shares during the Relevant Period. The Board may, independently or simultaneously, allot, issue and deal with additional Domestic Shares and/or H Shares (otherwise than pursuant to the issue of shares by conversion of the surplus reserve into the share capital in accordance with the PRC Company Law and the Articles of Association) that shall not exceed 10% of the respective number of Domestic Shares and/or H Shares in issue as at the date of passing the resolution. The exercise of the general mandate shall comply with conditions below:

- (i) The Board may make or grant Share sales proposal and agreements which would or might require the exercise of such power after expiry of the Relevant Period:

For the purpose of this resolution, the “Relevant Period” means the period from the date of passing this resolution until the earliest of either:

- (a) the conclusion of the next annual general meeting of the Company following the passing of this resolution at the general meeting; or
 - (b) the expiry date of 12 months after the passing of this resolution at the general meeting; or
 - (c) the date on which the authorization set out in this resolution is revoked or amended by a special resolution in a general meeting of the Company.
- (ii) The number of Domestic Shares and/or H Shares to be allotted, issued or dealt with or conditionally or unconditionally agreed to be allotted, issued or dealt with (whether pursuant to the exercise of options or otherwise by the Board) shall not exceed 10% of the respective number of Domestic Shares and/or H Shares in issue as at the date of passing the resolutions.
 - (iii) The Board will exercise the power under such mandate in accordance with the PRC Company Law, other applicable laws and regulations of the PRC and the Listing Rules as amended from time to time and upon the necessary approval from the China Securities Regulatory Commission and other relevant authorities.

(B) The Board be and is hereby authorized to make such amendments to the Articles of Association of the Company as it thinks fit so as to increase the registered share capital and reflect the new capital structure of the Company upon the allotment, issuance of and dealing with shares as contemplated in the above paragraph (A) of this resolution in accordance with the PRC Company Law, other applicable laws and regulations in the PRC and the Listing Rules; and

NOTICE OF ANNUAL GENERAL MEETING

- (C) Contingent on the Board resolving to allot, issue and deal with shares of the Company pursuant to paragraph (A) of this resolution, the Board be and is hereby authorized to approve, execute and do or procure to be approved, executed and done, all such documents, deeds and things as it may consider necessary in connection with the issuance, allotment of and dealing with such shares including, without limitation, determining the size of the issue, the issue price, the use of proceeds from the issue, the target of the issue and the place and time of the issue, making all necessary applications to the relevant authorities, entering into an underwriting agreement or any other agreements, and making all necessary filings and registrations with the relevant PRC, Hong Kong and other authorities.

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, the PRC, 12 April 2022

*Registered office, headquarters and principal
place of business in the PRC:*

Block 2, No. 925 Jin Yuan Yi Road
Jiading District, Shanghai, the PRC

Principal place of business in Hong Kong:

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

Notes:

- (i) Any Shareholder who wishes to appoint a proxy to attend the AGM shall refer to the Company's AGM circular dated 12 April 2022 and the annual report for the year 2021. The annual report for the year 2021 includes the report of the Directors for the year 2021, the report of the Supervisory Committee for the year 2021 and the audited financial statements of the Group for the year 2021, for the information of the Shareholders.
- (ii) A Shareholder entitled to attend and vote at the AGM or its adjournment (as the case may be) is entitled to appoint one (or, if he/she/it holds two or more issued shares of RMB1.00 each in the Company more than one) proxy to attend and vote, on a poll, in his/her/its stead in accordance with the Articles of Association. A proxy need not be a Shareholder.
- (iii) A form of proxy for use at the AGM is issued and published by the Company on 12 April 2022. Whether or not you intend to attend the AGM in person, you are urged to complete and return the form of proxy in accordance with the instructions printed on the form of proxy issued and published by the Company as soon as possible. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof (as the case may be) if you so wish. In such event, your form of proxy will be deemed to have been revoked.

* For identification purposes only

NOTICE OF ANNUAL GENERAL MEETING

- (iv) In the case of the H Shareholders, a form of proxy together with any power of attorney or other authorization documents (if any) under which it is signed or a notarized copy of that power of attorney or authorization documents must be lodged with the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, and in the case of the Domestic Shareholders, to the Company's registered office at Block 2, No. 925 Jin Yuan Yi Road, Jiading District, Shanghai, the PRC, no less than 24 hours before the time appointed for holding the AGM or any adjournment thereof (as the case may be), in order to be valid.
- (v) In order to determine the entitlement of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 15 April 2022 to Monday, 16 May 2022, both days inclusive, during which period no transfer of Shares will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for H Shareholders), or the Company's registered office at Block 2, No. 925 Jin Yuan Yi Road, Jiading District, Shanghai, the PRC (for Domestic Shareholders), by no later than 4:30 p.m. on Thursday, 14 April 2022.
- (vi) In the event that the profit distribution plan for the year ended 31 December 2021 be approved at the AGM, the final dividend to be approved by the Shareholders will be paid to the H Shareholders and Domestic Shareholders whose names appear on the register of members of the Company on Sunday, 29 May 2022. The register of members of the Company will be closed from Tuesday, 24 May 2022 to Sunday, 29 May 2022, both days inclusive, during which period no transfer of Shares will be registered. All transfer forms accompanied by the relevant share certificates must be lodged with the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for H Shareholders), or the Company's registered office at Block 2, No. 925 Jin Yuan Yi Road, Jiading District, Shanghai, the PRC (for Domestic Shareholders), by no later than 4:30 p.m. on Monday, 23 May 2022.
- (vii) In the case of joint registered holders of any Shares, any one of such joint registered holders may vote at the AGM, either in person or by proxy, in respect of such Shares as if he/she/it were solely entitled thereto; but should more than one of such joint registered holders be present at the AGM, either in person or by proxy, the vote of that one of them so present, whose name stands first on the register of members in respect of such Shares shall be accepted to the exclusion of the votes of the other joint registered holder(s).
- (viii) The AGM is expected to take less than half a day. Shareholders who attend the AGM shall be responsible for their own travel and accommodation expenses.

As at the date of this notice, 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.