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Shanghai Kindly Medical Instruments Co., Ltd.*

上海康德萊醫療器械股份有限公司

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

(Stock Code: 1501)

CHANGE IN USE OF UNUTILIZED NET PROCEEDS

Reference is made to (i) the prospectus of Shanghai Kindly Medical Instruments Co., Ltd.* (上海康德萊醫療器械股份有限公司) (the “**Company**” and together with its subsidiaries, the “**Group**”) dated October 28, 2019 (the “**Prospectus**”) in relation to the Global Offering, (ii) the annual report of the Company for the year December 31, 2021 in relation to use of Net Proceeds, and (iii) the announcement of the Company dated March 31, 2021 in relation to the change in use of Net Proceeds (the “**Announcement**”).

Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as defined in the Prospectus and the Announcement.

CHANGE IN USE OF UNUTILIZED NET PROCEEDS

As at the date of this announcement, the Company has utilized approximately RMB480.05 million of the Net Proceeds and the unutilized Net Proceeds amounted to approximately RMB317.57 million (the “**Unutilized Net Proceeds**”).

Having considered the Group’s business needs and efficiency in utilization of the Net Proceeds, the Board resolved on June 20, 2022 to change the use of the Unutilized Net Proceeds designated for “expand our distribution network and coverage, collaborate with local distributors and intensify our marketing efforts” to “potential acquisitions”.

Set out below is the utilization of the Net Proceeds up to the date of this announcement and the proposed change in use of the Unutilized Net Proceeds:

	Planned use of Net Proceeds as stated in the Announcement	Utilized Net Proceeds up to June 20, 2022	Unutilized Net Proceeds up to June 20, 2022	Revised allocation of Unutilized Net Proceeds
		<i>(RMB million)</i>		
Set up a research and development center and an additional production facility in Jiading, Shanghai	271.99	230.26	41.73	41.73
Purchase additional and replacement of existing production equipment and automate production lines	110.07	41.83	68.24	68.24
Expand our distribution network and coverage, collaborate with local distributors and intensify our marketing efforts	69.39	13.00	56.39	—
General corporate purposes and fund our working capital	79.84	79.84	—	—
Zhuhai Derui New Factory Project	110.00	102.31	7.69	7.69
Construction of the Shandong INT Innovative Medical Instruments Industrial Park	156.33	12.81	143.52	143.52
Potential acquisitions	<u>—</u>	<u>—</u>	<u>—</u>	<u>56.39</u>
Total	<u><u>797.62</u></u>	<u><u>480.05</u></u>	<u><u>317.57</u></u>	<u><u>317.57</u></u>

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF UNUTILIZED NET PROCEEDS

According to its strategic development needs to further diversify the existing product portfolio and industrial structure, and improve its core competitiveness, the Company intends to invest in innovative enterprises capable of researching and developing advanced medical devices in the fields of cardiovascular intervention, neurological intervention and peripheral intervention, etc., to meet the medium- and long-term strategic development planning of the Company.

The Board considers the potential acquisitions beneficial in diversifying the Group's product pipeline, and the re-allocation of the Unutilized Net Proceeds would not impede or otherwise adversely affect the Group's product portfolio or business operation. The Board confirms that there is no material change in the business nature of the Group as set out in the Prospectus and considered that the proposed change in the use of the Unutilized Net Proceeds will not have any material adverse impact on the operations of the Group and is in the best interests of the Company and its shareholders as a whole.

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
June 20, 2022

As at the date of this announcement, the Board comprises Dr. Liang Dongke and Mr. Lin Sen as executive Directors, Mr. Zhang Weixin, Ms. Chen Hongqin, Dr. Song Yuan and Mr. Wang Ruiqin as non-executive Directors, and Mr. Jian Xigao, Mr. Hui Hung Kwan and Mr. Xu Congli as independent non-executive Directors.

* *For identification purposes only*