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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)

PROPOSED AMENDMENTS TO THE SHARE INCENTIVE SCHEME

INTRODUCTION

The board of directors (the “**Board**”) of Shanghai Kindly Medical Instruments Co., Ltd.* (上海康德萊醫療器械股份有限公司) (the “**Company**”, together with its subsidiaries, the “**Group**”) hereby announces that it has resolved to make certain amendments to the Share Incentive Scheme in light of the Company’s proposed adjustment to the performance target provision of the Share Incentive Scheme taking into account the ongoing impact of COVID-19 on the production and operation of the Company in 2022, and the amendments to the Listing Rules to implement the proposals of the “*Consultation Conclusions on Proposed Amendments to Listing Rules relating to Share Schemes of Listed Issuers and Housekeeping Rule Amendment*” published by the Stock Exchange on July 29, 2022 (the “**New Chapter 17**”), subject to the Shareholders’ approval. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the circular of the Company dated November 6, 2020 (the “**Circular**”).

PROPOSED AMENDMENTS TO THE SHARE INCENTIVE SCHEME

The Company adopted the Share Incentive Scheme at the 2020 second extraordinary general meeting on December 17, 2020. Details of the Share Incentive Scheme are set out in the Circular. The purpose of the Share Incentive Scheme is to recognize and further encourage devotion of management staff at all levels and core personnel of the Group.

The Board proposed to seek approval from the Shareholders at the forthcoming 2022 annual general meeting of the Company (the “**AGM**”) for the Proposed Amendments to, among other things, (i) amend the performance target provision of the Share Incentive Scheme in order to extend the Review Period to the fourth financial year ending December 31, 2023 and (ii) bring the Share Incentive Scheme in alignment with the New Chapter 17 and make certain minor housekeeping amendments to the Share Incentive Scheme for the purpose of clarifying existing practice and making consequential amendments (collectively the “**Proposed Amendments**”). The Proposed Amendments to the Share Incentive Scheme shall apply to the outstanding Restricted Share Units to be granted under the Share Incentive Scheme with effect from the date of the AGM.

LISTING RULES IMPLICATIONS

As the Proposed Amendments to the Share Incentive Scheme are considered to be material in nature, the Proposed Amendments will be subject to approval by the Shareholders under the New Chapter 17.

Subject to the Shareholders’ approval of the Proposed Amendments to the Share Incentive Scheme, and in compliance with, and so long as so required by the Listing Rules (including the New Chapter 17), the aggregate number of Shares which may be issued in respect of all Restricted Share Units pursuant to the Share Incentive Scheme and other share schemes to be adopted by the Company from time to time must not exceed 10% of the relevant class of Shares of the Company in issue as at the date of the AGM, pursuant to Rule 17.03B(1) of the New Chapter 17. The Company confirms that the grant of the Restricted Share Units under the Share Incentive Scheme after the date of the AGM shall be conducted in compliance with the requirements under the New Chapter 17.

AGM

The AGM will be convened and held in due course to consider and, if thought fit, approve the Proposed Amendments to the Share Incentive Scheme. A circular of the Company containing, among others, (i) details of the Proposed Amendments to the Share Incentive Scheme; and (ii) a notice convening the AGM are expected to be despatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

As of the date of this announcement, the Proposed Amendments remain subject to the approval of the Shareholders. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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
December 30, 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*