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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)

**(1) PROPOSED ADOPTION OF
THE 2023 SHARE INCENTIVE SCHEME;
(2) PROPOSED CHANGE OF COMPANY NAME; AND
(3) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

The Board hereby announces that on 29 August 2023, the Board approved the resolutions in relation to, among others, (1) the proposed adoption of the 2023 Share Incentive Scheme; (2) the proposed change of the Company name; and (3) the proposed amendments to the Articles of Association.

(1) PROPOSED ADOPTION OF THE 2023 SHARE INCENTIVE SCHEME

A summary of the principal terms of the 2023 Share Incentive Scheme is set out below.

Purpose of the Scheme

The purpose of the Scheme is to further establish and improve the incentive mechanism of the Group, fully mobilize the enthusiasm of the Group's management personnel, continuously introduce various excellent senior management talents and promote the realization of the Group's overall strategic goals under the premise of fully protecting the interests of Shareholders and pursuant to the current relevant laws and regulations, the Listing Rules and the Articles of Association etc.

Grantees of the Scheme and the Basis of Determining the Grantees

The proposed grantees involved under the Scheme are expected not to exceed 19 employees of the Group.

(i) Legal Basis of Determining the Grantees

The grantees under the Scheme will be determined in accordance with the PRC Company laws and other relevant laws, regulations and normative documents, the Listing Rules and the Articles of Associations and based on the Company's actual situation.

(ii) Role Basis of Determining the Grantees

The grantees under the Scheme include the Directors of the Company, senior management of the Company, general manager and core management personnel of the subsidiaries of the Company. The list of grantees shall be made by the Remuneration Committee and shall be verified and confirmed by the Supervisory Committee.

Validity Period of the Scheme

The validity period of the Scheme commences from the date when the Scheme is approved at the general meeting or when the remaining 3,000,000 shares under the 2020 Share Incentive Scheme are issued (whichever is later) to the date when all restricted shares granted under the Scheme are unlocked or repurchased and cancelled, the longest period of which shall not exceed ten (10) years.

Administration of the Scheme

As the highest authority of the Company, the general meeting is responsible for reviewing and approving the implementation, modification and termination of the Scheme. The general meeting may authorize the Board or its authorized persons to handle matters related to the Scheme.

The Board is the executive management organization of the Scheme and is responsible for the implementation of the Scheme. The Remuneration Committee is responsible for drafting and revising the Scheme and submitting it to the Board for review and approval. After the Board approves the Scheme, it will submit it to the general meeting for review and approval. The Board may handle other matters related to the Scheme within the scope of the authorization of the general meeting, including but not limited to deciding on the grant, repurchase and cancellation, and unlocking of the restricted shares.

Share Incentive Method and Source of Shares

The incentive method of the Scheme is that the Company issues Domestic Shares to the Employee Shareholding Platform, and the grantees will indirectly hold Domestic Shares under the Scheme by way of holding partnership interest in the Employee Shareholding Platform.

The Company will issue new Domestic Shares to the Employee Shareholding Platform by way of additional issuance of Domestic Shares as the source of shares under the Scheme, which are identical with other Shares of the Company in issue.

Proposed Number of Grants

The total number of Domestic Shares to be granted to the grantees under the Scheme shall not exceed 5,000,000 shares (including 5,000,000), representing 2.98% of the Company's current total issued Shares of 168,000,000 Shares and 2.84% of the total Shares after the Company completes the aforesaid direct issuance of 5,000,000 Domestic Shares (assuming the remaining 3,000,000 Shares under 2020 Share Incentive Scheme are also issued). The final number of Domestic Shares issued by the Company under such direct issuance will be based on the number of the Domestic Shares actually subscribed by the proposed grantees.

Scheme Mandate Limit

The maximum total number of shares that may be issued in respect of all options and awards to be granted under the Scheme and other share schemes (if any) of the Company is 5,000,000 (including 5,000,000) (the “**Scheme Mandate Limit**”), which represents 2.98% of the total issued Shares of the Company in issue as at the date of this announcement and does not exceed 10% of the relevant class of Shares of the Company in issue as at the date of this announcement . For the purpose of calculating the Scheme Mandate Limit, restricted shares lapsed and not granted pursuant to the terms of the Scheme will not be regarded as utilized for the purpose of calculating the Scheme Mandate Limit.

Maximum Entitlement of Each Grantee

Where any grant of Domestic Shares to a Grantee would result in the Shares issued and to be issued in respect of all options and awards granted to such grantee (excluding any options and awards lapsed in accordance with the terms of the Scheme or any other share schemes) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the total issued shares of the Company, such grant must be separately approved by the Shareholders at the general meeting, with

such grantee and his/her close associates (or associate if the grantee is a connected person) abstaining from voting, and the Company must send a circular to the Shareholders.

Where any grant of Domestic Shares to a grantee that is a Director (other than an independent non-executive Director) or chief executive of the Company, or any of their associates would result in the Shares issued and to be issued in respect of all awards granted (excluding any awards lapsed in accordance with the terms of the scheme) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the relevant class of Shares in issue, such further grant of awards must be approved by the Shareholders at general meeting, with such grantee, his/her associates and all core connected persons of the Company abstaining from voting in favour at such general meeting.

Lock-up Period

The shares obtained by the employees under the Scheme will be subject to a lock-up period of 60 months (the “**Lock-up Period**”) commencing from the date of grant as approved by the Board (the “**Grant Date**”). If the Scheme will adopt the approach of issuance in installments, then the Shares to be issued in subsequent installments will be subject to the same Lock-up Period as that of the shares to be issued in the first installment.

During the Lock-up Period, if the Domestic Shares are listed on a stock exchange, the partnership interest acquired by the grantees through the Scheme shall not be transferred upon the listing of the Domestic Shares of the Company, and the Lock-Period will be extended until the expiry of 36 months of the listing of the Domestic Shares (or the Lock-up Period after the listing of the Domestic Shares pursuant to the latest laws and regulations at that time).

During the Lock-up Period, the Partnership shall not sell or transfer the Domestic Shares acquired through the Scheme. In the meantime, the partners of the Partnership shall not dispose in any way (including but not limited to transfer, entrust to hold, create encumbrance, except for repurchases under the Scheme) the partnership interest or any related rights or interest acquired under the Scheme, nor can it be used to secure or repay debts. Upon expiry of the Lock-up Period, the grantees may reduce partnership interest in accordance with the relevant regulations of the securities regulatory authorities and the stock exchange.

During the Lock-up Period, new Shares and corresponding partnership interest arising from capital reserve, bonus issue, placing and share allotment to existing shareholders based on Shares obtained indirectly through the Employee Shareholding Platform under the Scheme shall be locked at the same time, with the same end date of the Lock-up Period as that of the partnership interest first granted.

If a grantee meets the conditions stipulated under the Scheme, and there exists no prohibitory circumstance for a grantee as set forth in the Scheme, then the lock-up will be fully lifted upon expiry of the Lock-up Period, and the grantee holding partnership interest may, pursuant to the requirements under the Scheme and the partnership agreement of the Partnership, individually or jointly with other partners, apply in writing to transfer all or part of the partnership interest held by him/her, so as to indirectly transfer the Shares of the Company to realize investment gain, and the general partner of the Partnership shall cooperate accordingly at that time.

Grant Price and its Determination Basis

The price of the Domestic Shares granted under the Scheme shall be determined based on the fundamental purpose of “promoting the development of the Company, safeguarding the shareholders’ interest and stabilizing the core team” and shall be determined based on the principle of “focused incentive and effective incentive”.

In order to promote the continuous stable and rapid development of the Company’s overall operations and safeguard the interests of Shareholders, the Company must continue to build and consolidate equity incentives, a system that effectively promotes the Company’s development and at the same time, grasp the core strength and team in the Company’s development and provide good and effective incentives. The Company has determined the grantees for the Scheme, including Directors of the Company, senior management of the Company, general manager and core management personnel of the subsidiaries of the Company. Among them, some grantees bear the major responsibilities of formulating the Company’s development strategy and leading the Company’s moving direction; some grantees are directly in charge of the Company’s business sector and management work and play a decisive role in the development of the Company. The Company believes that, on the basis of compliance with laws and regulations, providing incentives to these core personnels at a lower incentive cost, can truly enhance the work enthusiasm and sense of responsibility of the grantees, and effectively unify the interests of the grantees and the Company and its Shareholders, such that the incentive targets can be reliably achieved.

In light of the foregoing purposes, on the basis of completion of financial auditing and assets evaluation, and under the principle that the issuance price shall not be lower than the net assets per share of the Company as of 31 December 2022, taking into account the actual cost factors such as amount of capital contribution required to be paid by the grantee in order to acquire the relevant restricted shares and tax obligations etc., the Company decided to determine the grant price of the restricted shares to be RMB12 per Domestic Share (the “**Grant Price**”), and calculate the price of each partnership interest based on the total interest of the Employee Shareholding Platform.

Rights attached to the Restricted Shares

Partnership interest granted to the grantees shall be entitled to their due rights after the Grant Date, including but not limited to dividend rights and voting rights of such Domestic Shares etc. However, new Shares and corresponding partnership interest arising from dividend shares, shares obtained through capital reserve, bonus issue, placing and share allotment to existing Shareholders based on Shares obtained indirectly through the Employee Shareholding Platform under the Scheme shall be locked-up at the same time, shall not be transferred to institutions/natural persons other than the general partner of the Partnership, with the same end date of the Lock-up Period of such Shares granted.

Adjustment Mechanism for Number of Grants and Grant Price

In the event of capitalisation issue, rights issue, bonus issue, sub-division or consolidation of shares or reduction of share capital of the Company prior to the completion of registration of Shares granted under the Scheme, the Board has the right to determine whether to adjust the number of share grants and to submit to the general meeting for approval (if required).

In the event of capitalisation issue, rights issue, bonus issue, sub-division or consolidation of shares or reduction of capital of the Company prior to the completion of registration of Shares granted under the Scheme, the Board has the right to determine whether to adjust the Grant Price of the restricted shares and to submit to the general meeting for approval (if required).

Any adjustment of number of grants and Grant Price must give a grantee the same proportion of the equity capital, rounded to the nearest whole share, as that to which that person was previously entitled, but no such adjustment may be made to the extent that a share would be issued at less than its nominal value. In respect of any such adjustments, other than any made on a capitalisation issue, an independent financial

adviser or the Company's auditors must confirm to the Directors in writing that the adjustments satisfy the aforesaid requirements. The issue of securities as consideration in a transaction may not be regarded as a circumstances requiring adjustment.

Modification of the Scheme

If the Company can modify the Scheme before it is considered and approved at the general meeting, such modification needs to be reviewed and approved by the Board. If the Company proposes to modify the Scheme after it is considered and approved at the general meeting, the modification proposal shall be submitted to the general meeting for consideration and approval, except for modifications that are authorized by the general meeting. Any revisions to the terms of the Scheme which are of a material nature or any modifications under Rule 17.03 of the Listing Rules (to the advantage of the grantee) shall be considered and approved by the Shareholders at the general meeting.

Termination of the Scheme

If the Company intends to terminate the Scheme before it is considered and approved at the general meeting, it shall be subject to the consideration and approval by the Board and shall be disclosed. If the Company terminates the implementation of the Scheme after it is approved at the general meeting, it shall be submitted to the Board and the general meeting for approval and shall be disclosed.

If the Scheme is terminated after the approval by the Board and the general meeting and before the expiry of its validity period, then the granted Domestic Shares that are still subject to lock-up shall be repurchased and cancelled by the Company upon termination of the Scheme, and the Domestic Shares that have not been granted shall no longer be granted and shall automatically lapse.

Transferability of the Restricted Shares

The Partnership interest granted to the grantees under the Scheme shall not be transferred or used for guarantee or repayment of debts during the Lock-up Period; Partnership interest unlocked after expiry of the Lock-up Period can be freely transferred.

Clawback Mechanism

In the circumstances where the grantees violate laws, violates professional ethics, discloses the Company's confidential information, neglects or derelict duties etc., thereby causing damage to the interest or reputation of the Company and leading to change of positions, or terminates labor relationship with the Company due to the

aforesaid reasons, then the partnership interest (if any) within the Lock-up Period shall be repurchased by the general partner of the Partnership at the Grant Price, and the Domestic Shares that are not yet granted due to issuance in installments shall be terminated and no longer to granted. In the meantime, the grantees shall return all benefits arising from exercising of interest and shall compensate the Company for any losses caused.

(2) PROPOSED CHANGE OF COMPANY NAME

The Board proposed to change the English name of the Company from “Shanghai Kindly Medical Instruments Co., Ltd.” to “Shanghai INT Medical Instruments Co., Ltd.” and to change the Chinese name of the Company from “上海康德萊醫療器械股份有限公司” to “上海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 EGM to approve the Proposed Change of Company Name; and
- (ii) all the relevant approvals, authorities, license 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 “上海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 relevant authorities in the PRC. Thereafter, the Company will carry out necessary filing procedures with the Companies Registry in Hong Kong.

Besides, subject to the 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 becomes effective. The stock code of the Company will remain unchanged as “1501”.

Further announcement will be made by the Company in relation 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 the market recognition of the Company’s own brand, and will be aligned with the Company’s future strategic development plan. As such, the Board, including the independent non-executive Directors, considers that the Proposed Change of Company Name is in the interest of the Company and the Shareholders as a whole.

Effect of the 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.

(3) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company proposed to make certain amendments to the Articles of Association in relation to, among other things, (i) the adoption of the 2023 Share Incentive Scheme, as the registered capital of the Company will be increased due to the issuance and allotment of the restricted shares under the 2023 Share Incentive Scheme; and (ii) the Proposed Change of Company Name.

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

LISTING RULES IMPLICATIONS

As the 2023 Share Incentive Scheme involves the grant and issuance by the Company its new Shares, the 2023 Share Incentive Scheme will constitute a share scheme as defined and regulated under Chapter 17 of the Listing Rules.

EGM

The EGM will be convened to consider, and, if thought fit, approve, among other things, the proposed adoption of the 2023 Share Incentive Scheme, the Proposed Change of Company Name and the proposed amendments to the Articles of Association.

A circular containing, among other things, further information on the proposed adoption of the 2023 Share Incentive Scheme, the Proposed Change of Company Name and the proposed amendments to the Articles of Association, together with a notice of the EGM, will be despatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

DEFINITIONS

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

“2020 Share Incentive Scheme”	the 2020 employee share incentive scheme of Shanghai Kindly Medical Instruments Co., Ltd.* (上海康德萊醫療器械股份有限公司員工股權激勵計劃 (2020年)) adopted by the Company on 17 December 2020
“2023 Share Incentive Scheme” or “Scheme”	the 2023 employee share incentive scheme of Shanghai Kindly Medical Instruments Co., Ltd.* (上海康德萊醫療器械股份有限公司員工股權激勵計劃 (2023年)) to be considered and approved by the Shareholders at the EGM
“Articles of Association”	the articles of association of the Company, as amended, modified or otherwise supplemented from time to time
“associate(s)”	has the meanings ascribed thereto in the Listing Rules
“Board” or “Board of Directors”	the board of Directors
“close associate(s)”	has the meanings ascribed thereto in the Listing Rules
“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
“connected person(s)”	has the meanings ascribed thereto in the Listing Rules
“core connected person(s)”	has the meanings ascribed thereto in the Listing Rules

“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	domestic ordinary share(s) with a nominal value of RMB1.00 in the share capital of the Company
“EGM”	the forthcoming extraordinary general meeting to resolve among others, the proposed adoption of the 2023 Share Incentive Scheme, the Proposed Change of Company Name and the proposed amendments to the Articles of Association
“Employee Shareholding Platform(s)” or the “Partnership(s)”	limited partnership(s) to be established in the PRC as the employee shareholding platform(s) for the purpose of the 2023 Share Incentive Scheme
“grantee(s)”	the person(s) to whom the restricted shares are granted
“Group”	the Company and its subsidiaries
“H Share(s)”	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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“PRC”	the People’s Republic of China but excluding, for the purposes of this announcement 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
“Remuneration Committee”	the remuneration committee established by the Board with terms of reference in compliance with Appendix 14 to the Listing Rules
“restricted share(s)”	the restricted share(s) under the 2023 Share Incentive Scheme, which are in the form of equity interest in the Employee Shareholding Platform

“RMB”	Renminbi, the lawful currency of the PRC
“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
“Supervisory Committee”	the supervisory committee of the Company
“%”	per cent

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
 29 August 2023

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*