

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.

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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;**
- (3) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;**
- (4) PROPOSED AUTHORIZATION TO THE BOARD AND/OR THE DELEGATEE TO HANDLE MATTERS PERTAINING TO THE 2023 SHARE INCENTIVE SCHEME; AND**
- (5) NOTICE OF 2023 FIRST EXTRAORDINARY GENERAL MEETING**

Capitalized terms used in this cover page have the same meanings as defined in this circular.

A notice convening the EGM 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 Friday, 3 November 2023 at 2:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM 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 EGM, 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 EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM 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

16 October 2023

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following 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 meaning ascribed to thereto under the Listing Rules
“Board” or “Board of Directors”	the board of Directors
“Board Meeting”	the meeting of the Board held on 29 August 2023
“close associate(s)”	has the meanings ascribed thereto under 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 under the Listing Rules
“core connected person(s)”	has the meanings ascribed thereto under the Listing Rules
“Director(s)”	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)

DEFINITIONS

“EGM”	the 2023 first extraordinary general meeting to resolve among others, the proposed adoption of the 2023 Share Incentive Scheme, the Proposed Change of Company Name, the proposed authorization to the Board and/or the delegatee to handle matters pertaining to the 2023 Share Incentive Scheme 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)”	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)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	13 October 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“PRC Company Law”	The Company Law of the PRC, as 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

DEFINITIONS

“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, including the Domestic Share(s) and H Share(s)
“Shareholder(s)”	Domestic Shareholders and H Shareholders
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisory Committee”	the supervisory committee of the Company
“%”	percent

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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. Lin Sen

*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

Dr. Song Yuan

Mr. Wang Ruiqin

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. Jian Xigao

Mr. Hui Hung Kwan

Mr. Xu Congli

16 October 2023

To the Shareholders:

Dear Sir or Madam,

- (1) PROPOSED ADOPTION OF THE 2023 SHARE INCENTIVE SCHEME;**
- (2) PROPOSED CHANGE OF COMPANY NAME;**
- (3) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;**
- (4) PROPOSED AUTHORIZATION TO THE BOARD AND/OR
THE DELEGATEE TO HANDLE MATTERS PERTAINING TO
THE 2023 SHARE INCENTIVE SCHEME; AND**
- (5) NOTICE OF 2023 FIRST EXTRAORDINARY GENERAL MEETING**

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LETTER FROM THE BOARD

I. INTRODUCTION

Reference is made to the announcement of the Company dated 29 August 2023 (the “**Announcement**”) in relation to, among others, (i) the proposed the adoption of the 2023 Share Incentive Scheme; (ii) the proposed change of Company name; and (iii) the proposed amendments to the Articles of Association.

The purpose of this circular is to provide the Shareholders with information in respect of the resolutions to be proposed at the EGM to be held on 3 November 2023 to enable you to make an informed decision on voting in respect of the proposed resolutions at the EGM. For the details of the proposed resolutions at the EGM, please refer to the notice of the EGM.

II. PROPOSED ADOPTION OF THE 2023 SHARE INCENTIVE SCHEME

As disclosed in the Announcement, the Board has proposed to adopt the 2023 Share Incentive Scheme, which will be effective upon the approval by the Shareholders at the EGM.

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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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 Latest Practicable Date and does not exceed 10% of the relevant class of Shares of the Company in issue as at the date of Latest Practicable Date. 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.

Vesting Period

The restricted shares granted under the Scheme will vest immediately on the date of grant. The scheme does not impose a vesting period with regard to the restricted shares granted under the Scheme in order to provide more incentives for the them to achieve their respective performance targets and make long-term contribution to the development of the Company. Considering that such vesting arrangements are appropriate for retaining, incentivizing, rewarding, remunerating and compensating valuable employees and the restricted shares granted under the Scheme will be subject to a total vesting and holding period (i.e., the Lock-up Period (as defined below)) of more than 12 months, the Remuneration Committee is of the view that such arrangement with no vesting period is justifiable and aligns with the purposes of the scheme.

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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. The Lock-up Period aligns with the Scheme’s purpose of promoting the realization of the Company’s overall strategic goals and protecting the interests of shareholders.

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.

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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 grantees under the Scheme include 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.

The payment of the Grant Price shall be made within 12 months after the CSRC approval and shall be no later than completion of the share registration with the China Securities Depository and Clearing Corporation Limited.

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

LETTER FROM THE BOARD

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. The Directors may from time to time in their absolute discretion waive, amend or modify such provisions of the Scheme as they deem desirable, provided that (i) any waiver, amendments or modifications 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; (ii) the amended terms of the Scheme or the awards must still comply with the relevant requirements under Chapter 17 of the Listing Rules; and (iii) any change to the authority of the directors or scheme administrators to alter the terms of the Scheme must be approved by the Shareholders at the general meeting.

LETTER FROM THE BOARD

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. This clawback mechanism aligns with the Scheme's purpose of mobilizing the enthusiasm of the Company's management personnel and protecting the interests of shareholders.

The full text of the 2023 Share Incentive Scheme is set out in Appendix I to this circular. The English version of the Share Incentive Scheme is an unofficial translation of the Chinese version. In the event of any inconsistency between the Chinese and English version, the Chinese version shall prevail.

LETTER FROM THE BOARD

As at the Latest Practicable Date, all of the 5,000,000 Domestic Shares under the 2020 Share Incentive Scheme have been granted to certain grantees and set forth below are the grant details under the 2020 Share Incentive Scheme:

Name of grantee	Category of grantee	Date of grant	Lock-up period	Exercise Period	Vesting Period	As at 1 January 2023	Granted from	Attributed from	Cancelled from	Lapsed/ forfeited from	As at the Latest Practicable Date	Grant Price	Fair value of the awards as at the date of grant
							1 January 2023 to the Latest Practicable Date	1 January 2023 to the Latest Practicable Date	1 January 2023 to the Latest Practicable Date	1 January 2023 to the Latest Practicable Date			
Dr. Liang Dongke	Director and general manager	19 August 2021	60 months from completion of the share registration with the CSDC	12 months after obtaining the CSRC approval	Nil	3,234,300	Nil	Nil	Nil	Nil	3,234,300	RMB12.0	RMB14.81
Mr. Lin Sen	Director	19 August 2021	60 months from completion of the share registration with the CSDC	12 months after obtaining the CSRC approval	Nil	141,600	Nil	Nil	Nil	Nil	141,600	RMB12.0	RMB14.81
Dr. Song Yuan	Director	19 August 2021	60 months from completion of the share registration with the CSDC	12 months after obtaining the CSRC approval	Nil	141,600	Nil	Nil	Nil	Nil	141,600	RMB12.0	RMB14.81
Mr. Wang Ruiqin	Director	19 August 2021	60 months from completion of the share registration with the CSDC	12 months after obtaining the CSRC approval	Nil	100,000	Nil	Nil	Nil	Nil	100,000	RMB12.0	RMB14.81
Others	Employees	19 August 2021	60 months from completion of the share registration with the CSDC	12 months after obtaining the CSRC approval	Nil	1,382,500	Nil	Nil	Nil	Nil	1,382,500	RMB12.0	RMB14.81

A special resolution will be proposed at the EGM to approve the proposed adoption of the 2023 Share Incentive Scheme.

III. PROPOSED CHANGE OF COMPANY NAME

As disclosed in the Announcement, the Board has 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

LETTER FROM THE BOARD

- (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.

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

LETTER FROM THE BOARD

IV. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

As disclosed in the Announcement, the Board has 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 are set out in Appendix II to this circular. Except for the proposed amendments mentioned in Appendix II, other provisions of the Articles of Association remain unchanged. The English version of the Articles of Association is an unofficial translation of the Chinese version, In the event any inconsistency between the Chinese and English version, the Chinese version shall prevail.

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

V. PROPOSED AUTHORIZATION TO THE BOARD AND/OR THE DELEGATEE TO HANDLE MATTERS PERTAINING TO THE 2023 SHARE INCENTIVE SCHEME

In order to ensure successful implementation of the 2023 Share Incentive Scheme, the Board proposed to the EGM to grant an authorization to the Board to handle the following matters pertaining to the 2023 Share Incentive Scheme:

- (i) authorizing the Board and its authorized person(s) to deal with all reporting matters required under the 2023 Share Incentive Scheme in accordance with the laws and regulations of the country, the relevant requirements of the securities regulatory authorities and the resolution to be passed at the general meeting, including but not limited to preparing, modifying, signing, submitting, submitting as a supplement, executing and announcing the relevant reporting documents and other legal documents in relation to the 2023 Share Incentive Scheme in accordance with the requirements of the regulatory authorities as well as replying to the feedback from the relevant regulatory authorities, such as the China Securities Regulatory Commission;
- (ii) authorizing the Board and its authorized person(s) to be solely responsible for the specific implementation of the Scheme in accordance with the laws and regulations of the country and the relevant requirements of the securities regulatory authorities, including but not limited to determining or adjusting the implementation plan, timing, number of grant, grant price, specific subscription method, subscription ratio, special deposit account for the proceeds, relevant intermediaries and other relevant matters in respect of the 2023 Share Incentive Scheme;

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- (iii) authorizing the Board and its authorized person(s) to determine the list of grantees and the allocation of proposed grants, adjust the grantees and their allocation of grants within the scope of grantees, and grant incentives to new employees who are eligible for the incentive;
- (iv) authorizing the Board and its authorized person(s) to examine the eligibility of the grantees and the conditions for releasing trading restrictions, authorizing the Board and its authorized person(s) to decide whether the grantees can be released from trading restrictions, and authorizing the Board and its authorized persons to be responsible for all the matters that are necessary in connection with this incentive repurchase and the termination of grant;
- (v) authorizing the Board and its authorized person(s) to sign, amend, supplement, submit, report and execute all agreements and application documents relating to the 2023 Share Incentive Scheme, handle the relevant application, approval, registration and filing procedures, and sign the material contracts and important documents arising from the implementation of the 2023 Share Incentive Scheme;
- (vi) making appropriate amendments and adjustments to the terms and conditions under the 2023 Share Incentive Scheme, grant plan, amount of proceeds and utilization plan and other grant-related matters in accordance with the requirements of the regulatory authorities;
- (vii) authorizing the Board and its authorized person(s) to apply for registration of industrial and commercial changes in accordance with the implementation results upon the completion of the 2023 Share Incentive Scheme;
- (viii) authorizing the Board and its authorized person(s) to deal with the registration and lock-up of shares to be issued under the 2023 Share Incentive Scheme (including shares to be issued in phases) with the China Securities Depository and Clearing Corporation Limited or any of its branches;
- (ix) authorizing the Board and its authorized person(s) to make corresponding adjustments to the 2023 Share Incentive Scheme in accordance with the new policy and continue to proceed with the 2023 Share Incentive Scheme in the event of any change in the grant policy or market conditions;
- (x) authorizing the Board and its authorized person(s) to make adjustments to or delay the implementation of the 2023 Share Incentive Scheme or withdraw the relevant grant application at their discretion, in the event of force majeure or other circumstances sufficient to make it difficult to implement the 2023 Share Incentive Scheme or, though implementable, bring highly adverse consequences to the Company;

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- (xi) authorizing the Board and its authorized person(s) to engage intermediaries and deal with the reporting and implementation of the 2023 Share Incentive Scheme; and
- (xii) Within the scope permitted by the relevant laws and regulations, authorizing the Board and its authorized person(s) to deal with other matters pertaining to the 2023 Share Incentive Scheme, provided the rights expressly specified in the relevant documents to be exercised by general meetings.

VI. 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.

VII. THE EGM

A notice convening the EGM to be held at Block 2, No. 925 Jin Yuan Yi Road, Jiading District, Shanghai, the PRC on Friday, 3 November 2023 at 2:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM 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 EGM, 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 EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM 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.

VIII. CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the Shareholders who are entitled to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 31 October 2023 to Friday, 3 November 2023, 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 register 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, 30 October 2023.

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IX. 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.

X. RECOMMENDATION

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

XI. 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 aspects 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*

Shanghai Kindly Medical Instruments Co., Ltd.
2023 Employee Share Incentive Scheme

I. PURPOSE OF THE SHARE INCENTIVE SCHEME

In order to further establish and improve the incentive mechanism of Shanghai Kindly Medical Instruments Co., Ltd. (hereinafter referred to as the “**Company**”), fully mobilize the enthusiasm of the Company’s and its subsidiaries’ management personnel, continuously introduce various excellent senior management talents, and promote the realization of the Company’s overall strategic goals at the same time, under the premise of fully protecting the interests of shareholders and pursuant to the current relevant laws and regulations, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Listing Rules**”) and the Articles of Association etc., this employee share incentive scheme (hereinafter referred to as the “**Incentive Scheme**” or the “**Scheme**”) is formulated.

II. VALIDITY PERIOD OF THE INCENTIVE SCHEME

The validity period of this Scheme commences from the date when this Scheme is approved at the general meeting or when the remaining 3,000,000 under the Company’s 2020 Employee Share Incentive Scheme (hereinafter referred to as the “**2020 Share Incentive Scheme**”) are issued (whichever is later), to the date when all restricted shares granted under this Scheme are unlocked or repurchased and cancelled, the longest period of which shall not exceed ten (10) years. Subject to Section XI of this Incentive Scheme, this Incentive Scheme will remain effective until the termination date, except that the provisions of this Incentive Scheme will continue to be effective with respect to matters such as those to the extent necessary for unlocking and registration of any restricted shares that have been granted before the termination or in accordance with the provisions of this Incentive Scheme.

III. ADMINISTRATION OF THE INCENTIVE SCHEME

The Company will administer this Incentive Scheme in accordance with the arrangement under this Incentive Scheme and the “Shanghai Kindly Medical Instruments Co., Ltd. Employee Incentive Scheme Management Measures” (the “**Employee Incentive Scheme Management Measures**”).

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

The Board of Directors is the executive management organization of this Incentive Scheme and is responsible for the implementation of this Incentive Scheme. The Remuneration Committee under the Board of Directors (hereinafter referred to as the “**Remuneration Committee**”) is responsible for drafting and revising this Incentive Scheme and submitting it to the Board of Directors for review. After the Board of Directors approves this Incentive Scheme, it will submit it to the general meeting for review. The Board of Directors may handle other matters related to this Incentive 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.

The Supervisory Committee is the supervisory body of this Incentive Scheme, and is responsible for reviewing the eligibility of participants under this Scheme and supervise whether the implementation of this Scheme complies with relevant laws, administrative regulations, and departmental rules.

The internal management authority of this Incentive Scheme is the holders’ meeting. Representatives of the holders under this Incentive Scheme are elected through the holders’ meeting and shall perform daily management responsibilities of this Incentive Scheme in accordance with the provisions thereof and represent the holders to exercise relevant rights.

IV. SHARE INCENTIVE METHOD AND SOURCE OF SHARES

1. Share Incentive Method

The incentive method of this Incentive Scheme is that the Company issues domestic shares (namely shares of the Company not issued and listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”)) to the employee shareholding platform (in the form of limited partnership, hereinafter referred to as “**Partnership**” or “**Employee Shareholding Platform**”), and the grantees will indirectly hold domestic shares under this Incentive Scheme by holding the partnership interest in the Employee Shareholding Platform.

2. Source of Shares

The Company will issue additional domestic shares to the Employee Shareholding Platform as the source of shares for this Incentive Scheme.

The Company’s existing shareholders do not have pre-emptive right to subscribe for the domestic shares issued under this Incentive Scheme.

V. SCHEME MANDATE LIMIT; PROPOSED NUMBER OF GRANTS; MAXIMUM ENTITLEMENT TO EACH GRANTEE; ISSUANCE IN INSTALLMENTS; CAPITAL CONTRIBUTION AND USE OF PROCEEDS

1. Scheme Mandate Limit

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

2. Proposed Number of Grants

The total number of domestic shares to be granted to the grantees under this Incentive 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 of 176,000,000 shares after the Company completes the aforesaid direct issuance of 5,000,000 domestic shares (assuming the remaining 3,000,000 Shares under the 2020 Share Incentive Scheme are also issued). The final number of domestic shares issued by the Company under this direct issuance will be based on the number of domestic shares actually subscribed by the proposed grantees.

3. Maximum Entitlement to 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 this Incentive 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 shareholders of the Company 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.

4. Issuance in Installments

This Incentive Scheme shall be approved at the general meeting of the Company and the Board of Directors will, as authorized by the general meeting, elect to determine whether to adopt the approach of issuance in installments, and if yes, the Company will apply to the China Securities Regulatory Commission (hereinafter the “CSRC”), and the general meeting shall authorize the Board of Directors to implement accordingly in accordance with the Measures for Supervision and Administration of Unlisted Public Companies and other relevant laws and regulations after the CSRC approval.

Domestic shares not issued within the validity period prescribed in the CSRC approval documents will lapse automatically and will not be regarded as utilized for the purpose of calculating the Scheme Mandate Limit, and will be re-classified as the remaining unissued domestic shares and will be re-filed with the CSRC for further issuance.

5. Capital Contribution

According to the arrangement of issuance in installments, the payment arrangement for the issuance of domestic shares under this Incentive Scheme is: the subscribers of the issuance of domestic shares shall make payment of capital contribution according to the issued and actually subscribed shares as resolved by the Board of Directors after the CSRC approval, and the specific payment timeline shall be determined by the general manager of the Company, and in any event the payment of the Grant Price shall be made within 12 months after the CSRC approval and shall be no later than completion of the share registration with the China Securities Depository and Clearing Corporation Limited.

6. Use of Proceeds

All the funds raised from the issuance of shares hereunder are intended to be used to replenish working capital, improve the Company’s financial situation, enhance the Company’s profitability and anti-risk capabilities, so as to ensure the realization of the Company’s future development strategy and business goals.

VI. SCOPE OF GRANTEES AND RESPECTIVE NUMBER OF INTEREST GRANTED

1. Basis of Determining the Grantees

i. Legal Basis of Determining the Grantees

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

2. Number of the Grantees

- (i) The proposed grantees involved under this Incentive Scheme are expected not to exceed 19 persons.
- (ii) The grantees do not have the following circumstances:
 - (1) receiving administrative punishment from the CSRC or public condemnations from the Stock Exchange due to violation of laws and regulations in the past three years;
 - (2) serious violation of the management disciplines of the Company;
 - (3) other circumstances that the Remuneration Committee considers to be inappropriate to be qualified as grantees.

3. List of Grantees and Distribution of Interest Proposed to be Granted

The number of grantees will be finally determined based on the grant and actual payment situation.

After this Incentive Scheme is approved at the general meeting, the Board may, according to the authorization of the general meeting, adjust the grantees and the interest to be distributed within the scope of the grantees, and may also implement incentives for employees who meet the incentive conditions.

VII. PRINCIPLE OF DETERMINING THE PRICE

The price of the domestic shares granted under this Incentive 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 grantees under this Incentive Scheme include directors and senior management of the Company, and general manager and core management personnel of the subsidiaries. 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. 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 (hereinafter referred to as the “**Grant Price**”), and calculate the price of each partnership interest based on the total interest of the Employee Shareholding Platform.

VIII. VESTING PERIOD, LOCK-UP PERIOD AND UNLOCKING ARRANGEMENT

The 5,000,000 shares obtained by the employees under the Scheme will vest immediately on the date of grant as approved by the Board (the “**Grant Date**”) and will be subject to a lock-up period of 60 months (the “**Lock-up Period**”) commencing from 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-up 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 corresponding to the Domestic Shares 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.

IX. PERFORMANCE TARGET

During the Lock-up Period, the grantees shall, in addition to comply with the Lock-up Period requirement under Section VIII of this Scheme, fulfill the relevant performance target. The performance assessment period are the three accounting years from 2024 to 2026, and the grantees will be assessed in each accounting year (each year called “**Assessment Year**”).

The Company is entitled to repurchase and cancel the partnership interest held by the grantees that do not meet the performance target in the Assessment Year, and some domestic shares that have not yet been granted due to issuance in installments will be terminated and automatically lapsed. The detailed repurchase method shall be that the general partner of the Partnership shall repurchase according to the grant price of the domestic shares under this Incentive Scheme (the “**Repurchase Price**”) (in the circumstance of repurchase of partnership interest in the Employee Shareholding Platform, the repurchase price shall be calculated based on the total amount of the partnership interest held by the grantee). Except for violation of the Lock-up Period arrangement, the Company shall no longer repurchase or shall terminate such part of partnership interest that have achieved performance target.

The detailed performance assessment arrangement for the grantees are as follows:

Arrangement for fulfilment of performance target	Assessment Year	Performance target	Proportion of shares corresponding to that assessment period
First assessment period	2024	Based on the revenue for the year of 2023, the growth rate of revenue in 2024 shall not be less than 10%	30%
Second assessment period	2025	Based on the revenue for the year of 2023, the growth rate of revenue in 2025 shall not be less than 20%	30%
Third assessment period	2026	Based on the revenue for the year of 2023, the growth rate of revenue in 2026 shall not be less than 30%	40%

Note:

The above revenue refers to the revenue in the consolidated financial statements of the Company.

X. RESPECTIVE RIGHTS AND OBLIGATIONS OF THE COMPANY AND THE GRANTEES

1. Rights and Obligations of the Company

- (i) The Company has the right to interpret and implement this Incentive Scheme, conduct performance assessment on the grantees, and supervise and review whether the grantees are qualified to achieve their performance commitment. If the grantees fail to meet the performance commitment conditions stipulated under this Incentive Scheme, with the approval of the Remuneration Committee, the partnership interest that have been granted to the grantees but have not yet met the assessment requirements for the current year and thereby achieving performance commitment conditions, can be repurchased by the general partner of the Partnership or other designated parties, and the domestic shares that have not yet been granted due to issuance in installment shall be terminated, without having to obtain the approval of the other partners of the Partnership.

- (ii) With respect to the repurchase matters under this Incentive Scheme, the repurchase fees shall be borne by the general partner of the Partnership. The partnership interest repurchased by the general partner of the Partnership shall be temporarily held by the general partner of the Partnership, and as resolved by the Remuneration Committee, may be granted to other eligible employees of the general partner of the Partnership. If the partnership interest repurchased by the Company is not subsequently used to as incentives, the interest arising from exercising such partnership interest in the future shall belong to the Company.
- (iii) The Company has right to require the grantees to work for the Company according to the requirements imposed on the positions they are employed. If the grantees are not qualified for the positions they are employed or fail to pass the assessment, or the grantees violate laws, violate professional ethics, disclose the Company's confidential information, breach the Company's rules and regulations, neglect or derelict duties which seriously damage the Company's interest or reputation, upon approval of the Remuneration Committee, the general partner of the partnership may repurchase the partnership interest that are corresponding to Shares acquired under this Incentive Scheme at the Repurchase Price.
- (iv) The Company shall withhold the personal income tax and other taxes payable by the grantee according to the relevant national taxation laws and regulations.
- (v) The Company undertakes not to provide loans and any other form of financial assistance (including providing guarantee for loans) to the grantees to obtain the relevant restricted shares under this Incentive Scheme.
- (vi) The Company shall disclose the information disclosure documents related to this Incentive Scheme in a timely, true, accurate and complete manner in accordance with relevant laws, regulations and normative documents, and ensure that there are no false records, misleading statements or material omissions, and promptly perform the relevant reporting obligations under this Incentive Scheme.
- (vii) Other relevant rights and obligations stipulated in laws, administrative regulations and normative documents.

2. Rights and Obligations of the Grantees

- (i) The grantees shall be diligent and responsible, abide by professional ethics and make due contribution to the development of the Company according to the requirements imposed on the positions that they are employed with.
- (ii) The grantees have the right to unlock according to the provisions of this Incentive Scheme.

- (iii) The source of fund for the grantees is self-raised funds of the grantees.
- (iv) The partnership interest granted to the grantees under this Incentive 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 in accordance with the relevant requirements of the securities supervision department and the stock exchange, and shall be entitled to the same interest (including rights arising from winding up of the Company), in all aspects, as the existing fully-paid shares already issued on the unlocking date or (if the unlocking date is a day when the Company suspend share transfer registration) the first date of re-opening share transfer registration. Shares unlocked after expiry of the lock-up period are not entitled to voting rights before the name of the grantee is officially registered on the register of members of the Company.
- (v) 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, and 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.
- (vi) The grantees shall pay personal income tax and other taxes and fees in accordance with national taxation laws and regulations for the benefits obtained from this Incentive Scheme.
- (vii) The grantees undertake that if there are false records, misleading statements or material omissions (if any) in the information disclosure documents provided to the Company which result in non-compliance with the granting arrangements, the grantees shall return all benefits obtained through the Incentive Scheme to the Company after the relevant information disclosure documents are confirmed to have false record, misleading statements or material omissions.
- (viii) The cash dividends obtained by the grantees from the granted domestic shares will be enjoyed by the grantees after withholding and paying the personal income tax. If the part of the domestic shares fails to achieve the corresponding performance target, the corresponding cash dividends will no longer be recovered by the Company.

- (ix) If the grantee violates the competition restriction/prohibition agreement (if any), the grantee should return all benefits gained due to participation of the Incentive Scheme to the Company and if causing any loss to the Company, he should also be liable for compensation to the Company; and the partnership interest (whether the unlocking conditions are met or not) obtained by the grantee under the Incentive Scheme shall be repurchased by the general partner of the partnership at the Repurchase Price.
- (x) Other Relevant Rights and Obligations Prescribed by Laws, Administrative Regulations, Normative Documents, the Employee Incentive Scheme Management Measures, and this Incentive Scheme.

3. Other Explanations

Disputes between the Company and the grantee shall be resolved according to the provisions of this Incentive Scheme; if the provisions are unclear, the parties shall negotiate and resolve them in accordance with national laws and the principle of fairness and reasonableness; if the negotiation fails, the disputes shall be submitted to competent people's court in the Company's place of registration for settlement through litigation.

The Company's determination of the grantee of this Incentive Scheme does not constitute a commitment to the employee's employment period. The Company will still determine the employment relationship with the employee based on the labor contract or engagement agreement signed with the grantee.

XI. MODIFICATION AND TERMINATION OF THE INCENTIVE SCHEME

1. Modification Procedures for this Incentive Scheme

If the Company can modify this Incentive Scheme before it is considered and approved at the general meeting, such modification needs to be reviewed and approved by the Board of Directors. If the Company proposes to modify this Incentive 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. The Directors may from time to time in their absolute discretion waive, amend or modify such provisions of this Incentive Scheme as they deem desirable, provided that (i) any waiver, amendments or modifications to the terms of this Incentive 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; (ii) the amended terms of this Incentive Scheme or the awards must still comply with the relevant requirements under Chapter 17 of the Listing Rules; and (iii) any change to the authority of the directors or scheme administrators to alter the terms of this Incentive Scheme must be approved by the shareholders at the general meeting.

2. Termination Procedures for this Incentive Scheme

If the Company intends to terminate this Incentive Scheme before it is considered and approved at the general meeting, it shall be subject to the consideration and approval by the Board of Directors and shall be disclosed. If the Company terminates the implementation of this Incentive Scheme after it is approved at the general meeting, it shall be submitted to the Board of Directors and the general meeting for approval and shall be disclosed. If this Incentive Scheme is terminated after the approval by the Board of Directors and the general meeting and before its expiry of its validity period, then the granted and unlocked domestic shares shall be repurchased and cancelled by the Company upon termination of the Incentive Scheme, and the domestic shares that have not been granted shall no longer be granted and shall automatically lapse.

3. Dealing with Changes to Personal Circumstances of the Grantees

(i) Change to Positions of the Grantees

- (1) If the position of the grantee changes, but the grantee still works in the Company or its subsidiaries, the partnership interest that have been granted will still be carried out in accordance with the procedures stipulated in this Incentive Scheme, and the Company shall determine whether to continue to grant the ungranted part of the domestic shares due to issuance in installments.
- (2) The grantees who 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 Repurchase 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.

(ii) Resignation of the Grantees

- (1) If the contract of the grantee expires and is not renewed or the grantee resigns voluntarily, and if the lock-up period has expired, then the partnership interest held by the grantee shall not be dealt with; if the lock-up period has not expired, whether or not the performance target has been fulfilled, the partnership interested held by the grantee shall be

repurchased by the general partner of the Partnership at the Repurchase Price, and the domestic shares that have not yet been granted due to issuance in installments shall be terminated and no longer be granted.

- (2) If the grantee passively resigns due to Company layoffs and other reasons and there is no performance assessment failure, negligence, violation of laws and disciplines etc., if the lock-up period has expired, the partnership interest held by the grantee will not be dealt with; if the lock-up period has not expired, the partnership interest held by the grantee shall be repurchased by the general partner of the Partnership at the Repurchase Price plus the sum of bank deposit interest for the same period, and some domestic shares that have not been granted due to installment issuance shall be terminated and no longer be granted.
- (3) If the grantee resigns because of violating law, violating professional ethics, disclosing the Company's confidential information, negligence or dereliction of duty and other acts that damage the Company's interests or reputation, or the Company terminates the labor relationship with the grantee due to the aforementioned reasons, the partnership interest still within the lock-up period shall be all repurchased by the general partner of the Partnership at the Repurchase Price, and some domestic shares that have not been granted due to the issuance in installments shall be terminated and no longer be granted. At the same time, the grantees should also return all the benefits they have gained from exercising their rights and interests to the Company, and if they cause losses to the company, they should also be liable for compensation to the Company.

(iii) Retirement of the grantee

- (1) If the grantee is re-employed after retirement; the partnership interests that have been granted shall be implemented fully in accordance with the procedures stipulated under this Scheme before retirement.
- (2) If the Company requests for continued employment but the grantee refuses or the grantee retires and resigns, then upon expiry of the lock-up period, the partnership interest held by the grantee will not be dealt with; if the lock-up period has not expired, whether or not the performance target is fulfilled, the partnership interest can be purchased by the general partner of the Partnership at the Repurchase Price plus the sum of bank deposit interest for the same period, and some domestic shares that have not been granted due to issuance in installments shall be terminated and no longer be granted.

(iv) Incapacity to Work of the Grantee

- (1) If the grantee resigns due to work-related injury and incapacity to work, if the lock-up period has expired, the partnership interest held by the grantee will not be dealt with; if the lock-up period has not expired, the partnership interest held by the grantee shall be repurchased by the general partner of the Partnership at the Repurchase Price plus the sum of bank deposit interest for the same period, and some domestic shares that have not been granted due to issuance in installments shall be terminated and no longer be granted.
- (2) If the grantee resigns due to non-work-related injury and incapacity to work, if the lock-up period has expired, the partnership interest held by the grantee will not be dealt with; if the lock-up period has not expired, the partnership interest held by the grantee shall be repurchased by the general partner of the Partnership at the Repurchase Price, and some domestic shares that have not been granted due to installment issuance shall be terminated and no longer be granted.

(v) Decease of the Grantee

- (1) If the grantee deceases due to performance of duties, if the lock-up period has expired, the partnership interest held by the grantee will not be dealt with, the partnership interest that have fulfilled the performance target will not be dealt with, and the partnership interest that have not fulfilled the performance target shall be repurchased by the general partner of the Partnership at the Repurchase Price plus the sum of bank deposit interest for the same period, and the repurchase payment amount shall be received by his designated property heir or legal heir, and some domestic shares that have not been granted due to issuance in installments will be terminated and no longer be granted.
- (2) If the grantee deceases due to other reasons, if the lock-up period has expired, the partnership interest held by the grantee will not be dealt with, the partnership interest that have fulfilled the performance target will not be dealt with, and the partnership interest that have not fulfilled the performance target shall be repurchased by the general partner of the Partnership at the Repurchase Price. The repurchase payment amount shall be received by his designated property heir or legal heir, and some domestic shares that have not been granted due to issuance in installment will be terminated and no longer be granted.

(vi) Change of control of the subsidiary that the grantee works in

If the grantee works in the Company's holding subsidiary, and if the Company loses control over the subsidiary and the grantee still stays in such company, if the lock-up period has expired, the partnership interest held by the grantee will not be dealt with; if the lock-up period has not expired, the partnership interest that have met the performance target shall not be dealt with, and the partnership interest that have not met the performance target shall be repurchased by the general partner of the Partnership at the Repurchase Price plus the sum of bank deposit interest for the same period, and some domestic shares that have not been granted due to issuance in installment shall be terminated and no longer be granted.

(vii) Change of Eligibility of the Grantee

If the grantees are no longer eligible for being a grantee due to one of the following circumstances, if the lock-up period has expired, their partnership interest will not be dealt with; if the lock-up period has not expired, the partnership interest that have fulfilled the performance target will not be dealt with, and the partnership interest that have not fulfilled the performance target will be repurchased by the general partner of the Partnership at the Repurchase Price, and some of the domestic shares that have not yet been granted due to issuance in installment shall be terminated and no longer be granted:

- (1) receiving administrative punishment from the CSRC or public condemnations from the Stock Exchange due to violation of laws and regulations in the past three years;
- (2) serious violation of the management disciplines of the Company;
- (3) other circumstances that the Remuneration Committee considers to be inappropriate to be qualified as grantees.

4. Dealing with Changes in the Company's Circumstances

If the Company undergoes changes of control, merger, divisions or termination of listing, it will not affect the continuing implementation of this Incentive Scheme.

The Remuneration Committee shall determine other unspecified circumstances and determine how to deal with it.

5. Repurchase and Cancellation

If the Company cancels any unlocked restricted shares granted to the grantee, and grants new restricted shares to the same grantee, such new restricted shares can only be issued within the Scheme Mandate Limit. The repurchased and cancelled restricted shares shall be regarded as utilized for the purpose of calculating the Scheme Mandate Limit.

XII. NUMBER OF GRANTS AND METHODS AND PROCEDURES FOR PRICE ADJUSTMENT

1. Adjustment Mechanism for Number of Grants

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 this Incentive Scheme, the Board of Directors of the Company has the right to determine whether to adjust the number of share grants and to submit to the general meeting for approval (if required).

2. Adjustment Mechanism for Grant Price

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 this Incentive Scheme, the Board of Directors of the Company 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).

3. Any adjustment under this Section XII 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 requirements set out in this Section XII(3). The issue of securities as consideration in a transaction may not be regarded as a circumstances requiring adjustment.

XIII. MISCELLANEOUS

- (1) Disputes between the Company and the grantees shall be resolved in accordance with the provisions of this Incentive Scheme; if the provisions are unclear, the parties shall negotiate and resolve them in accordance with national laws and the principles of fairness and reasonableness; if the negotiation fails, the disputes shall be submitted to the people's court with competent jurisdiction in the place where the Company is domiciled for settlement.
- (2) This Incentive Scheme shall become effective after being considered and approved at the general meeting of the Company.
- (3) This Incentive Scheme shall be interpreted by the Board of Directors of the Company.

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Before Amendment	After Amendment
Article 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	The Company's registered names are: Full name in Chinese: 上海 英泰 醫療器械股份有限公司
Full name in English: SHANGHAI KINDLY MEDICAL INSTRUMENTS CO., LTD.*	Full name in English: SHANGHAI INT MEDICAL INSTRUMENTS CO., LTD.*
Article 17	Article 17
In August 2019, with the approval of China Securities Regulatory Commission, the number of the overseas listed foreign shares listed and initially issued by the Company on the Hong Kong Stock Exchange was 40,000,000. In November 2019, the number of the overseas listed foreign shares listed and issued after the over-allotment option by the Company on the Hong Kong Stock Exchange was 6,000,000. In May 2021, the number of the domestic shares issued by the Company was 2,000,000.	In August 2019, with the approval of China Securities Regulatory Commission, the number of the overseas listed foreign shares listed and initially issued by the Company on the Hong Kong Stock Exchange was 40,000,000. In November 2019, the number of the overseas listed foreign shares listed and issued after the over-allotment option by the Company on the Hong Kong Stock Exchange was 6,000,000. In May 2021, the number of the domestic shares issued by the Company was 2,000,000.
The Company's equity structure is 168,000,000 ordinary shares. Among them, 63,786,608 shares held by domestic shareholders, accounting for 37.9682%, and 104,213,392 shares held by holders of overseas listed foreign shares, accounting for 62.0318%.	The Company's equity structure is 176,000,000 ordinary shares. Among them, 71,786,608 shares held by domestic shareholders, accounting for 40.7878% , and 104,213,392 shares held by holders of overseas listed foreign shares, accounting for 59.2122% .
Article 18	Article 18
The existing registered capital of the Company is RMB168,000,000.	The existing registered capital of the Company is RMB 176,000,000 .

NOTICE OF EGM



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 2023 FIRST EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2023 first extraordinary general meeting (the “EGM”) 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 Friday, 3 November 2023 at 2:00 p.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions:

SPECIAL RESOLUTIONS

1. To consider and approve the proposed adoption of the 2023 Share Incentive Scheme.
2. To consider and approve the proposed change of Company name.
3. To consider and approve the proposed amendments to the Articles of Association.
4. To consider and approve the proposed authorization to the Board and/or the delegatee to handle matters pertaining to the 2023 Share Incentive Scheme.

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

16 October 2023

*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

* For identification purposes only

NOTICE OF EGM

Notes:

- (i) Any Shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
- (ii) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorized in writing or, if the appointer is a corporation, either under its seal or under the hand of any officer or attorney duly authorized.
- (iii) In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be deposited with 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 practicable but in any event not less than 24 hours before the time appointed for holding the EGM (i.e., at or before 2:00 p.m. on Thursday, 2 November 2023 (Hong Kong Time)), or any adjourned meeting thereof (as the case may be).
- (iv) Completion and return of the form of proxy shall not preclude the Shareholders of the Company from attending and voting in person at the EGM or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
- (v) Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the EGM, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of the Company in respect of the shares shall alone be entitled to vote in respect thereof.
- (vi) In order to determine the entitlement of the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 31 October, 2023 to Friday, 3 November, 2023, both days inclusive, during which period no transfer of shares of the Company 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, Wanchai, 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, 30 October 2023.
- (vii) The EGM is expected to take less than half a day. Shareholders who attend the EGM 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. 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.