

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



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 SHARE INCENTIVE SCHEME;
(2) CONNECTED TRANSACTIONS —
ISSUE OF NEW AWARD SHARES UNDER THE SHARE
INCENTIVE SCHEME; AND
(3) PROPOSED AMENDMENTS TO THE ARTICLES**

On September 21, 2020, the Board has resolved to propose the adoption of the Share Incentive Scheme, allot and issue the Award Shares to Dr. Liang Dongke and Ningbo Int pursuant to the Specific Mandate, and propose amendments to the Articles.

(1) PROPOSED ADOPTION OF THE SHARE INCENTIVE SCHEME

The objectives of the Share Incentive Scheme are to recognize and further encourage devotion of management staff at all levels and core personnel of the Group.

The Share Incentive Scheme does not constitute a share option scheme nor an arrangement analogous to share option scheme for the purpose of Chapter 17 of the Listing Rules. Pursuant to the Articles, Shareholders' approval is required for the adoption or implementation of any equity incentive scheme. Therefore, the proposed adoption of the Share Incentive Scheme is subject to the Shareholders' approval at the EGM.

(2) CONNECTED TRANSACTIONS — ISSUE OF NEW AWARD SHARES UNDER THE SHARE INCENTIVE SCHEME

An aggregate of 5,000,000 Award Shares will be issued by the Company pursuant to the Share Incentive Scheme, including 2,500,000 Award Shares to Dr. Liang Dongke and 2,500,000 Award Shares to Ningbo Int.

Dr. Liang Dongke is the chairman of the Board, an executive Director and the general manager of the Company, and the general partner of Ningbo Int. As such, each of Dr. Liang Dongke and Ningbo Int is a connected person under Chapter 14A of the Listing Rules and the allotment and issue of the Award Shares to them constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Award Shares will be allotted and issued to both Dr. Liang Dongke and Ningbo Int pursuant to the Specific Mandate on the same day, the transactions contemplated hereunder shall be aggregated pursuant to Rule 14A.81 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the cost in the proposed allotment and issue of the Award Shares is less than 5%, such allotment and issue of the Award Shares by the Company constitute connected transactions which are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(3) PROPOSED AMENDMENTS TO THE ARTICLES

As the registered capital of the Company will be increased due to the Award Shares allotted and issued under the Share Incentive Scheme, in response to the development demand of the business of the Company, the Board has proposed at the Board meeting to seek the Shareholders' approval at the EGM on the amendments to the relevant provisions in the Articles.

CIRCULAR

The circular containing, among other things, (i) details of the proposed adoption of the Share Incentive Scheme; (ii) further details of the allotment and issue of the Award Shares to Dr. Liang Dongke and Ningbo Int; (iii) details of the proposed amendments to the Articles; (iv) a letter from the Independent Board Committee; (v) a letter from the independent financial adviser; and (vi) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules. It is expected that the circular will be despatched to the Shareholders on or about October 15, 2020, which is more than 15 business days after the date of publication of this announcement, so as to allow more time for the Company to prepare the information to be included in the circular.

The Board hereby announces that on September 21, 2020, the Board approved the resolutions in relation to, among others, (a) the proposed adoption of the Share Incentive Scheme; (b) the allotment and issue of the Award Shares to Dr. Liang Dongke and Ningbo Int pursuant to the Specific Mandate; (c) authorization to the Remuneration Committee to select Grantees of the Share Incentive Scheme for final approval of the Board and the Supervisory Committee; and (d) the proposed amendments to the relevant provisions in the Articles.

(1) THE SHARE INCENTIVE SCHEME

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

Purpose of the Share Incentive Scheme

The purpose of the Share Incentive Scheme is to recognize and further encourage devotion of management staff at all levels and core personnel of the Group. The Board believes that the Share Incentive Scheme is instrumental to retaining talented resources for the long-term development and success of the Group.

Administration of the Share Incentive Scheme

Saved for Dr. Liang Dongke who holds his own Award Shares, the Award Shares of other Grantees are held by Ningbo Int, in which the relevant Grantees will be indirectly interested through the Share Incentive Platforms, the limited partners of Ningbo Int. Subject to final approval by the Board and the Supervisory Committee, the Remuneration Committee may select the Grantees and determine of the respective number of Restricted Share Units to be granted to each of the Grantees.

After receiving the Restricted Share Units, the relevant Grantees will become limited partners of one of the Share Incentive Platforms, which are limited partners of Ningbo Int, the direct Shareholder of the Company. The Grantees will be subject to lock-up requirements and vesting conditions as further elaborated below. Upon expiry of the lock-up period and if the vesting conditions are satisfied, the Grantee(s) will be vested with Restricted Share Units and may freely transfer or otherwise dispose of the Restricted Share Units.

Maximum Limit of the Restricted Share Units

The Restricted Share Units administered under the Share Incentive Scheme shall not exceed 5,000,000 Domestic Shares and shall be granted to no more than 100 employees of the Group.

Selection Criteria of the Grantees

The selection of the Grantees shall be subject to compliance with the PRC Company Law, the Articles and all applicable laws, regulations and rules (including without limitation, the Listing Rules and the Takeovers Code) from time to time.

The Remuneration Committee may select the Grantees amongst the Directors, Supervisors, senior management of the Group, and employees which meet the following criteria:

- (a) Core or mid-level management personnel who has joined the Group for 3 years or more and has reached grade 30 or above; or
- (b) Core technical personnel and other core personnel who has joined the Group for 5 years or more and has reached grade 16 or above.

The following persons shall not be eligible for the Share Incentive Scheme:

- (a) Individuals who were subject to administrative penalty by the China Securities Regulatory Commission or censure by the Stock Exchange due to any violation of laws and regulations;
- (b) Individuals whose conduct amount to serious breach of the Group's internal disciplinary code; or
- (c) Individuals who are deemed unsuitable to participate in the Share Incentive Scheme by the Remuneration Committee (together with (a) and (b), the “**Disqualification Events**”).

The list of proposed Grantees prepared by Remuneration Committee is subject to review and approval by the Board and the Supervisory Committee.

Granting of the Restricted Share Units

The Restricted Share Units will be granted to the Grantees at a price equivalent to RMB12 per Award Share (the “**Grant Price**”) and the Grantees will be admitted as limited partners of the Share Incentive Platforms thereupon. Pursuant to the partnership agreements of the Share Incentive Platforms, the management powers of the Share Incentive Platforms reside with the General Partner and the other Grantees abstain management of their respective Share Incentive Platforms.

Prior to the Vesting Date, the Restricted Share Units granted shall be personal to the Grantee to whom it is made and shall not be vested unless the following lock-up requirements and vesting conditions are fulfilled.

Lock-up Requirements

The Grantees shall be subject to a lock-up period of sixty months (the “**Lock-up Period**”) from (a) the date of allotment of Award Shares to Ningbo Int or (b) the date of grant of the Restricted Share Units to the Grantee, whichever is later. If the Domestic Shares become listed in any stock exchange during the Lock-up Period, the Lock-up Period shall be extended in accordance with the relevant regulatory rules of such stock exchange.

During the Lock-up Period, the Grantees shall not transfer, create encumbrance or otherwise dispose of the Restricted Share Units and any share capital as converted from capital reserve, dividends and allotted Shares.

Grant Price

The Grant Price was determined by the Board after taking into consideration, among others, net asset value per Share as of December 31, 2019 and compliance with the applicable laws and regulations.

Each Grantee will pay to their respective Share Incentive Platforms, and each of Dr. Liang and Ningbo Int will pay to the Company, the total consideration of the Grant Price multiplied by the respective Award Shares (the “**Consideration**”). The Consideration shall be settled annually in equal installments within the Lock-up Period, and shall be settled in full upon termination of the Lock-up Period or upon demand by the Company, whichever is earlier.

Vesting Conditions

The number of Restricted Share Units to be vested will be adjusted according to performance review for the three financial years ending December 31, 2022 (the “**Review Period**”) in the following mechanisms:

(1) Net Profit attributable to the Company

If the Group fails to meet the following performance targets in any financial year during the Review Period, upon approval by the general manager of the Company, the General Partner or other entities designated by the Company shall be entitled to repurchase the Reduced RSUs (as defined in the table below) at a repurchase price equivalent to the Grant Price:

Financial year ending December 31,	Performance target	Corresponding portion of the Restricted Share Units (the “Reduced RSUs”)
2020	Net profit in the financial year ending December 31, 2020 increased for more than 20% as compared to net profit in the financial year ended December 31, 2019	30%
2021	Net profit in the financial year ending December 31, 2021 increased for more than 40% as compared to net profit in the financial year ended December 31, 2019	30%
2022	Net profit in the financial year ending December 31, 2022 increased for more than 60% as compared to net profit in the financial year ended December 31, 2019	40%

The above net profit refers to the net profit attributable to parent of the respective members in the Group where the Grantee is employed.

(2) *Performance review of the Grantees*

The Grantees' individual performance will be assessed by their respective performance targets in accordance with internal guidelines of the Group. The results of individual performance review will be reflected in one of the four bands below:

	Excellent	Good	Satisfactory	Below standard
Performance target realization rate	100%	80%	60%	0%

Without prejudice and in addition to (1), the number of Restricted Share Units to be vested to the Grantees will be further adjusted based on the product of the above performance target realization rate multiplied by the Reduced RSUs of the corresponding financial year.

In case of (1) and/or (2), the repurchased Restricted Share Units shall be held by the General Partner and may be granted to other eligible persons as determined by the Remuneration Committee.

Vesting of the Restricted Share Units

Subject to the terms and conditions of the Share Incentive Scheme and the fulfillment of all relevant vesting conditions, upon expiry of the Lock-up Period, the respective Restricted Share Units shall be vested in the Grantees and such Grantees may freely sell, transfer or otherwise dispose of the underlying equity interest in the Share Incentive Platforms in accordance with the applicable laws and regulations.

Repurchase of the Restricted Share Units

Upon occurrence of any of the following events, the Company or the General Partner may repurchase any granted Restricted Share Units from the Grantees:

- (a) Within two years of termination of a Grantee's employment with the Group, the Grantee conducts business or is employed by another company with business similar to that of the Group;
- (b) Change in job responsibilities or termination of employment with the Group, as a result of adverse impact on the Group's interests or reputation caused by the Grantee's fault, provided that such event(s) occurred during the Lock-up Period;
- (c) Non-renewal of employment contract, resignation, retirement, termination of employment, death or incapacity of the Grantee during the Lock-up Period, regardless of whether the performance targets are satisfied;
- (d) Occurrence of any of the Disqualification Events on the Grantee's part during the Lock-up Period; or

- (e) In respect of Grantees whose employment are with subsidiaries of the Company, change in control of such subsidiary during the Lock-up Period, such that the Company no longer controls the subsidiary.

Alteration of the Share Incentive Scheme

The Share Incentive Scheme may be altered by a Board resolution prior to the Shareholders' ratification of the Share Incentive Scheme. After the Shareholders' ratification of the Share Incentive Scheme, the Share Incentive Scheme may only be altered by a Shareholders' resolution in a general meeting.

Termination of the Share Incentive Scheme

The Share Incentive Scheme may be terminated by a Board resolution prior to the Shareholders' ratification of the Share Incentive Scheme. After the Shareholders' ratification of the Share Incentive Scheme, the Share Incentive Scheme may only be terminated by a Board resolution and a Shareholders' resolution in a general meeting.

(2) CONNECTED TRANSACTIONS — ISSUE OF NEW AWARD SHARES UNDER THE SHARE INCENTIVE SCHEME

The Allotment of the Award Shares

The allotment of the Award Shares under the Share Incentive Scheme will be settled by way of allotment and issue of 5,000,000 new Domestic Shares pursuant to a Specific Mandate to be obtained in the forthcoming EGM.

As at the date of this announcement, the share capital of the Company comprised of 120,000,000 Domestic Shares and 46,000,000 H Shares. After the proposed allotment and issue of 5,000,000 Award Shares to Dr. Liang Dongke and Ningbo Int pursuant to the Specific Mandate, the share capital of the Company will be increased to 125,000,000 Domestic Shares and 46,000,000 H Shares. The allotted Shares under the Share Incentive Scheme will represent approximately 2.92% of the total number of Shares in issue as enlarged by the allotment and issue of the Award Shares.

Further details of the Award Shares

Further details of the award of the 5,000,000 Award Shares is set out below:

Securities to be issued: 5,000,000 new Domestic Shares

Funds to be raised: No funds will be raised by the Company for the allotment and issue of the Award Shares

Identity of the allottees: **(1) Dr. Liang Dongke**

Dr. Liang Dongke is the chairman of the Board, an executive Director and the general manager of the Company, who will be allotted 2,500,000 Award Shares.

(2) Ningbo Int

Ningbo Int Investment Partnership (Limited Partnership)* (寧波瑛泰投資合夥企業(有限合夥)) is a limited partnership established in the PRC which is primarily an investment holding entity. It is owned by Dr. Liang Dongke as the general partner and employees of the Group as limited partners, none of whom holds more than one-third equity interest in Ningbo Int. Ningbo Int will be allotted 2,500,000 Award Shares.

Reasons for the Award of the Award Shares

Please see “(1) The Share Incentive Scheme — Purpose of the Share Incentive Scheme” in this announcement for further details.

* For identification purpose

LISTING RULES IMPLICATIONS

Proposed Adoption of the Share Incentive Scheme

The Share Incentive Scheme does not constitute a share option scheme nor an arrangement analogous to share option scheme for the purpose of Chapter 17 of the Listing Rules. Pursuant to the Articles, Shareholders' approval is required for the adoption or implementation of any equity incentive scheme. Therefore, the proposed adoption of the Share Incentive Scheme is subject to the Shareholders' approval at the EGM.

Issue of New Award Shares Under the Share Incentive Scheme

The Award Shares will be issued to Dr. Liang Dongke and Ningbo Int. Dr. Liang Dongke is the chairman of the Board, an executive Director and the general manager of the Company, and the general partner of Ningbo Int. As such, each of Dr. Liang Dongke and Ningbo Int is a connected person under Chapter 14A of the Listing Rules and the allotment and issue of the Award Shares to them constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Award Shares will be allotted and issued to both Dr. Liang Dongke and Ningbo Int pursuant to the Specific Mandate on the same day, the transactions contemplated hereunder shall be aggregated pursuant to Rule 14A.81 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the cost in the proposed allotment and issue of the Award Shares are less than 5%, such allotment and issue of the Award Shares by the Company constitute connected transactions which are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The EGM will be convened and held by the Company to consider and, if thought fit, approve the allotment and issue of the Award Shares. The voting at the EGM will be taken by poll. To the best knowledge of the Directors and as of the date of this announcement, save for Dr. Liang Dongke, Mr. Lin Sen, Mr. Wang Ruiqin and Ningbo Int who hold 5.75%, 4.30%, 4.30% and 1.45% equity interest of the Company, respectively and are each a proposed Grantee under the Share Incentive Scheme, no Shareholder of the Company is required to abstain from voting on the relevant resolutions at the EGM to approve the allotment and issue of the Award Shares to Dr. Liang Dongke and Ningbo Int.

(3) PROPOSED AMENDMENTS TO THE ARTICLES

As the registered capital of the Company will be increased due to the Award Shares allotted and issued under the Share Incentive Scheme, in response to the development demand of the business of the Company, the Board has proposed at the Board meeting to seek the Shareholders' approval at the EGM on the amendments to the relevant provisions in the Articles as follows:

Before Amendment	Upon Amendment
Chapter 2 Article 11	Chapter 2 Article 11
<p>The business scope of the Company is: engaged in production and sales of Class II and Class III medical devices (see the license for details) and instruments and apparatuses, sales of a class of medical devices, manufacturing and sale of civil protective gear, consulting services for sterilization technology of daily necessities and medical devices, sterilization service, import and export of goods and technology, sales of electronic products, metal materials, chemical products (excluding dangerous chemicals, restricted chemicals, fireworks, civil explosives and drug-making chemicals) and plastic products, design and sales of molds, and technology development in the field of mold technology. For projects subject to the administrative approval, approvals from the relevant authorities must be obtained prior to commencement of operation.</p> <p>The business scope referred to in the preceding paragraph shall be such items as audited by the relevant company registration authority.</p> <p>The Company may, based on any changes in domestic and international markets, business development and its own capability, adjust its business scope and complete relevant formalities of industry and commerce administration registration for such an adjustment according to relevant provisions.</p>	<p>The business scope of the Company is:</p> <p>Permitted items: manufacturing of Class III medical devices; manufacturing of Class II medical devices; operation of Class III medical devices (for projects subject to the administrative approval, approvals from the relevant authorities must be obtained prior to commencement of operation. Specific operating projects shall be subject to the approvals or permits from the relevant authorities)</p> <p>General items: sales of Class II medical devices, production and sales of instruments and apparatuses, sales of Class I medical devices, manufacturing and sales of civil protective gear, consulting services for sterilization technology of daily necessities and medical devices, sterilization service, inspection and testing service, housing lease, import and export of goods and technology, sales of electronic products, metal materials, chemical products (excluding dangerous chemicals, restricted chemicals, fireworks, civil explosives and drug-making chemicals) and plastic products, design and sales of molds, and technology development in the field of mold technology. (Apart from projects subject to the administrative approval, we shall carry out our own operations under the business license in accordance with laws)</p> <p>The business scope referred to in the preceding paragraph shall be such items as audited by the relevant company registration authority.</p> <p>The Company may, based on any changes in domestic and international markets, business development and its own capability, adjust its business scope and complete relevant formalities of industry and commerce administration registration for such an adjustment according to relevant provisions.</p>

Before Amendment	Upon Amendment
Chapter 3 Article 19	Chapter 3 Article 19
<p>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, accounting for 25% of the total share capital after issuance (before exercise of over-allotment option). If 15% of the over-allotment option is fully exercised, the number of the overseas listed foreign shares listed and initially issued by the Company on the Hong Kong Stock Exchange is 46,000,000, accounting for about 27.7108% of the total share capital after issuance.</p> <p>If 25% of the total share capital after issuance is used for issuance of overseas listed foreign shares, the Company's equity structure after that is: 42,857,142 shares held by Shanghai Kindly Enterprise Development Group Co., Ltd., accounting for 26.7857%; 25,200,000 shares held by Ningbo Huaige Taiyi Equity Investment Partnership (Limited Partnership), accounting for 15.7500%; 9,542,854 shares held by Liang Dongke, accounting for 5.9643%; 7,142,858 shares held by Lin Sen, accounting for 4.4643%; 7,142,858 shares held by Wang Ruiqin, accounting for 4.4643%; 7,071,430 shares held by Chen Xing, accounting for 4.4196%; 7,071,430 shares held by Huang Chubin, accounting for 4.4196%; 6,000,000 shares held by Ningbo Tongchuang Suwei Investment Partnership (Limited Partnership), accounting for 3.7500%; 5,571,428 shares held by Wang Kai, accounting for 3.4821%; 2,400,000 shares held by Ningbo Int Investment Partnership (Limited Partnership), accounting for 1.5000%; and 40,000,000 shares held by holders of overseas listed foreign shares, accounting for 25%.</p>	<p>The Company has a total of 171,000,000 shares. The Company's equity structure is as follow:</p> <p>125,000,000 domestic shares, representing approximately 73.0994% of the Company's total number of shares, among which, 42,857,142 shares held by Shanghai Kindly Enterprise Development Group Co., Ltd., accounting for 25.0627%; 25,200,000 shares held by Ningbo Huaige Taiyi Equity Investment Partnership (Limited Partnership), accounting for 14.7368%; 12,042,854 shares held by Liang Dongke, accounting for 7.0426%; 7,142,858 shares held by Lin Sen, accounting for 4.1771%; 7,142,858 shares held by Wang Ruiqin, accounting for 4.1771%; 7,071,430 shares held by Chen Xing, accounting for 4.1353%; 7,071,430 shares held by Huang Chubin, accounting for 4.1353%; 6,000,000 shares held by Ningbo Tongchuang Suwei Investment Partnership (Limited Partnership), accounting for 3.5088%; 5,571,428 shares held by Wang Kai, accounting for 3.2581%; and 4,900,000 shares held by Ningbo Int Investment Partnership (Limited Partnership), accounting for 2.8655%;</p> <p>46,000,000 H shares, representing approximately 26.9006% of the Company's total number of shares.</p>

Before Amendment	Upon Amendment
<p>If 27.7108% of the total share capital after issuance is used for issuance of overseas listed foreign shares, the Company's equity structure after that is: 42,857,142 shares held by Shanghai Kindly Enterprise Development Group Co., Ltd., accounting for 25.8176%; 25,200,000 shares held by Ningbo Huaige Taiyi Equity Investment Partnership (Limited Partnership), accounting for 15.1807%; 9,542,854 shares held by Liang Dongke, accounting for 5.7487%; 7,142,858 shares held by Lin Sen, accounting for 4.3029%; 7,142,858 shares held by Wang Ruiqin, accounting for 4.3029%; 7,071,430 shares held by Chen Xing, accounting for 4.2599%; 7,071,430 shares held by Huang Chubin, accounting for 4.2599%; 6,000,000 shares held by Ningbo Tongchuang Suwei Investment Partnership (Limited Partnership), accounting for 3.6145%; 5,571,428 shares held by Wang Kai, accounting for 3.3563%; 2,400,000 shares held by Ningbo Int Investment Partnership (Limited Partnership), accounting for 1.4458%; and 46,000,000 shares held by holders of overseas listed foreign shares, accounting for 27.7108%.</p>	
Chapter 3 Article 22	Chapter 3 Article 22
<p>The existing registered capital of the Company is RMB120,000,000. If 25% of the total share capital after issuance is used for issuance of overseas listed foreign shares, the Company's registered capital will be RMB160,000,000. If 27.7108% of the total share capital after issuance is used for issuance of overseas listed foreign shares, the Company's registered capital will be RMB166,000,000.</p>	<p>The registered capital of the Company is RMB171,000,000.</p>

The revised operating articles shall be subject to the satisfaction of the following conditions:

1. The Shareholders approve the relevant amendments at the EGM; and
2. All necessary approval, authorization, filing and/or registration shall be obtained from the relevant authorities in the PRC with respect to the revised Articles.

The revised Articles shall be effective only after the satisfaction of the conditions above.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in connection with the allotment and issue of the Award Shares to Dr. Liang Dongke and Ningbo Int. The Company will appoint an independent financial adviser as soon as practicable to advise the Independent Board Committee and the Independent Shareholders on the same.

CIRCULAR

The circular containing, among other things, (i) details of the proposed adoption of the Share Incentive Scheme; (ii) further details of the allotment and issue of the Award Shares to Dr. Liang Dongke and Ningbo Int; (iii) details of the proposed amendments to the Articles; (iv) a letter from the Independent Board Committee; (v) a letter from the independent financial adviser; and (vi) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules. It is expected that the circular will be despatched to the Shareholders on or about October 15, 2020, which is more than 15 business days after the date of publication of this announcement, so as to allow more time for the Company to prepare the information to be included in the circular.

DEFINITIONS

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

“Articles”	the articles of association of the Company, as amended, modified or supplemented from time to time
“associate(s)”	has the meanings ascribed thereto in the Listing Rules
“Award Share(s)”	the 5,000,000 new Domestic Shares allotted to Dr. Liang Dongke and the Share Incentive Platforms for administration of the Share Incentive Scheme
“Board”	the board of Directors
“Company”	上海康德萊醫療器械股份有限公司 Shanghai Kindly Medical Instruments Co., Ltd.*, a joint stock company incorporated in the People’s Republic of China with limited liability
“connected person(s)”	has the meanings ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the Company
“Domestic Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB and are unlisted Shares which are currently not listed or traded in any stock exchange

“EGM”	the forthcoming extraordinary general meeting to resolve, among others, the proposed adoption of Share Incentive Scheme, Specific Mandate for the allotment and issue of 5,000,000 new Domestic Shares and the proposed amendments to the Articles
“General Partner”	Dr. Liang Dongke, being the general partner of the Share Incentive Platforms
“Grantee(s)”	the person(s) to whom the Restricted Share Units are granted
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign invested ordinary share(s) in the ordinary share capital of our Company, with a nominal value of RMB1.00 each
“Independent Board Committee”	an independent committee of the Board comprising independent non-executive Directors has been formed to advise the Independent Shareholders in connection with the allotment and issue of the Award Shares to Dr. Liang Dongke and Ningbo Int
“Independent Shareholders”	Shareholders other than Dr. Liang Dongke, Mr. Lin Sen, Mr. Wang Ruiqin, Ningbo Int and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ningbo Int”	Ningbo Int Investment Partnership (Limited Partnership)* (寧波瑛泰投資合夥企業(有限合夥)), being an employee share incentive platform and Shareholder of the Company
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Remuneration Committee”	the remuneration committee established by the Board with terms of reference in compliance with paragraph B.1 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules
“Restricted Share Units”	the restricted share units under the Share Incentive Scheme, which are in the form of equity interest in the Share Incentive Platform
“RMB”	Renminbi, the lawful currency of the PRC

“Shares”	share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising the Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of the Shares
“Share Incentive Platform(s)”	Jingning Int Chuangyuan Partnership (Limited Partnership)* (景寧瑛泰創源合夥企業(有限合夥)) and Jingning Int Chuangqi Partnership (Limited Partnership)* (景寧瑛泰創啟合夥企業(有限合夥)), or such names as approved by the relevant PRC registration authority, limited partnerships to be established in the PRC whose general partner is Dr. Liang Dongke
“Share Incentive Scheme”	the share incentive scheme of the Company to be considered by the Shareholders at the EGM
“Specific Mandate”	the specific mandate to be obtained in the EGM for the allotment and issue of 5,000,000 new Domestic Shares
“Supervisor”	a supervisor of the Company
“Supervisory Committee”	the supervisory committee of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs
“Vesting Date”	in respect of a Grantee, the date on which his/her entitlement to the Restricted Share Units is vested in such Grantee in accordance with the Share Incentive Scheme
“%”	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, September 21, 2020

As at the date of this announcement, the Board of Directors comprises Dr. Liang Dongke and Mr. Wang Cailiang as executive Directors; Mr. Zhang Weixin, Ms. Chen Hongqin and Mr. Fang Shengshi as non-executive Directors; and Mr. Dai Kerong, Mr. Jian Xigao, Dr. Ge Junbo and Mr. Hui Hung Kwan as independent non-executive Directors.

* For identification purpose only