



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)
(Stock Code: 1501)

**TERMS OF REFERENCE AND RULES OF
PROCEDURES OF THE NOMINATION COMMITTEE UNDER
THE BOARD OF THE COMPANY (THE “BOARD”)**

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to regulate the selection and appointment of directors, optimize the composition of the Board and improve the corporate governance structure of Shanghai Kindly Medical Instruments Co., Ltd.* (hereinafter referred to as the “**Company**”, together with its subsidiaries, the “**Group**”), the Nomination Committee under the Board is established and these terms of reference are formulated in accordance with the relevant laws and regulations of the Company Law of the People’s Republic of China (hereinafter referred to as the “**Company Law**”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Hong Kong Listing Rules**”) and the requirements of the Articles of Association of Shanghai Kindly Medical Instruments Co., Ltd.* (hereinafter referred to as the “**Articles of Association**”).

Article 2 The Nomination Committee (hereinafter referred to as the “**Committee**”) is a specialized working body under the Board and is principally performing its monitoring function in the following areas:

(I) assisting the Board in formulating the procedures and criteria for electing and appointing the directors of the Company and assessing their qualifications within its scope;

(II) screening and nominating candidates for directors and members of the committees under the Board (hereinafter referred to as the “**Committees**”) for consideration at the general meeting, subsequent to obtaining prior approval of the Board;

(III) ensuring the directors and members of the Committees always maintain sufficient skills, experience and knowledge to perform their duties; and

(IV) ensuring the continuous and effective performance of the Board on its corporate governance duties.

CHAPTER 2 COMPOSITION

Article 3 The Committee shall consist of three (or more) directors who shall be directly appointed by the Board and the majority of whom shall be independent non-executive directors. The Committee shall be chaired by an independent non-executive director/the chairman of the Board.

Article 4 Members of the Committee shall attend regular meetings of the Committee, and shall actively express their opinions on matters proposed at the meetings and have a thorough understanding of the roles and responsibilities of the Committee.

Article 5 At the request of the Committee, other members of senior management and representatives of external consultants shall also be in attendance at some or all meetings of the Committee or participate in the discussion of certain matters proposed at the meetings.

Article 6 The secretary of the Board or the joint company secretaries of the Company or their proxy shall be the secretary of the Committee.

CHAPTER 3 DUTIES AND RESPONSIBILITIES

Article 7 The principal duties and responsibilities of the Committee shall include:

(I) in light of the operating activities, size of assets and shareholding structure of the Company, reviewing the structure, size, composition and diversity (including but not limited to gender, age, cultural and educational background, expertise, skills, knowledge and length of services) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(II) making recommendations to the Board on the appointment or re-appointment and succession plan of the directors, especially the chairman of the Board and the chief executive officer, including duly considering a combination of factors such as the Company's corporate strategy and personnel skills, knowledge, experience and needs of personal diversification required in the future;

(III) identifying suitably qualified individuals for appointment as additional directors or to fill Board vacancies as and when vacancies arise, and making recommendations to the Board on the selection and nomination of such persons; in identifying suitable candidates, the Committee shall take into full consideration whether the knowledge structure and experience of the Board members complement each other, and the balance and independence of the composition of the Board, and shall choose from a wide range of candidates based on objective criteria, taking into account the benefits of the diversity of the Board members and in light of the Group's business needs, so that members of the Board possess proper ability, experience and diversified perspectives to support the Company in realizing strategic objectives, maintaining competitive strengths and achieving sustainable development;

(IV) assisting the Board in assessing and reviewing the independence of the independent non-executive directors;

(V) keeping under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continuous and effective competitiveness of the Company in the marketplace;

(VI) performing regular review on the contributions made by the directors and the sufficiency of time devoted to perform their duties, and assessing whether the directors have devoted sufficient time and efforts by way of performance appraisal;

(VII) the Committee shall make recommendations to the Board on the re-appointment of non-executive directors (including independent non-executive directors) upon the expiry of their terms of office, and make recommendations to the Board on matters in relation to the election or re-election of directors by shareholders, and the continuation in office of any director at any time; where the Board decides to propose a resolution to elect an individual as an independent non-executive director at the general meeting, the Committee shall set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting (i) the process used for identifying the individual and the reasons of the Board's belief on the election and independence of such individual; (ii) if the proposed independent non-executive director will be holding their seventh (or more) listed company directorship, why the Board believes the individual would still be able to devote sufficient time to the Board; (iii) the perspectives, skills and experience that the individual can bring to the Board; and (iv) how the individual contributes to diversity of the Board;

(VIII) ensuring a formal letter of appointment be delivered to a director upon his appointment to the Board, which clearly sets out the principal terms and conditions of the appointment; the letter of appointment shall specify the term of office and be subject to re-election; and

(IX) implementing other matters authorized by the Board or set out in the Articles of Association or required by law from time to time.

Article 8 The Committee shall also perform the following functions:

(I) formulating the Company's corporate governance policies and practices, monitoring its implementation and making recommendations to the Board;

(II) reviewing and monitoring the training and continuous professional development of the directors and senior management;

(III) reviewing and monitoring the Company's policies and practices regarding compliance with laws and regulations as well as their implementation;

(IV) formulating, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to the employees and directors;

(V) reviewing the Company's compliance with the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules, together with the information disclosure in the Corporate Governance Report; and

(VI) the Committee shall upload these terms of reference to the websites of The Stock Exchange of Hong Kong Limited and the Company to explain its role(s), duties and authority delegated to it by the Board.

CHAPTER 4 POWER

Article 9 The Committee has the right to seek adequate and sufficient resources and administrative support from senior management of the Group and has separate and independent access to senior management of the Group. Where necessary, the Committee should seek independent professional advice, at the issuer's expense, to perform its responsibilities.

Article 10 The senior management shall provide the Committee with all necessary information appropriate for the Committee to discharge its responsibilities in a timely manner. The Committee has the right to request any member of senior management of the Group to promptly and as comprehensively as possible respond to queries raised by any member of the Committee.

Article 11 Members of the Committee may, upon reasonable request, seek independent professional advice for their decision-making in appropriate circumstances, at the Group's expense. In the event of seeking professional advice from an external consultant, such consultant shall be appointed by the chairman of the Committee and its opinions shall be directly submitted to the chairman of the Committee (independent of the senior management).

CHAPTER 5 RULES OF PROCEDURE

Article 12 The Committee shall convene periodic meetings at least once a year and in principle, before the periodic meetings of the Board. Notice shall be given to all members no less than 3 business days prior to the meeting. Such notice period may be waived with the written consent of more than half of the members of the Committee.

Article 13 Extraordinary meetings may be convened upon proposal by the chairman or more than half of all members of the Committee. Notices of extraordinary meetings shall be given to all members no less than 3 business days prior to the meeting. Such notice period may be waived with the written consent of more than half of the members of the Committee.

Article 14 Materials and notice of the meetings of the Committee shall be issued simultaneously. Members shall familiarize themselves fully with the meeting materials prior to the meeting.

Article 15 In principle, the meetings of the Committee shall be convened by way of a physical meeting in the presence of more than half of all members. However, in order to allow all members to fully express their opinions, the meetings may also be convened by telecommunication means or circulation of written resolutions. Telecommunication means refers to the use of telephone, video conference and other means to participate in the meeting; circulation of written resolutions refers to the way of making decision on proposals through separate or circulated service. The quorum of the meetings of the Committee shall be two, one of whom must be an independent non-executive director.

Article 16 The chairman of the Committee shall preside over meetings of the Committee. In the event that the chairman of the Committee is unable to attend, another member (who is an independent non-executive director) may be designated to preside over the meetings. If such designation is not made, more than half of the members being present shall select a member (who is an independent non-executive director) to preside over the meetings.

Article 17 Members of the Committee shall attend the meetings in person. In the event that a member is unable to attend, he/she may authorize another member in writing to attend and vote on his behalf. The proxy who attends and votes at the meeting shall submit the power of attorney to the chairman of the meeting before the meeting begins. The power of attorney shall set out the name of the principal, name of the proxy, matters delegated, voting instructions on matters proposed at the meeting (for or against), scope and validity period of authorization, and shall be signed or sealed by the principal. The proxy shall exercise the right within the scope of authorization. The principal who authorizes other members to attend the meeting on his/her behalf shall be solely liable to any decisions made by the proxy within his scope of authorization.

Article 18 Votes at the meetings of the Committee shall be conducted by a show of hands, by voice or by disclosed ballot, and every member shall have one vote. Resolutions made at the meetings shall not take effect unless they are passed by more than half of all members (including members unable to be present). Members of the Committee shall give express votes, either for or against and may not abstain from voting.

Article 19 At the request of the Committee, it may invite non-members of the Committee that are directors, supervisors, relevant members of senior management and head of relevant departments to be in attendance at some or all of the meetings of the Committee. Prior approval from the chairman of the Committee shall be obtained for the list of such persons in attendance at the meeting.

Article 20 Any member who is involved in any resolution considered at the meetings of the Committee, along with his associates, shall abstain from attending the meetings.

Article 21 Full records of the meetings of the Committee shall be kept. Minutes of the meetings of the Committee shall sufficiently record the matters considered and decisions reached by the Committee in detail, including any concerns raised by the members or dissenting views expressed. Members attending the meetings shall sign on the final version of the minutes of the meetings of the Committee.

Article 22 Members of the Committee and persons in attendance at the meetings are obligated to keep all considered matters confidential and shall not disclose such information without approval.

CHAPTER 6 REPORTING PROCEDURES

Article 23 The proposals of the Committee shall be considered and approved by the Board; among which, resolutions on the nomination of candidates for directors shall, after a review by the Board, be submitted to the general meeting for consideration and approval prior to implementation.

Article 24 All minutes of the meetings prepared by the Committee in accordance with the Article 21 above regarding the rules of procedures shall be kept by the secretary of the Committee and be available for inspection at any reasonable time on reasonable notice by any director.

Article 25 The Committee shall regularly report to the Board on matters set out in these terms of reference, including the work of the Committee, unless it is prohibited by laws or regulations.

CHAPTER 7 ANNUAL GENERAL MEETING

Article 26 The chairman of the Committee shall attend annual general meetings of the Company and be prepared to answer any shareholder's questions in relation to the duties of the Committee.

Article 27 If the chairman of the Committee is unable to attend an annual general meeting of the Company, he/she shall arrange for another member of the Committee to attend in his place. Such member shall be prepared to answer any shareholder's questions in relation to the work of the Committee at the annual general meeting.

CHAPTER 8 EFFECTIVE DATE AND AMENDMENTS

Article 28 These terms of reference shall take effect from the date of the listing of the Company subject to consideration and approval by the Board. Where it is necessary to amend these terms of reference in light of changes circumstances, the amendments shall be proposed by the Committee and submitted to the Board for consideration and approval.

Article 29 Matters not covered by these terms of reference shall be handled in accordance with the requirements of relevant state laws and regulations, the Hong Kong Listing Rules and the Articles of Association; in case there is any inconsistency between these terms of reference and any future relevant state laws and regulations, the Hong Kong Listing Rules or the Articles of Association amended by lawful procedures, the relevant state laws and regulations, the Hong Kong Listing Rules and the Articles of Association shall prevail and these terms of reference shall be amended accordingly, subject to the approval of the Board.

Article 30 These terms of reference shall be interpreted by the Board.

* *For identification purposes only*

IMPORTANT NOTE: This document is a translation from the original Chinese version. Should there be any discrepancies between the Chinese version, and this English version or versions in other languages, the Chinese version shall prevail.

Hong Kong
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