



杭州启明醫療器械股份有限公司
Venus Medtech (Hangzhou) Inc.

**TERMS OF REFERENCE OF THE REMUNERATION AND
ASSESSMENT COMMITTEE OF THE BOARD OF DIRECTORS**

The English version is for reference only. Should there be any inconsistency between the English and Chinese versions, the latter shall prevail.

Chapter 1 Composition of the Remuneration and Assessment Committee

Article 1 The Remuneration and Assessment Committee is a special committee set up under the Board.

Article 2 The Remuneration and Assessment Committee shall be comprised of three independent non-executive Directors and non-executive Directors, of which the majority shall be independent non-executive Directors.

Article 3 The Remuneration and Assessment Committee shall be nominated by chairman, more than one-third of Directors or more than half of independent non-executive Directors, and elected by the Board.

Article 4 The Remuneration and Assessment Committee shall have one chairman who shall be an independent non-executive Director. The chairman of the Remuneration and Assessment Committee shall be nominated by the chairman of the Board and appointed by the Board, and shall lead the work of the Remuneration and Assessment Committee and convene the meetings of the Remuneration and Assessment Committee.

Article 5 The term of office of Remuneration and Assessment Committee shall be the same as that of the Board, and the term of office of the Committee members shall be concurrent with the term of their directorships. A Committee member may be eligible for re-election upon expiry of his/her term. A Committee member shall be automatically disqualified if he/she ceases to be a Director of the Company during his/her term of office, and the Board shall make up the number of the Committee members in accordance with the provisions of these Terms of Reference. The Chairman shall be automatically disqualified as a convener if he/she ceases to be an independent Director of the Company, and a new convener shall be elected in accordance with the provisions of these Terms of Reference.

Article 6 Where the number of members of the Remuneration and Assessment Committee falls below the required minimum number specified in Articles 2 and 4 of these Working Rules due to the member's resignation or dismissal or other reasons, the Board shall, according to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), immediately state relevant details and reasons by announcement, and fill the vacancy according to Articles 2 and 4 of these Working Rules within three months from the date when the aforementioned requirements are not met. The term of office for the member filling the vacancy shall expire at the end of the term when he/she serves as a Director.

Chapter 2 Terms of Reference for the Remuneration and Assessment Committee

Article 7 Terms of Reference for the Remuneration and Assessment Committee include:

- (1) to make recommendations to the Board on the Company's overall policy and structure for remuneration of Directors, Supervisors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (2) to conduct research on the appraisal criteria of Directors, Supervisors and senior management, performing appraisal and making recommendation to the Board;

- (3) to make suggestions on the remuneration of individual executive Directors and senior management staff; such remuneration packages include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive Directors and Supervisors; where the Board resolves to approve any remuneration or compensation arrangements with which the remuneration committee disagrees, the Board should disclose the reasons for passing such resolution in its next Corporate Governance Report;
- (4) in formulating the remuneration policies and determining standards for remuneration, the Remuneration and Assessment Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, Supervisors and senior management, employment conditions elsewhere in the Group and desirability of performance-based remuneration;
- (5) to review and approve the remuneration packages of the management by reference to corporate goals and objectives resolved by the Board from time to time;
- (6) to review and approve the compensation payable to executive Directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;
- (7) to review and approve compensation arrangements relating to dismissal or removal of Directors and Supervisors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;
- (8) to ensure that no Director or Supervisor or any of their associates is involved in deciding his/her own remuneration;
- (9) to research the share incentive plan of the Company and put forward proposals;
- (10) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules;
- (11) to ensure that the share options or awards offered by the Company to its Directors or senior management (if any) are in accordance with Chapter 17 of the Listing Rules (as amended and supplemented from time to time), as applicable, including without limitation:
 - (i) where share options or awards are granted to Directors and/or senior management with a vesting period of less than 12 months, forming views on why a shorter vesting period is appropriate and how such grants align with the purpose of the relevant share incentive scheme; and
 - (ii) where share options or awards are granted to the Directors and/or senior management without performance targets and/or clawback mechanism, forming views as to why performance targets and/or a clawback mechanism is/are not necessary and how such grants align with the purpose of the relevant share incentive scheme.

- (12) the requirements in relation to the scope of work for the Committee under the listing rules, as amended from time to time, of the other stock exchange in the place where the Company is listed; and
- (13) other power granted by the Board. The Committee may engage external experts or intermediary firms to provide it with independent professional consulting services when necessary.
- (14) to consider and implement other matters, as defined or assigned by the Board or otherwise required by the Listing Rules.

Remuneration packages for the Directors of the Company proposed by the Remuneration and Assessment Committee shall be submitted first to the Board and then to the shareholders' general meeting for approval before they can be implemented. Remuneration packages for general manager and other senior management members of the Company shall be implemented in accordance with the relevant requirements of these Terms of Reference and the Articles of Association.

Chapter 3 Decision-Making Procedures

Article 8 The working team under the Remuneration and Assessment Committee shall be responsible for the preliminary preparatory works in relation to the decision-making of the Remuneration and Assessment Committee, providing the information relevant to the Company which mainly include:

- (1) the information on the major financial indicators of the Company and the achievement of its operation goals;
- (2) the information on the scope of works and main duties of the Directors, general manager and other senior management members of the Company;
- (3) the information on the achievement of the targets involved in the job performance appraisal system for the Directors, general manager and other senior management members;
- (4) the information on the operating performance of the Company in connection to the business innovation and profit-creating capabilities of its Directors, general manager and other senior management members;
- (5) the information on the drafting of the relevant estimating basis in relation to the Company's remuneration allocation plan and the way of allocation based on the performance of the Company.

Article 9 In conducting the appraisal on the Directors, general manager and other senior management members, the Remuneration and Assessment Committee shall follow the procedures as follows:

- (1) the Directors, general manager and other senior management members of the Company submit work reports and self-appraisals to the Remuneration and Assessment Committee of the Board;
- (2) the Remuneration and Assessment Committee conducts performance appraisal on the Directors, general manager and other senior management members in accordance with the post performance appraisal standards and procedures;

- (3) the amount of remunerations and incentive methods for the Directors are proposed based on the results of post performance appraisal and the remuneration distribution policy and, upon the affirmative vote, are submitted to the Board for its consideration. Upon approval by the Board, the same are submitted for consideration and approval by the shareholders' general meeting; and
- (4) the amount of remunerations and incentive methods for general manager and other senior management members are proposed based on the results of post performance appraisal and the remuneration distribution policy and, upon the affirmative vote, are submitted to the Board for its confirmation.

Chapter 4 Terms of Reference for the Remuneration and Assessment Committee

Article 10 The Remuneration and Assessment Committee shall meet at least once each year to discuss and determine the related matters. In the absence of chairman, one independent non-executive Director can be entrusted to preside over the meeting.

Article 11 The holding of a meeting of the Remuneration and Assessment Committee shall be subject to the attendance of more than two-thirds of all the members of the Remuneration and Assessment Committee. The resolutions made by the meeting shall be subject to approval by more than half of all members of the Remuneration and Assessment Committee.

Article 12 The Remuneration and Assessment Committee shall consult the chairman and/or general manager about their proposals relating to the remuneration of other executive Directors and seek for independent professional advice where necessary.

Article 13 The secretary to the Board/Company Secretary shall be responsible for organising and coordinating the work between the Committee and other relevant departments. The secretary to the Board/Company Secretary may attend the Committee meeting as a non-voting delegate. The Remuneration and Assessment Committee may invite the Directors, Supervisors and other senior management members of the Company to attend its meeting as non-voting delegates as necessary.

Article 14 Minutes should be kept for the meetings of the Remuneration and Assessment Committee and signed by members of the Remuneration and Assessment Committee attending the meetings. Minutes of the meetings should be kept by the Secretary to the Board/Company Secretary.

Article 15 The Remuneration and Assessment Committee shall report its decisions or recommendations to the Board, unless there are legal or regulatory restrictions on their ability to do so.

Article 16 At the invitation of the chairman of the Board, the chairman of the Remuneration and Assessment Committee or in the absence of the chairman, another member of the Remuneration and Assessment Committee or his/her authorized representative should attend and be available to answer questions at the annual general meeting of the Company

Article 17 The Remuneration and Assessment Committee shall form a view in respect of service contracts that require shareholders' approval and advise shareholders as to whether the terms are fair and reasonable, advise whether such contracts are in the interests of the Company and its shareholders as a whole and advise shareholders (other than connected shareholders and shareholders who have a material interest in such service contracts and their associates) on how to vote pursuant to Rule 13.68 of the Listing Rules.

Article 18 The Remuneration and Assessment Committee should be provided with sufficient resources to perform its duties.

Article 19 The Committee may convene meetings from time to time when necessary. In any of the following circumstances, within seven days of the occurrence of the relevant events, the convener of the Committee shall notify all the Committee members by phone, facsimile, post, email or direct delivery:

- (1) in the circumstances as deemed necessary by the Board;
- (2) in the circumstances as deemed necessary by the convener of the Committee; and
- (3) when proposed by two or more members of the Committee.

Article 20 The notice of the meeting shall contain information on the method, time, venue, duration and agenda of the meeting, time of issuance of the notice and other relevant information.

Article 21 Upon receipt of the notice, each Committee member shall provide confirmation and any relevant replies via proper means (including but not limited to confirmation of attendance or absence and any other arrangement) in a timely manner.

Article 22 The members of the Committee shall attend the meeting in person. If a member is unable to attend the meeting in person, such member shall, by submitting a letter of proxy with signature, authorize another member of the Committee to attend and express opinion at the meeting on his/her behalf. Such letter of proxy shall expressly state the scope and term of the authorization. No member shall accept any such authorization from two or more other members concurrently. The member attending meeting on behalf of another member shall exercise the rights within the scope of authorization. If a member does not attend a meeting in person or authorize another member to exercise his/her rights on his/her behalf, nor does he/she submit any opinion in writing prior to the meeting, he/she shall be deemed to have waived his/her rights. A member who is unable to attend a meeting in person may also exercise his/her rights by submitting in writing his/her opinion with respect to any matter on the meeting agenda, provided that such written opinion shall be submitted to the Chairman no later than the meeting.

Article 23 If any member does not attend a meeting in person or authorize another member to attend such meeting on his/her behalf, nor does he/she submit any opinion in writing prior to the meeting on two consecutive occasions, or if such member fails to attend in person three-quarters of all meetings of the Committee held during any year, such member shall be deemed having failed to perform the responsibilities of the Committee, and the Board may change the members of the Committee in accordance with these Terms.

Article 24 In any of the following circumstances, the members of the Remuneration and Assessment Committee shall make disclosure to the Remuneration and Assessment Committee in advance, and abstain in the discussion and resolution of relevant issues by the Remuneration and Assessment Committee:

- (1) evaluating the said member or discussing his/her remuneration;
- (2) evaluating the connected persons (as defined in the Listing Rules) of the said member or discussing his/her remuneration;
- (3) other circumstances where the said member has interests or may be affected in making objective and fair judgments.

Chapter 5 Others

Article 25 The Remuneration and Assessment Committee shall make public these Terms, and explain its role and the authority delegated to it by the Board, and shall publish the Terms of Reference on the websites of the Company and the stock exchange in the place where the Company is listed, in accordance with the relevant requirements of the listing rules of such stock exchange.

Article 26 The Company shall disclose the details of remuneration of senior management members according to the remuneration level in its annual report.

Article 27 Upon approval by the Board, these Terms shall come into effect and be implemented on the date of the Company's initial public offering of H shares and the listing of such shares on the Hong Kong Stock Exchange.

Article 28 These Terms shall be amended from time to time in accordance with the relevant laws and regulations and the listing rules of the stock exchange in the place where the Company is listed, and if not amended in a timely manner, they shall be implemented in accordance with the laws and regulations and the Listing Rules in force at that time.

Article 29 In case of any inconsistency with the Chinese version of these Terms, the Chinese version shall prevail.

Article 30 Matters not covered herein shall be subject to the provisions of the relevant laws, administrative regulations and regulatory documents of the State, the Articles of Association and the listing rules of the stock exchange in the place where the Company is listed. If these Terms are in conflict with the relevant laws, administrative regulations and regulatory documents promulgated by the State, the Articles of Association which are amended through legal procedures or the listing rules of the stock exchange in the place where Company is listed, the latter shall prevail. Such amendments shall forthwith be made and reported to the Board for consideration and approval.

Article 31 These Terms shall be subject to the interpretation of the Board.