

Wuhan Dazhong Dental Medical Co., Ltd.

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE OF THE BOARD

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to establish and further improve the remuneration and appraisal management system of Wuhan Dazhong Dental Medical Co., Ltd. (the “**Company**”), and enhance its corporate governance structure, the Company has established the Remuneration Committee of the Board of Directors (the “**Board**”) pursuant to the resolution of the Board and in accordance with the Company Law of the People’s Republic of China (hereinafter the “**Company Law**”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”), the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules, other relevant applicable laws, administrative regulations, departmental rules, regulatory documents and the Articles of Association of Wuhan Dazhong Dental Medical Co., Ltd. (the “**Articles of Association**”) applicable after the overseas public offering and listing of the Company, and has prepared the Terms of Reference of the Remuneration Committee of the Board of Wuhan Dazhong Dental Medical Co., Ltd. (the “**Terms of Reference**”) based on the actual circumstances of the Company.

Article 2 The Remuneration Committee is a special working organ established by the Board of the Company, which is primarily responsible for formulating the appraisal standards and conducting appraisal for the directors and senior management, as well as giving comments and suggestions, and responsible for setting up and reviewing the remuneration policy and plans for the same.

Article 3 Directors mentioned in the Terms of Reference refer to the directors of the Company. The senior management refers to the general manager, deputy general managers, Board secretary, chief financial officer of the Company, as well as other senior management as stipulated in the Articles of Association and other personnel expressly appointed by the Board as senior management of the Company.

CHAPTER 2 COMPOSITION

Article 4 The Remuneration Committee shall comprise at least three directors, with a majority of independent non-executive directors.

Article 5 The members of the Remuneration Committee shall be nominated by the Chairman of the Board or by a nomination committee of the Board, and shall be elected by more than one-half of all directors of the Board. After the proposal for election of committee members has been passed, newly elected members shall assume duty immediately after the end of the Board meeting.

Article 6 The members of the Remuneration Committee shall be appointed and removed by the Board. The Remuneration Committee shall report its work to the Board from time to time.

Article 7 The Remuneration Committee shall have one convener, being the chairman of the committee, who shall be an independent non-executive director, to be appointed by the Board and is responsible for overseeing the work of the committee. If the chairman of the committee is unable or fails to perform duties, an independent non-executive director elected by at least one-half of all members shall perform the duties on his/her behalf.

Article 8 The term of appointment of the Remuneration Committee shall be the same as the term of the Board. The members are eligible for re-election upon expiry of the term. If a member ceases to be a director of the Company during his/her term, or if a member who shall possess the status of an independent non-executive director ceases to possess the independence as required by the Articles of Association and the Hong Kong Listing Rules, he/she shall be automatically disqualified as a member. A member of the Remuneration Committee may submit a resignation report in writing to the Board prior to the expiry of his/her term to resign as a committee member, and shall provide necessary explanation on reasons for resignation and the matters that require attention of the Board of the Company. After a member of the Remuneration Committee ceases to be qualified or has been approved for his/her resignation, the Board shall replenish the number of members in accordance with the applicable laws, administrative regulations, departmental rules, regulatory documents, Hong Kong Listing Rules and the provisions of Articles 4 to 7 above. The term of service of the replenished member shall end upon expiry of his/her term of service as a director or an independent non-executive director. Prior to the expiry of the term of service of a member, unless any circumstances prohibiting such appointment under the Company Law, the Articles of Association or the Hong Kong Listing Rules arise, a member shall not be dismissed without a proper reason.

CHAPTER 3 DUTIES AND AUTHORITIES

Article 9 The main duties and authorities of the Remuneration Committee are:

- (I) to formulate the overall remuneration policies and structure for the directors and senior management of the Company based on the key scope of their positions, responsibilities and importance, the remuneration levels of similar positions in comparable companies, the time and efforts required for their duties, and the employment conditions of other positions within the Group; such policies and structure shall include but are not limited to performance appraisal criteria, procedures and key appraisal systems, and major incentive and penalty schemes. The Committee shall also make recommendations to the Board on the establishment of formal and transparent procedures for formulating remuneration policies, and supervise the implementation of such policies;
- (II) to review and approve the management's remuneration proposals with reference to the Board's corporate policies and objectives;
- (III) to examine the performance of duties by the directors and senior management of the Company, conduct annual performance appraisals of them, and formulate annual incentives schemes which shall be submitted to the Board for approval and implementation;
- (IV) to supervise the implementation of the Company's remuneration policies;

- (V) to make recommendations to the Board on the determination of the remuneration packages of individual executive directors and senior management, including benefits in kind, pension rights and compensation amounts (including compensation payable for loss or termination of office or appointment), and to make recommendations to the Board on the remuneration of non-executive directors;
- (VI) to consult the chairman of the Board or the general manager in respect of the remuneration proposed for other executive directors. The Remuneration Committee shall seek independent professional opinions if necessary;
- (VII) to review and approve the compensation payable to executive directors and senior management for any loss or termination of office or appointment, so as to ensure that such compensation is consistent with the contractual terms or is otherwise fair, reasonable and not excessive;
- (VIII) to review and approve compensation arrangements relating to the dismissal or removal of directors for misconduct, so as to ensure that such arrangements are consistent with the contractual terms or are otherwise reasonable and appropriate;
- (IX) to ensure that any director or any of his/her associate (as defined in the Hong Kong Listing Rules) does not participate in the determination of his/her own remuneration; and in relation to a non-executive director who is also a member of the Remuneration Committee, his/her remuneration shall be determined by other members of the Remuneration Committee;
- (X) to review the incentive schemes and service contracts of directors;
- (XI) to review and/or approve matters relating to share schemes under Chapter 17 of the Hong Kong Listing Rules;
- (XII) other matters authorized by the Board.

Article 10 The remuneration plans or schemes proposed by the Remuneration Committee shall not prejudice the interests of the shareholders. The Board shall have the right to reject any remuneration plans or schemes that prejudice the interests of the shareholders.

Article 11 The remuneration plans and schemes for the directors of the Company proposed by the Remuneration Committee shall be approved by the Board and submitted to a shareholders' general meeting for consideration and approval before implementation (if applicable). The remuneration plans and schemes for the senior management of the Company shall be reported to the Board for approval. The Remuneration Committee shall be accountable to the Board and proposals of the Remuneration Committee shall be submitted to the Board for consideration. Relevant departments of the Company shall be obligated to cooperate with the Remuneration Committee and provide relevant materials. Sufficient resources shall be made available to the Remuneration Committee for its fulfillment of duties and responsibilities.

According to the Hong Kong Listing Rules, the above service contracts of directors which are subject to shareholders' approval include:

- (I) service contracts with a term of over three years; or
- (II) contracts which may not be terminated by the Company unless at least one year's notice is given, or compensation or other amounts equivalent to at least one year's emoluments are paid.

The Remuneration Committee shall make comments on the above service contracts of directors which are subject to the shareholders' approval, notify shareholders on whether relevant contract terms are fair and reasonable, whether relevant contracts are in the interests of the Company and its shareholders as a whole, and shall put forward opinions on how shareholders (other than those shareholders who are directors and have a material interest in such service contracts, as well as associates thereof) should vote.

Article 12 The Remuneration Committee shall make available the Terms of Reference explaining its role and the authority delegated to it by the Board on the website of The Stock Exchange of Hong Kong Limited and the Company's website.

CHAPTER 4 WORKING PROCEDURES

Article 13 The human resources department of the Company is the day-to-day office of the Remuneration Committee and is responsible for providing the Company with information on human resources and the appraisees, preparing for the meetings of the Remuneration Committee and executing the relevant resolutions of the Board and the Remuneration Committee.

Article 14 The human resources department of the Company is responsible for making preliminary preparations for decision-making by the Remuneration Committee and providing information on relevant aspects of the Company:

- (I) the Company's key financial indicators and achievement of operating targets;
- (II) the scope of work and performance of main duties of the directors and senior management of the Company;
- (III) extent to which the goals set out under the job performance appraisal system have been achieved by the directors and senior management;
- (IV) operation performance driven by the business initiatives and profit-making ability of directors and senior management;
- (V) relevant calculation basis indicating remuneration plans or proposals proposed in accordance with the performance of the Company;
- (VI) to maintain day-to-day working relationship with agencies designated by the Remuneration Committee;

(VII) to provide information on the remuneration systems of the Company and the implementation of the same at the request of the Remuneration Committee.

The Remuneration Committee performs the main duties under Article 9 of the Terms of Reference based on the information provided by the human resources department of the Company.

The chairman of the Remuneration Committee or (if absent) another member of the Remuneration Committee, who must be an independent non-executive director, shall attend the Company's annual general meeting and respond to shareholders' questions on the activities and responsibilities of the Remuneration Committee.

CHAPTER 5 RULES OF PROCEDURES

Article 15 Meeting of the Remuneration Committee shall be convened at least once annually. Extraordinary meeting of the Remuneration Committee may be convened by the chairman of the Remuneration Committee as he/she deems it necessary, by the proposal of at least half of the members of the Committee or upon recommendation of the chairman of the Board.

Article 16 The chairman of the Remuneration Committee shall convene the meeting and issue a notice of meeting. The notice of meeting and the meeting materials shall be delivered to all members three days (excluding the date of the meeting) in advance of the meeting. The advance notice requirement may be waived by the unanimous consent of all members.

Article 17 Meetings of the Remuneration Committee shall be presided over by the chairman of the Committee. In the event that the chairman of the committee is unable to attend, another independent non-executive director may be appointed to chair the committee meeting.

Article 18 A meeting of the Remuneration Committee shall be held only when at least two-thirds of the members are present, one of the members must be an independent non-executive director. If a member is unable to attend a meeting, he/she may authorize another member in writing to attend the meeting and vote on his/her behalf, the authorization letter shall state clearly the name of the proxy, matters to be handled by the proxy, the scope of authorization and the valid period, and signed or sealed by the authorizing member, and to be submitted to the chairman of the meeting the latest before voting at the meeting.

Resolutions passed at the meetings shall be approved by more than half of all the members, and relevant resolutions or opinions shall be signed by the members of the Remuneration Committee attending the meeting. Each member is entitled to one vote, which is divided into three categories, namely "for", "against" and "abstention". In the event of an equal number of affirmative votes and negative votes, the chairman of the committee shall be entitled to one additional vote.

Article 19 The meetings of Remuneration Committee may be convened by appropriate methods and means such as on-site meeting, telephone conference, video conference, circulation of documents, fax and mail.

Article 20 If necessary, the directors and senior management and external advisors of the Company may be invited to attend meetings of the Remuneration Committee. Persons attending the meetings may explain or illustrate the matters discussed at the meetings, but non-committee members shall have no voting rights.

Article 21 The Company should provide the Remuneration Committee with sufficient resources to perform its duties. The senior management and relevant departments of the Company shall support and cooperate with the Remuneration Committee, and actively provide such necessary information as required by the Remuneration Committee. If necessary, the Remuneration Committee may engage independent intermediary institutions to provide professional opinions for its decision-making. The reasonable expenses shall be borne by the Company.

Article 22 A member of the Remuneration Committee shall avoid attending meetings of the Remuneration Committee for which he/she is the subject matter of the resolution.

Article 23 The convening procedures, voting method and remuneration policies and allocation proposals passed at the meetings of the Remuneration Committee shall comply with the requirements of applicable laws, administrative regulations, departmental rules, regulatory documents, the Hong Kong Listing Rules, the Articles of Association and the Terms of Reference.

Article 24 Minutes of meetings of the Remuneration Committee shall be prepared, and the members present shall sign the minutes. Minutes of meetings shall be kept by the secretary to the Board of the Company. And the minutes are open for inspection at any reasonable times and on reasonable notice by any member. Draft and final versions of minutes of meeting shall be sent to all members for their comment and records respectively, in both cases within a reasonable time after the Committee meeting is held.

Article 25 The resolutions passed and voting results at the meeting of the Remuneration Committee shall be reported in writing to the Board of the Company for its consideration.

Article 26 Members present and attendees at the meeting are obliged to keep confidential the matters discussed at the meeting, and are not allowed to disclose the relevant information without authorization, unless according to provisions otherwise required by applicable laws, administrative regulations, departmental rules, regulatory documents, the Hong Kong Listing Rules and/or regulatory authorities.

CHAPTER 6 SUPPLEMENTARY PROVISIONS

Article 27 The terms “at least” as mentioned to in the Terms of Reference included the stated figures; and “over” does not include the stated figures.

Article 28 The Terms of Reference shall become effective and be implemented from the date of consideration and approval by the Board. Upon effectiveness of the Terms of Reference, the original “Terms of Reference of the Remuneration Committee of the Board” of the Company shall be automatically repealed.

Article 29 The Board shall be responsible for the revision and interpretation of the Terms of Reference.

Article 30 Matters not covered by the Terms of Reference shall be implemented in accordance with the provisions of applicable laws, administrative regulations, departmental rules, regulatory documents, the Hong Kong Listing Rules and the Articles of Association. Where there is a conflict between the Terms of Reference and the applicable laws, administrative regulations, departmental rules, regulatory document, Hong Kong Listing Rules, the relevant regulatory rules of the place of listing and the Articles of Association, such applicable laws, administrative regulations, departmental rules, regulatory document, Hong Kong Listing Rules, the relevant regulatory rules of the place of listing and the Articles of Association shall prevail for implementation, and the Terms of Reference shall be revised as soon as possible for submission to the Board for consideration and approval.