

Medcaptain Medical Technology Co., Ltd.

Terms of Reference For the Remuneration and Appraisal Committee of the Board

Chapter 1 General Provisions

Article 1 In order to further establish and improve the appraisal and remuneration management system for directors and senior management members (hereinafter the “Management Personnel”) of Medcaptain Medical Technology Co., Ltd. (hereinafter the “Company” or “Our Company”), and enhance its corporate governance structure, the Company has established the Remuneration and Appraisal Committee of the Board and formulated these Terms of Reference in accordance with the Company Law of the People’s Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter the “Hong Kong Listing Rules”), the Securities Law of the PRC, the Articles of Association of Medcaptain Medical Technology Co., Ltd. (hereinafter the “Articles of Association”) and other relevant requirements.

Article 2 The Remuneration and Appraisal Committee is a specialised working body established under the Board to be primarily responsible for formulating the appraisal standard for the Company’s directors and senior management and conducting appraisals thereof. It is responsible for formulating and reviewing the remuneration policies and plans for the Company’s directors and senior management, and reports to the Board.

Article 3 The “directors” as referred to herein shall mean the chairman of the Board and directors to whom the Company pays remuneration, and “senior management” shall mean the general manager, deputy general manager, secretary of the Board and chief financial officer appointed by the Board and other members of senior management proposed by the general manager to the Board for approval.

Chapter 2 Composition

Article 4 The Remuneration and Appraisal Committee shall consist of at least three directors, the majority of whom shall be independent non-executive directors.

Article 5 The members of the Remuneration and Appraisal Committee shall be nominated by the chairman of the Board, more than half of independent non-executive directors, or more than one third of all the directors, and shall be elected by the Board.

Article 6 The Remuneration and Appraisal Committee shall have one chairman (convener), who shall be an independent non-executive director and shall be responsible for presiding over the work of the committee. The chairman shall be elected from the members of the committee and be appointed with the approval of the Board.

Article 7 The term of office of the Remuneration and Appraisal Committee shall be the same as that of the Board. A member may be re-elected upon the expiry of his/her term of office. Any member of the Remuneration and Appraisal Committee who ceases to be a director of the Company during his/her term shall automatically cease to be a member of the committee, and the vacancy shall be filled by the committee in accordance with Articles 4 to 6 above.

Chapter 3 Duties and Authorities

Article 8 The main duties and authorities of the Remuneration and Appraisal Committee are as follows:

- (1) to make recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing such remuneration plans or schemes, having regard to the main scope of work, responsibilities, significance of the positions of the directors and senior management and the remuneration levels of comparable companies. Such remuneration plans or schemes shall include, but are not limited to, performance evaluation standards, procedures and major evaluation systems, as well as major schemes and systems of rewards and punishments;
- (2) to formulate the appraisal standards for the Company's directors and senior management and conduct appraisals thereof;
- (3) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (4) to make recommendations to the Board on the remuneration packages of directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- (5) to make recommendations to the Board on the remuneration of non-executive directors;
- (6) the Remuneration and Appraisal Committee to consider factors including the requirements of relevant laws and regulations, salaries paid by comparable companies, time commitment and responsibilities of directors and senior management, the employment conditions elsewhere in the Company and whether remuneration should be linked to performance;
- (7) to consider the appraisal target plans and appraisal results for senior management for each year and during their terms of office;
- (8) to consider the employees' income distribution, benefits and other major systems of the Company;
- (9) to supervise and evaluate the effects of the construction and implementation of the appraisal and remuneration systems for the persons-in-charge of the Company's internal departments, branches and subsidiaries (except the person-in-charge of the internal audit department);
- (10) to review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (11) to review and approve the compensation arrangements in relation to dismissal or removal of directors for misconduct to ensure that they are consistent with the contractual terms, and are otherwise reasonable and appropriate;

- (12) to ensure that no director or any of his/her associates (as defined in the Hong Kong Listing Rules) is involved in deciding that director's own remuneration;
- (13) to make recommendations to the Board on the formulation or alteration of equity incentive plans, employee stock ownership plans, the granting of rights and interests to incentive participants, the fulfillment of conditions for the exercise of rights and interests, and the arrangement of shareholding plans for directors and senior management in subsidiaries proposed to be spun-off; to review and/or approve matters relating to share schemes as described in Chapter 17 of the Hong Kong Listing Rules, and to explain in the remuneration report or corporate governance report why it was appropriate to approve the grant of options or awards to directors and senior management, the factors it considered, and how the grant of the relevant options or awards aligns with the purpose of the scheme (including how the grant of the relevant options or awards aligns the interests of the grantees with those of the issuer and its shareholders);
- (14) to approve the terms of executive directors' service contracts; to advise shareholders on directors' service contracts that require shareholders' approval, including whether the terms are fair and reasonable, whether such contracts are in the interests of the issuer and its shareholders as a whole, and how shareholders (other than shareholders who are directors with a material interest in such service contracts and their associates) should vote;
- (15) other duties and authorities as conferred by the laws, regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed, these Rules of Procedure and the Board; and
- (16) to exercise other authorities and duties stipulated by laws, administrative regulations, departmental rules, normative documents, the listing rules of the stock exchange on which the Company's shares are listed (including the relevant authorities and duties prescribed under the relevant code provisions of the Corporate Governance Code contained in Appendix C1 to the Hong Kong Listing Rules, as amended from time to time) and the Articles of Association, and those delegated by the Board; and to report back and make recommendations to the Board on matters within the scope of the committee's duties and authorities, including decisions or recommendations made by the committee.

Where the Board does not adopt or does not fully adopt the recommendations of the Remuneration and Appraisal Committee, the opinions of the Remuneration and Appraisal Committee and the specific reasons for such non-adoption shall be recorded in the resolutions of the Board and disclosed.

Article 9 The primary duties of the chairman of the Remuneration and Appraisal Committee are:

- (1) to convene and preside over meetings of the committee;
- (2) to supervise and inspect the work of the committee;
- (3) to sign relevant documents of the committee;
- (4) to report the committee's work to the Board of the Company; and
- (5) to perform other duties as required or conferred by laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed, the Terms of Reference and the Board.

Article 10 Rights and obligations of the members of the Remuneration and Appraisal Committee are:

- (1) to attend meetings of the committee as scheduled, express opinions on matters for discussion at the meetings, and exercise voting rights;
- (2) to suggest topics for discussion at the meetings of the committee;
- (3) to attend or observe the relevant meetings of the Company and conduct investigation and research and obtain the required relevant information, such as reports, documents and materials, for the purpose of performing duties;
- (4) to fully understand the duties and responsibilities of the committee and his/her own duties as a member of the committee, and to be aware of the Company's operational and management conditions, business activities and development relating to his/her duties, so as to ensure that he/she is able to perform his/her duties and responsibilities;
- (5) to provide full assurance for the working time and efforts required to perform his/her duties and responsibilities; and
- (6) to perform other duties and responsibilities as required or conferred by the laws, administrative regulations, relevant regulatory rules of the securities regulatory authority and stock exchanges in the places where the shares of the Company are listed, the Terms of Reference and the Board.

Article 11 The Remuneration and Appraisal Committee shall be accountable to the Board, and the proposals of the committee shall be submitted to the Board for consideration and approval.

Article 12 The Board shall have the right to reject any remuneration plan or scheme that prejudices the interests of the Shareholders.

Article 13 The remuneration plan of the directors of the Company proposed by the Remuneration and Appraisal Committee shall be submitted to the Board for consent, and then submitted to the general meeting for consideration and approval prior to implementation; the remuneration distribution plan of the managers and other senior management of the Company shall be submitted to the Board for consideration and approval prior to implementation.

Article 14 The Remuneration and Appraisal Committee shall be provided with sufficient resources to perform its duties.

Article 15 The Company shall disclose the directors' remuneration policy, details of the remuneration payable to members of senior management by band and other remuneration related matters in its annual report.

Chapter 4 Decision-Making Procedures

Article 16 The Remuneration and Appraisal Committee may designate the human resources department of the Company to be responsible for preparing the preliminary work for the decision-making of the Remuneration and Appraisal Committee, and to provide relevant information of the Company in the following areas:

- (1) information on the fulfillment of the key financial indicators and business objectives of the Company;
- (2) information on the division of work of the Company's senior management and their main duties;
- (3) information on the fulfillment of targets involved in the work performance assessment system of directors and senior management;
- (4) information on the operational performance of directors and senior management in terms of the capability in business innovation and profit-making; and
- (5) the relevant calculation basis for formulating the Company's remuneration distribution plan and distribution method based on the Company's performance.

Article 17 The procedures for appraising directors and senior management adopted by the Remuneration and Appraisal Committee include:

- (1) the directors and senior management of the Company shall report their work and conduct self-assessment to the Remuneration and Appraisal Committee of the Board;
- (2) the Remuneration and Appraisal Committee shall carry out performance appraisal of the directors and senior management according to the performance appraisal standards and procedures;
- (3) the Remuneration and Appraisal Committee proposes the amount of remuneration and award method for the directors and the senior management based on the performance appraisal results and remuneration distribution policy. After the proposal is approved by the Remuneration and Appraisal Committee, it shall be reported to the Board;
- (4) the Remuneration and Appraisal Committee shall determine, based on the equity incentive scheme, whether the participants have satisfied the conditions for the grant and exercise of the relevant share options or the conditions for the grant and unlocking of restricted shares; and
- (5) the proposal on the amount of remuneration and method of reward for the directors shall be submitted by the Board to a general meeting for approval. When the Board or the Remuneration and Appraisal Committee assesses the performance of an individual director or discusses his/her remuneration, such director shall abstain from the relevant discussion and voting.

Chapter 5 Rules of Procedure

Article 18 The Remuneration and Appraisal Committee shall hold at least one meeting each year and notify all members 3 days in advance. The meeting shall be presided over by the chairman, who may appoint another member (independent non-executive director) to preside if unable to attend.

Ad hoc meetings shall be proposed to be convened by the members of the Remuneration and Appraisal Committee, and all members shall be notified 3 days in advance. In case of an emergency, the convener of the meeting may give a notice to convene a meeting by telephone at any time, provided that an explanation is given regarding the emergency situation and the reasons for requiring an immediate meeting.

If the chairman of the Remuneration and Appraisal Committee fails to perform his/her duties and does not appoint another member to act on his/her behalf, any member may report the situation to the Board, which shall designate a member to perform the duties of the chairman of the Remuneration and Appraisal Committee.

Article 19 A meeting of the Remuneration and Appraisal Committee shall be held only if more than two-thirds of the members are present; if a member is unable to attend, he/she may authorize another member in writing to attend on his/her behalf, and the power of attorney shall specify the scope of authorisation; each member shall have one vote. Resolutions made at the meeting shall be passed by a majority of all members. Committee members may attend meetings in person, or participate in meetings through other electronic means or any other methods agreed upon by the members.

If a member of the Remuneration and Appraisal Committee fails to attend the meeting in person or appoint other members to attend the meeting on his/her behalf, he/she shall be deemed as absent from the relevant meeting.

Article 20 Voting at the meeting of the Remuneration and Appraisal Committee shall be by show of hands or by poll; while ad hoc meetings may be held by means of voting by correspondence.

Article 21 An agenda and all accompanying papers should be sent, in full, to all members of the committee and, where appropriate, other persons attending the meeting, at least 3 days before the intended date of the meeting (or such other period as agreed by the members).

Article 22 The Remuneration and Appraisal Committee may, when necessary, invite directors, supervisors and senior management of the Company to attend the meetings in a non-voting capacity.

Article 23 If necessary, the Remuneration and Appraisal Committee may engage intermediary institutions to provide professional advice for its decision-making, and the expenses shall be borne by the Company.

Article 24 When the Remuneration and Appraisal Committee meeting discusses topics related to a member of the committee, the party concerned shall abstain from the discussion and voting of the meeting.

If, after the recusal of the interested member, the number of members attending the meeting falls short of the quorum stipulated in these Rules of Procedure, all members (including the interested member) shall make a resolution on procedural issues such as submitting the proposal to the Board of the Company for consideration, and the proposal shall be considered by the Board of the Company.

Article 25 The convening procedures, voting methods of the Remuneration and Appraisal Committee meetings, and the remuneration policies and distribution plans passed at the meetings must comply with the provisions of relevant laws, regulations, the securities regulatory rules of the place where the shares of the Company are listed, the Articles of Association, and these Rules.

Article 26 The matters considered and decisions reached at the committee meetings shall be recorded in sufficient detail, including the names of persons attending the meeting and any concerns raised and/or dissenting views expressed by members of the committee. The preliminary draft and final version of the meeting minutes shall be sent to all directors for their comment and signed for their records respectively within a reasonable time after the meeting. The members of the committee attending the meeting shall sign the meeting minutes, which shall be kept by the secretary to the Board. The directors of the Company may inspect the meeting minutes at any reasonable time upon reasonable notice.

Article 27 The proposals passed and the voting results at the Remuneration and Appraisal Committee meeting shall be reported to the Board of the Company in writing. The meeting minutes shall record in sufficient detail the matters considered and the resolutions reached at the meeting, which shall include any concerns raised or dissenting views expressed by the members, and shall be circulated to each committee member for review and confirmation. The committee members attending the meeting and the minutes taker shall sign the meeting minutes. The members attending the meeting shall have the right to request that explanatory notes be made in the minutes regarding their statements at the meeting. If a member has any opinions or objections to the meeting minutes, they may decline to sign the minutes, but shall deliver their written opinions to the secretary to the Board within the time limit stipulated above. If there is indeed an error or omission in the recording, the secretary to the Board shall make the relevant amendments, and the committee members shall sign the amended meeting minutes.

The meeting minutes of the Remuneration and Appraisal Committee shall be kept by the secretary to the Board as corporate archives. During the existence of the Company, the retention period shall be ten years.

Article 28 All members attending the meeting bear an obligation of confidentiality regarding the matters discussed at the meeting, and shall not disclose the relevant information without authorisation.

Article 29 The Remuneration and Appraisal Committee shall make available its terms of reference, explaining its role and the authority delegated to it by the Board, by including them on the website of The Stock Exchange of Hong Kong Limited and the Company's website.

Chapter 6 Supplementary Provisions

Article 30 For matters not covered by these Articles, they shall be implemented in accordance with the relevant provisions of national laws, regulations, normative documents, the securities regulatory rules of the place where the shares of the Company are listed, and the Articles of Association. In the event of any inconsistency between these Articles and the relevant provisions of laws, regulations, other normative documents, the securities regulatory rules of the place where the shares of the Company are listed, and the Articles of Association, the provisions of the relevant laws, regulations, other normative documents, the securities regulatory rules of the place where the shares of the Company are listed, and the Articles of Association shall prevail.

Article 31 The Board of the Company shall be responsible for the interpretation and amendment of these Articles.

Article 32 These Articles have been considered and passed by the Board, and shall take effect and be implemented from the date on which the H Shares issued by the Company are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited.

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