MicroTech Medical (Hangzhou) Co., Ltd.
Terms of Reference of the Remuneration and Assessment Committee under the Board of Directors

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to further establish and improve the assessment and remuneration management system for the Company's directors and senior management and improve the Company's governance structure, in accordance with the Company Law of the People's Republic of China, the Articles of Association of MicroTech Medical (Hangzhou) Co., Ltd. (hereinafter referred to as the "**Articles of Association**"), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "**Hong Kong Listing Rules**") as well as other relevant provisions, the Company has set up a Remuneration and Assessment Committee under the Board and formulated these rules.

Article 2 As a specialized working body under the Board, the Remuneration and Assessment Committee is mainly responsible for formulating the assessment standards of and evaluating the Company's directors and senior management and making recommendations. It is also responsible for formulating and reviewing the remuneration policies and plans of the Company's directors and senior management.

Article 3 The directors referred to in these rules refer to all directors of the Company, including executive directors, non-executive directors and independent non-executive directors; other senior management refers to the general manager, deputy general manager, Secretary to the Board, and chief financial officer engaged by the Board as well as other senior management members recognized by the Board.

CHAPTER 2 COMPOSITION

Article 4 The Remuneration and Assessment Committee shall be composed of at least three directors, more than half of whom shall be independent non-executive directors, with one of them serving as chairman.

Article 5 The members of the Remuneration and Assessment Committee (collectively referred to as the "**members**") shall be nominated by the chairman of the Board, more than half of the independent non-executive directors or more than one-third of all directors, and elected by the Board.

Article 6 The Remuneration and Assessment Committee shall have one chairman, whose position shall be taken by an independent non-executive director and who shall be responsible for convening and presiding over the committee meetings. The chairman shall be elected within the members.

Article 7 The term of office of the Remuneration and Assessment Committee shall be identical to that of the Board. Members of the Remuneration and Assessment Committee may be re-elected upon the expiration of the current term of office. Unless in circumstances as specified in the Company Law, the Articles of Association, the Hong Kong Listing Rules or these rules where a person is prohibited from acting as a member, no member shall be removed before his/her term of office expires without cause. If any member ceases to be a director of the Company or any member who is an independent non-executive director and no longer meets relevant independence requirements as set out in the Hong Kong Listing Rules during his/her term of office, his/her membership in the Committee shall lapse automatically, and the vacancy shall be filled up by the Board in accordance with Article 4 to Article 6 above.

Article 8 If at any time the Remuneration and Assessment Committee fails to comply with the requirements of Rules 3.25 and 3.26 of the Hong Kong Listing Rules, the Board shall, according to the Hong Kong Listing Rules, immediately state relevant details and reasons by announcement, and fill the vacancy within three months from the date when the number of members of the Remuneration and Assessment Committee is less than the required minimum number. The term of office for the member filling the vacancy shall expire upon the end of his/her term as director.

Article 9 The Remuneration and Assessment Committee has a working group which is specifically responsible for providing information on the business operation of the Company and the relevant information of the persons to be appraised, as well as preparation of meetings of the Remuneration and Assessment Committee and implementation of relevant resolutions of the Committee.

Article 10 The company secretary of the Company shall act as the Secretary of the Remuneration and Assessment Committee. In the absence of the Secretary, his/her delegate(s) or any person delegated by the Committee members present at the Committee meeting, shall attend the Committee meeting and take minutes.

Article 11 Each member of the Remuneration and Assessment Committee shall disclose the following to the Committee:

(I) any personal financial interest (other than the interest as a shareholder of the Company) in any matter to be decided by the Committee; or

(II) any potential conflict of interest arising from directorships held in other companies.

If such interest exists, any such member shall abstain from voting on resolutions of the Remuneration and Assessment Committee and shall be prohibited from participating in the discussion of such resolutions and shall, if so requested by the Board, resign from the Remuneration and Assessment Committee.

CHAPTER 3 DUTIES AND AUTHORITIES

Article 12 The main duties and authorities of the Remuneration and Assessment Committee are:

(I) The duties and authorities of the Remuneration and Assessment Committee shall include those set out in the relevant code provisions of the Corporate Governance Code in Appendix C1 of the Hong Kong Listing Rules, as amended from time to time;

(II) Establishing a remuneration plan or proposal based on the main scope, responsibilities and importance of the management positions of directors and senior management, as well as the remuneration levels of the relevant positions in other relevant enterprises; the remuneration plan or proposal mainly including but not limited to, performance assessment standards, procedures and major assessment systems, major proposals and systems of incentives and penalties, etc. The level of remuneration should be sufficient to attract and retain directors to manage the Company's operations without paying excessive remuneration;

(III) The Remuneration Committee should be provided with sufficient resources to perform its duties;

(IV) Making recommendations to the Board on the overall remuneration policies and structures for the directors and senior management of the Company and the proper and transparent procedures for the formulation of remuneration policies. A significant proportion of executive directors' remuneration should link towards to the Company and individual performance;

(V) Reviewing and approving the management's proposal on remuneration based on the corporate goals and objectives set by the Board;

(VI) Making recommendations to the Board on remuneration package of individual executive directors and senior management members;

This should include non-monetary benefits, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

(VII) Making recommendations to the Board on the remuneration of non-executive directors (including independent non-executive directors);

(VIII) Considering the remuneration package, time commitment, scope of responsibility of similar companies and other employment terms of other positions within the Group;

(IX) Reviewing and approving the compensation 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; if such compensation is not consistent with the contractual terms, ensuring that it is fair, reasonable and not excessive;

(X) Reviewing and approving compensation arrangements relating to the dismissal or removal of directors for misconduct or the like, so as to ensure that such arrangements are consistent with the contractual terms; if such compensation is not consistent with the contractual terms, ensuring that it is reasonable and appropriate;

(XI) Ensuring that no directors or any of their associates (as defined in the Hong Kong Listing Rules) participate in the decision of their own remuneration;

(XII) Evaluating the performance of duties by the directors and senior management of the Company and conducting the annual performance assessment on them;

(XIII) Advising the Company's shareholders on how to vote in respect of any service contracts of directors that require shareholders' approval in accordance with the Listing Rules;

(XIV) Supervising the implementation of the Company's remuneration and incentive system;

(XV) The Committee is authorised by the Board to investigate any activity within its terms of reference. It is also authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Remuneration and Assessment Committee;

(XVI) Reviewing and/or approving matters relating sharing schemes as set out in Chapter 17 of the Hong Kong Listing Rules;

(XVII) Executing other matters specified in laws, regulations, normative documents, Hong Kong Listing Rules, the securities regulatory authority in Hong Kong, Articles of Association and the Rules of Procedure for Board Meetings of the Company, and as conferred by the Board.

Article 13 The Remuneration and Assessment Committee should consult the chairman or chairlady of the Board and/or the chief executive officer about their remuneration proposals for other executive directors. The Remuneration and Assessment Committee may seek independent and professional advice if necessary.

Article 14 The chairman of the Remuneration and Assessment Committee shall attend the annual general meeting of the Company and answer the shareholders' questions in relation to the duties of the Remuneration and Assessment Committee. If the chairman of the Committee cannot attend the annual general meeting, another member of the Committee shall attend the meeting; if such member is also unable to attend, a duly authorized representative shall attend the meeting.

Article 15 The remuneration plan for the directors of the Company proposed by the Remuneration and Assessment Committee shall be approved by the Board and submitted to a shareholder's general meeting for approval before implementation. The remuneration distribution plan for the senior management of the Company shall be reported to the Board for approval before implementation.

Article 16 The Board shall have the right to reject the remuneration plan or scheme damaging the shareholders' interests.

CHAPTER 4 DECISION-MAKING PROCEDURES

Article 17 The working group under the Remuneration and Assessment Committee shall be responsible for the preliminary preparations for decision making of the committee, and providing relevant information of the Company:

(I) information on the Company's fulfilment of its main financial indicators and business objectives;

(II) information on the division of work of the Company's senior management and their main duties;

(III) information on fulfilment of targets involved in the work performance assessment system of directors and senior management;

(IV) information on the business performance of business initiatives and profit-making ability of directors and senior management;

(V) the basis of measurement and calculation in relation to formulating the Company's remuneration distribution plan and method of distribution with reference to the performance results of the Company.

Article 18 The procedures for appraising directors and senior management adopted by the Remuneration and Assessment Committee:

(I) the directors and senior management of the Company shall report their work and self-assessments to the Remuneration and Assessment Committee;

(II) the Remuneration and Assessment Committee shall carry out performance assessments of the directors and senior management according to the performance assessment standards and procedures, which shall reflect the business mission and objective of the Company;

(III) a proposal on the amount of remuneration and method of reward for the directors and senior management based on the results of work performance assessments and remuneration distribution policy shall be, after a voting in its favor, reported to the Board.

Article 19 The senior management has the responsibility to provide enough information to the Remuneration and Assessment Committee in time, so as to help it make informed decisions. The information supplied must be complete and reliable. The Remuneration and Assessment Committee and its members may make further query, and independently contact the senior management when they deem necessary.

Article 20 The Remuneration and Assessment Committee shall evaluate and assess the effectiveness of the Remuneration and Assessment Committee and the adequacy of terms of reference of these Committee annually, and recommend any proposed changes to the Board.

Article 21 The Remuneration and Assessment Committee shall from time to time review its own performance, structures and terms of reference so as to ensure its effective operation, and recommend any proposed revisal to the Board for approval.

Article 22 The Board shall, on a regular basis, evaluate and assess the performance of the Remuneration and Assessment Committee, and shall, taking into consideration the operations of the Remuneration and Assessment Committee and its contribution to the corporate governance of the Company, as well as any amendments to the Listing Rules from time to time, amend, supplement or revoke the terms of reference of the Remuneration and Assessment Committee from time to time.

CHAPTER 5 RULES OF PROCEDURE

Article 23 Meetings of the Remuneration and Assessment Committee include regular meetings and extraordinary meetings. Regular meetings shall be held at least once a year and extraordinary meetings shall be convened upon proposal by members of the Remuneration and Assessment Committee according to specific conditions. All the members shall be notified five days prior to a regular meeting. The time of an extraordinary meeting shall be determined to ensure that all the members are notified and have reasonable time for preparation. The meetings shall be presided over by the chairman. If the chairman is unable to attend the meetings, he/she may appoint another member (an independent non-executive director) to preside over the meetings.

Article 24 The meetings may be held on site and in the form of written circular. If a meeting is held on site, telephone, video, etc. may be used to facilitate the members in attending the meeting. Any member who attends the meeting via the abovementioned approaches shall be deemed as having attended the onsite meeting.

Article 25 Meetings of the Remuneration and Assessment Committee may only be convened with the presence of more than two-thirds of its members. Each member shall have one vote. Resolutions of the meeting shall be passed by a majority of all the members of the Committee.

Article 26 Voting at the meetings of the Remuneration and Assessment Committee shall be conducted by a show of hands or by poll. Where any member cannot sign the resolutions made at a telephone meeting or video meeting in real time, the said member may orally give opinions first and responsively affix the written signature thereof, provided that there is no discrepancy between the opinions expressed by such member in completing the written resolutions and the opinions orally expressed by him/her at the meeting. Voting at an extraordinary meeting may also be conducted by means of communications.

Article 27 Members of the Remuneration Working Group may be asked to attend the meetings of the Remuneration and Assessment Committee. The directors and senior management of the Company may be invited to attend the meetings of the Remuneration and Assessment Committee, where necessary.

Article 28 Where necessary, the Remuneration and Assessment Committee may engage intermediate agencies to provide professional advice for its decision-making, the cost of which shall be borne by the Company.

Article 29 In any of the following circumstances, the member 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 the Remuneration and Assessment Committee in relation to relevant issues:

(I) Evaluating the said member or discussing his/her remuneration;

(II) Evaluating the associate (as defined in the Hong Kong Listing Rules) of the said member or discussing his/her remuneration;

(III) Other circumstances where the said member has interests or may be affected in making objective and fair judgments.

Article 30 The convening procedures and voting formula of the meetings of the Remuneration and Assessment Committee and the remuneration policies and distribution plans adopted at the meetings shall comply with relevant laws, regulations, Hong Kong Listing Rules, other provisions of the securities regulatory authority in Hong Kong, the Articles of Association and these rules.

Article 31 Minutes shall be recorded for the meetings of the Remuneration and Assessment Committee and shall be signed by the attending members; the minutes shall be kept by the secretary to the Board according to the Company's file management system for at least 10 years. The minutes shall offer sufficient details to serve as a record of matters deliberated and decisions reached at the meeting, including any doubts or objections of the members. After conclusion of the meeting, the initial and finalized meeting minutes shall be sent to all the members in due time, with the initial ones to be commented on by the members and the final ones to be recorded. If any director gives a reasonable notice, the Company shall give the said director access to such minutes within reasonable time.

Article 32 Proposals and voting results adopted at the meetings of the Remuneration and Assessment Committee shall be reported to the Board in writing, unless such reporting is in conflict with the general responsibilities of the Remuneration and Assessment Committee or cannot be made according to laws, regulations or regulatory requirements (e.g. disclosure is restricted due to regulatory requirements).

Article 33 The Company shall disclose details of any remuneration payable to members of senior management by band in its annual reports, including the remuneration of each senior management, and list their names.

Article 34 Members present at the meeting shall be obliged to keep all matters discussed at such meeting confidential, and shall not disclose any relevant information without authorization.

CHAPTER 6 SUPPLEMENTARY PROVISIONS

Article 35 The phrases "more than" and "at least" as referred to herein are inclusive while "majority" is exclusive.

Article 36 These rules shall be published on the Company's website and the website of the stock exchange with which the Company's shares are listed.

Article 37 These rules shall take effect as from the date on which they are considered, approved and passed by the Board.

Article 38 Matters not covered herein shall be subject to relevant laws and regulations, Hong Kong Listing Rules, other provisions of the securities regulatory authority in Hong Kong and relevant provisions of the Articles of Association. If relevant provisions of these rules conflict with relevant laws and regulations, Hong Kong Listing Rules, other provisions of the securities regulatory authority in Hong Kong and the Articles of Association promulgated or amended thereafter, relevant laws and regulations, Hong Kong Listing Rules, other provisions of the securities regulatory authority in Hong Kong and the prevailing or amended Articles of Association shall apply.

Article 39 The authority of formulation and interpretation of these rules shall be vested in the Board.

(If there is any inconsistency between the English and Chinese versions of this document, the Chinese version shall prevail.)