



Shanghai MicroPort MedBot (Group) Co., Ltd.

上海微创医疗机器人(集团)股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2252)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE OF THE BOARD

Chapter 1 General Provisions

Article 1 Pursuant to the Company Law of the People's Republic of China, the Articles of Association of Shanghai MicroPort MedBot (Group) Co., Ltd. (the "**Articles of Association**"), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**") and other relevant regulations, Shanghai MicroPort MedBot (Group) Co., Ltd. (the "**Company**") hereby formulated these terms of reference, in an effort to optimize the meeting and decision-making procedures of the audit committee (the "**Audit Committee**") of the board of directors (the "**Board**") of the Company and ensure smooth progression of various types of work of the Audit Committee.

Article 2 The Audit Committee is a specific committee set up by the Board. Its main responsibilities are to supervise and inspect the internal and external audits and the internal control system of the Company.

Members of the Audit Committee shall ensure that they have sufficient time and efforts to discharge their duties in the Committee, be diligent and responsible, earnestly and effectively supervise the external audit of the Company, guide the internal audit of the Company, and procure the Company to establish an effective internal control system and provide true, accurate and complete financial reports.

Article 3 The Company shall provide necessary working conditions for the Audit Committee and designate specific personnel or entities to deal with daily work, including liaison, organization of committee meetings, preparation of materials and documentation management, of the Audit Committee. The management and the relevant departments of the Company shall cooperate with the Audit Committee when it performs its duties.

Senior management is obliged to supply the Audit Committee with adequate information in a timely manner, in order to enable it to make informed decisions. The information supplied must be complete and reliable. Where a member of the Audit Committee requires more information than is volunteered by senior management, the relevant member should make additional necessary enquiries. The Audit Committee and each member shall have separate and independent access to the senior management.

The Audit Committee is authorised by the Board to investigate any activity within these terms. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Audit Committee.

Chapter 2 Composition

Article 4 The Audit Committee shall comprise at least three members, all of whom shall be non-executive directors and a majority of whom shall be independent non-executive directors, with at least one independent non-executive director possessing the appropriate professional qualifications or accounting or related financial management expertise.

Article 5 Members of the Audit Committee 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 shall be elected by the Board.

Article 6 The Board shall evaluate the independence and performance of the members of the Audit Committee on a regular basis, and replace the member who is not suitable to remain in the position when necessary. A former partner of the Company's existing auditing firm shall be prohibited from acting as a member of the Audit Committee for a period of two years from the date he or she ceases (a) to be a partner of the firm; or (b) to have any financial interest in the firm, whichever is later.

Article 7 The Audit Committee shall have a chairman (being the convener) (the “**chairman**”) to be served by an independent non-executive director to take charge of the work of the Committee. The chairman of the Audit Committee shall be appointed by the Board.

The chairman of the Audit Committee shall attend the Company's annual general meetings and be prepared to respond to any Shareholder's questions on the Audit Committee's activities.

Article 8 The term of office of the Audit Committee shall be the same as that of the Board. Each member of the Committee shall be eligible for re-election upon expiry of his or her term of office. During such period, if any member of the Committee member ceases to be a director of the Company, his or her membership in the Committee shall lapse automatically, and the vacancy shall be filled by the person elected by the Board according to these terms.

Chapter 3 Duties and Authorities

Article 9 The Audit Committee shall have the following duties and authorities:

- (I) to supervise and evaluate the work of the external auditor;
- (II) to guide the internal audit work;
- (III) to review the Company's financial report and express opinions thereon;
- (IV) to evaluate the effectiveness of internal control;
- (V) to coordinate the communication between the management, internal audit department and relevant departments and the external auditor;
- (VI) Other matters as authorized by the Board of the Company and concerned with relevant laws and regulations.

Article 10 The responsibilities of the Audit Committee for monitoring and evaluating the work of the external auditor shall at least include the following:

- (I) to be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and to consider any issues related to its resignation or dismissal;
- (II) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences, and ensure co-ordination where more than one audit firm is involved;

- (III) to develop and implement policy on engaging an external auditor to supply non-audit services, and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken. For this purpose, “external auditor” shall include any entity that is under common control, ownership or management with the auditing firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the auditing firm nationally or internationally;
- (IV) to discuss problems and reservations arising from the interim and final audits, and any matters the external auditor may wish to discuss (in the absence of senior management where necessary); and
- (V) to report to the Board on any matters where action or improvement is needed, identify the issues and make recommendations thereon.

Article 11 The responsibilities of the Audit Committee for overseeing the Company’s financial reporting system, risk management and internal control systems shall at least include the following:

- (I) to review the Company’s financial controls, risk management system and internal controls;
- (II) to discuss any matters in relation to the Company’s risk management and internal control systems with senior management to ensure that senior management has performed its duty to develop and maintain effective internal control and risk management systems. This discussion shall include the adequacy of resources, staff qualifications and experience, training programs and budget in respect of the Company’s accounting and financial reporting functions;
- (III) to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and senior management’s response;
- (IV) where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

- (V) to review the Company's financial and accounting policies and practices;
- (VI) to review the external auditor's management letter, any material queries raised by the external auditor to management about the accounting records, financial accounts or systems of control and senior management's response;
- (VII) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (VIII) to act as the key representative body for overseeing the Company's relations with the external auditor;
- (IX) to review arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action by the Company;
- (X) to report to the Board on the matters in the code provisions under Appendix 14 of the Hong Kong Listing Rules;
- (XI) where the Board disagrees with the Audit Committee's opinion on the selection, appointment, resignation or dismissal of the external auditors, the Audit Committee shall provide a statement explaining its recommendations to the Company for inclusion in the Corporate Governance Report issued by the Company in accordance with Appendix 14 of the Hong Kong Listing Rules; and
- (XII) to consider any other topics, as defined by the Board.

Article 12 The responsibilities of the Audit Committee for reviewing the Company's financial reports and expressing opinions thereon shall at least include the following:

- (I) to monitor the integrity of the Company's financial statements and its annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them. In reviewing these statements and reports before submission to the Board, the Audit Committee should focus particularly on:

- (a) any changes in accounting policies and practices;
 - (b) areas involving significant judgements;
 - (c) significant adjustments resulting from audit;
 - (d) the going concern assumptions and any qualifications;
 - (e) compliance with accounting standards; and
 - (f) compliance with any requirements from the Stock Exchange and other legal requirements in relation to financial reporting;
- (II) Regarding item (I) above:
- (a) members of the Audit Committee shall liaise with the Board, senior management and the person appointed as the Company's qualified accountant, and the Audit Committee must meet, at least twice a year, with the Company's auditor; and
 - (b) the Audit Committee shall consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, and it shall give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors.

Article 13 The responsibilities of the Audit Committee for performing the Company's corporate governance function shall at least include the following:

- (I) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- (II) to review and monitor the training and continuous professional development of directors and senior management of the Company;
- (III) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (IV) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the Company; and

- (V) to review the Company's compliance with the code provisions and disclosure in the Corporate Governance Report.

- Article 14** The Audit Committee should meet, at least twice a year, with the Company's external and internal auditors without the attendance of any executive directors (unless invited by the Audit Committee).
- Article 15** The internal audit department of the Company must report to the Audit Committee. Various audit reports and the plan and situation of rectification of audit issues submitted to the management by the internal audit department shall be submitted to the Audit Committee at the same time.
- Article 16** Where the Company intends to appoint or replace the external auditor, the Board may consider the relevant proposal only after the Audit Committee has formed its review opinion and presented its recommendations to the Board.
- Article 17** The Audit Committee shall be accountable to the Board. The Committee shall submit its proposals to the Board for consideration and decision. The Audit Committee shall coordinate with the audit activities undertaken by supervisors of the Supervisory Committee.

Chapter 4 Decision-making Process

- Article 18** The audit department or relevant responsible department (the same below) shall be responsible for the preliminary preparatory work for the decision-making process of the Audit Committee and providing the following information of the Company:
- (I) financial reports of the Company;
 - (II) work reports of internal and external auditors;
 - (III) external audit contracts and relevant work reports;
 - (IV) public disclosure of information made by the Company;
 - (V) audit reports on the material connected transactions of the Company;
 - (VI) other relevant matters.

- Article 19** The Audit Committee shall convene meetings to evaluate reports provided by the audit department and submit relevant written resolutions to the Board for discussion:
- (I) work appraisal on the external auditor, and the engagement and replacement of the external auditor;
 - (II) report on whether the internal audit system of the Company has been effectively implemented and whether the financial reports of the Company are complete and accurate;
 - (III) report on whether information such as the financial reports disclosed publicly by the Company is objective and accurate, and whether the material connected transactions of the Company comply with relevant laws and regulations;
 - (IV) performance evaluation of the Company's internal finance and audit departments, including their respective heads;
 - (V) other relevant matters.

Chapter 5 Rules of Procedures

- Article 20** The Audit Committee may hold regular and extraordinary meetings. At least two regular meetings shall be held semi-annually every year. An extraordinary meeting may be convened when it is proposed by two or more members of the Audit Committee or when the chairman of the Audit Committee deems it necessary. A notice shall be given to all members three days before the date of a meeting. The meeting shall be presided over by the chairman of the Committee, and in case the chairman is unable to attend, he or she may appoint another member of the Committee (the member should be an independent non-executive director) to preside over the meeting on his or her behalf. Such notice may be waived with the unanimous consent of all members of the Committee. The external auditor of the Company may request to convene a meeting if it considers necessary.

An agenda and accompanying board papers should be sent in full to all Directors in a timely manner and at least three days before the intended date of a meeting of the Audit Committee (or such other period as unanimously agreed or waived by its members).

- Article 21** The quorum of a meeting of the Audit Committee shall be not less than two-thirds of the members. Each member shall have one vote. A resolution of the meeting must be passed by more than half of all the members of the Committee. If a valid consideration opinion cannot be reached due to abstention of any members of the Audit Committee, such matter shall be directly considered by the Board.
- Article 22** A meeting can be attended in person or via telephone or video conferencing. Members of the Committee can attend the meeting via telephone or any similar communication device (all persons attending such meeting should be able to hear from such member via such communication device).
- Article 23** The resolutions passed and signed by all members of Audit Committee are also valid, and their validity shall be the same as any resolution passed at a meeting duly held by the Audit Committee.
- Article 24** If a member of the Audit Committee is interested in any matter being considered at the meeting, such member shall refrain from the consideration of such matter. Members of the Audit Committee shall attend the meeting in person and explicitly express their opinions on the matters for consideration. Any member who is unable to attend the meeting in person for any reasons may submit a power of attorney signed by him or her to appoint another member to attend the meeting and express opinions on his or her behalf. The power of attorney shall expressly state the scope and duration of the authorization. Each member cannot be appointed by more than one member at the same time. A member who is an independent non-executive director and is unable to attend the meeting in person for any reasons shall appoint another member who is also an independent non-executive director to attend the meeting on his or her behalf.
- Article 25** The Chief Financial Officer, the personnel responsible for internal audit of the Company and a representative of the external auditors shall normally attend meetings of the Audit Committee. The Audit Committee may invite supervisors, internal audit staffs, financial staffs, legal advisors and other relevant personnel of the Company to attend its meetings if necessary.

- Article 26** The Audit Committee may, if necessary, engage an intermediary to provide professional advice on its decision-making at the cost of the Company. The Audit Committee is authorised by the Board to obtain external independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. The Audit Committee shall be provided with sufficient resources to discharge its duties. The Audit Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any external party who advises the Audit Committee.
- Article 27** The procedures for convening of a meeting of the Audit Committee, its voting methods and resolutions to be passed at such meeting must comply with the provisions of relevant laws, regulations, the Hong Kong Listing Rules, the Articles of Association and these terms.
- Article 28** The Audit Committee shall keep minutes of the meetings. Members present at the meetings and other persons shall sign the minutes of the meetings. Full minutes of the Audit Committee's meetings shall be kept by a duly appointed secretary of the meeting (who should normally be the Board secretary or his or her appointed delegate), and such minutes shall be available for inspection at any reasonable time on reasonable notice by any Director.
- Minutes of meetings of the Audit Committee shall record in sufficient detail the matters considered by the Audit Committee and decisions reached, including any concerns raised by Directors, members or dissenting views expressed. Draft and final versions of minutes of such meetings should be sent to all members of the Audit Committee for their comment and records respectively, in both cases within a reasonable time after such meetings.
- Article 29** Without prejudice to the generality of the duties of the Audit Committee set out in these terms, the Audit Committee shall report back to the Board and keep the Board fully informed of its decisions and recommendations, unless there are legal or regulatory restrictions on its ability to do so.
- Article 30** Members of the Committee present at a meeting shall keep confidential all matters discussed at the meeting and shall not disclose such information without authorization.
- Article 31** The Audit Committee shall make available these terms on request and by inclusion on the Company's website and the Stock Exchange's website, thereby explaining its role and the authority delegated to it by the Board.

Chapter 6 Supplementary Provisions

Article 32 These terms of reference shall come into effect and be implemented upon the date of approval by the Board. The terms of Reference of the Audit Committee of the Board of the Company that are currently in force shall automatically lapse from the effective date of these terms of reference.

Article 33 For any matters not covered in these terms of reference, the relevant laws and regulations, the Hong Kong Listing Rules, other requirements of the Hong Kong securities regulatory authority, and the relevant provisions of the Articles of Association shall apply. If the relevant provisions of these terms contravene with the laws and regulations, the Hong Kong Listing Rules, other requirements of the Hong Kong securities regulatory authority and the Articles of Association as enacted or amended in the future, such relevant laws and regulations, the Hong Kong Listing Rules, other requirements of the Hong Kong securities regulatory authority, and the existing or revised Articles of Association shall prevail.

Article 34 The power of interpretation of these terms shall be vested in the Board of the Company.