



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 REMUNERATION AND APPRAISAL 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**”) has set up a remuneration and appraisal committee (the “**Remuneration and Appraisal Committee**”) under the board of directors (the “**Board**”), and hereby formulated these terms of reference, in an effort to optimize the appraisal and remuneration management system for directors, supervisors and senior management and enhance corporate governance of the Company.
- Article 2** The Remuneration and Appraisal Committee is a specific committee set up by the Board. Its main responsibilities are to formulate standards for appraising directors, supervisors and senior management of the Company and conduct assessments; formulate and review the policies for and proposals on the remuneration of directors, supervisors and senior management of the Company. The Remuneration and Appraisal Committee shall be accountable to the Board.
- Article 3** For the purposes of these terms of reference, the term “directors” shall refer to all of the directors who receive remuneration from the Company, the term “supervisors” shall refer to all of the supervisors who receive remuneration from the Company, and the term “senior management” shall refer to the senior management mentioned in the prospectus and interim or annual reports of the Company (whichever is the latest). It is the responsibility of the directors of the Company to determine which individual or individuals constitute senior management. Senior management may include directors of subsidiaries, heads of divisions, departments or other operating units within the group as, in the opinion of the Company's directors, is appropriate.

The word “remuneration”, as used in these terms, includes without limitation to any salaries, bonuses, allowances, benefits (in cash or in kind), pension arrangements, reimbursements, compensation payments (including any compensation payable for loss or termination of office or appointment), incentive payments and share options.

Chapter 2 Composition

Article 4 The Remuneration and Appraisal Committee shall comprise at least three (inclusive) directors, more than half of whom shall be independent non-executive directors.

Article 5 Members of the Remuneration and Appraisal 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 Remuneration and Appraisal 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 shall be appointed by the Board.

The chairman of the Remuneration and Appraisal Committee shall attend the Company’s annual general meetings and be prepared to respond to any questions from the shareholders on the Remuneration and Appraisal Committee’s activities.

Article 7 The term of office of the Remuneration and Appraisal 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 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.

Article 8 The Remuneration and Appraisal Committee shall have a working team to provide the operation information of the Company and the relevant information of personnel being appraised, and to prepare for meetings of and implement the resolutions passed by the Remuneration and Appraisal Committee.

Chapter 3 Duties and Authorities

Article 9 The Remuneration and Appraisal Committee shall have the following primary duties and authorities:

- (I) to make recommendations to the Board on the Company's remuneration policy and structure for all directors, supervisors and senior management and on the establishment of formal and transparent procedures for formulating the remuneration policy;
- (II) to review and approve any performance-based remuneration offered by the Group with reference to corporate goals and objectives resolved by the Board from time to time;
- (III) to determine the specific terms of the remuneration package for each executive director and senior management, to make recommendations to the Board on the remuneration of non-executive directors, and to make recommendations to the Board on the remuneration of supervisors. The Remuneration and Appraisal Committee shall consider factors such as salaries paid by comparable companies, required time commitment and responsibilities, employment conditions for other positions within the group and desirability of performance-based remuneration packages;
- (IV) to review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of office or appointment to ensure that such compensation is consistent with contractual terms and is otherwise fair and not excessive;
- (V) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with the contractual terms and are otherwise reasonable and appropriate;
- (VI) to ensure that no director or any of his or her associates is involved in determining his or her own remuneration;
- (VII) to advise the shareholders on how to vote with respect to any service contracts of the directors that require shareholders' approval under the Hong Kong Listing Rules;

- (VIII) to review the Group's policy on expense reimbursements for the directors and senior management;
- (IX) to review and/or approve matters relating to share schemes under Chapter 17 of the Hong Kong Listing Rules; and
- (X) to consider and implement other matters, as defined or assigned by the Board or otherwise required by the Hong Kong Listing Rules from time to time.

Article 10

Without prejudice to the generality of the terms of reference to the Remuneration and Appraisal Committee set out above, in carrying out the duties under its terms of reference, the Remuneration and Appraisal Committee should:

- (a) consult the chairman of the Board and/or the chief executive officer about their proposals relating to the remuneration of the executive directors and have access to professional advice if considered necessary;
- (b) provide the packages needed to attract, retain and motivate executive directors of the quality required, but avoid paying more than is necessary for this purpose;
- (c) judge where to position the Group relative to other companies. They should be aware what comparable companies are paying and should take account of relative performance;
- (d) be sensitive to the wider scene, including pay and employment conditions within the Group and elsewhere, especially when determining annual salary increases;
- (e) ensure that the performance-related elements of remuneration form a significant proportion of the total remuneration package of executive directors and are designed to align their interests with those of shareholders and to give the directors incentives to perform at the highest levels; and
- (f) ensure that share options offered by the Company to its directors or senior management (if any) are in accordance with Chapter 17 of the Hong Kong Listing Rules, as applicable.

Article 11 Without prejudice to the generality of the terms of reference to the Remuneration and Appraisal Committee set out above, the Remuneration and Appraisal Committee shall:

- (a) operate the Company's share option scheme (if any) or other incentives schemes (if any) as they apply to, and recommend to the general meeting of shareholders grants of options to be made to directors and/or senior management. It shall recommend to the Board the total aggregate amount of any grants to employees (with the specific grants to individuals to be at the discretion of the Board) and make amendments to the terms of such schemes (subject to the provisions of the schemes relating to amendment);
- (b) liaise with the trustee of any employee share option scheme which is created by the Company for the benefit of employees, senior management or directors;
- (c) review the terms of executive directors' service contracts from time to time; and
- (d) advise the Board in relation to the preparation of the Board's remuneration report (if any) to shareholders.

Article 12 The Board shall have the right to overrule any remuneration plans or packages that may prejudice the interest of shareholders.

Article 13 The remuneration plans for directors of the Company proposed by the Remuneration and Appraisal Committee shall be subject to the approval of the Board and may be implemented only upon the consideration and approval of the general meeting, or the remuneration of directors of the Company shall be determined by the Board of the Company with the authorization of the general meeting. The remuneration distribution plan for senior management of the Company shall be subject to the Board's approval.

Chapter 4 Decision-Making Process

Article 14 The working team or relevant responsible department (the same below) under the Remuneration and Appraisal Committee shall be responsible for the preliminary preparatory work for the decision-making process of the Remuneration and Appraisal Committee and providing the following information of the Company:

- (I) major financial indicators and fulfillment of operation objectives of the Company;
- (II) scope of responsibility and performance of main duties of the senior management of the Company;
- (III) fulfillment of indicators under the performance evaluation system for the directors and senior management;
- (IV) business development and profit-making capability of directors and senior management;
- (V) the relevant calculation basis of the remuneration plans and distribution methods formulated according to the results of the Company.

Senior management is obliged to supply the Remuneration and Appraisal 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 director requires more information than is volunteered by senior management, the relevant director should make additional necessary enquiries. The Board and each director shall have separate and independent access to the senior management.

Article 15 The Remuneration and Appraisal Committee shall conduct the following appraisal of directors and senior management based on the following procedures:

- (I) the directors and senior management of the Company shall report his or her work and self-evaluation to the Remuneration and Appraisal Committee of the Board;
- (II) the Remuneration and Appraisal Committee shall evaluate the performance of directors and senior management in accordance with the evaluation criteria and procedures;

- (III) the amount of remuneration and forms of incentive of the directors and senior management shall be proposed based on performance appraisal results and remuneration policies, and shall be submitted to the Board of the Company after resolving by voting.

Chapter 5 Rules of Procedures

- Article 16** The Remuneration and Appraisal Committee should meet at least once a year. Any member of the Remuneration and Appraisal Committee can call for a meeting.
- Article 17** A notice shall be given to all members three days before the date of a meeting of the Remuneration and Appraisal Committee. 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.
- Article 18** 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 Remuneration and Appraisal Committee (or such other period as unanimously agreed or waived by its members). The quorum of a meeting of the Remuneration and Appraisal 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.
- Article 19** 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 20** The Remuneration and Appraisal Committee may invite directors, supervisors and other senior management of the Company to attend its meetings if necessary. Only members of the Remuneration and Appraisal Committee shall have the right to vote at a meeting of the Remuneration and Appraisal Committee.

Article 21 The Remuneration and Appraisal Committee may, if necessary, engage an intermediary to provide professional advice on its decision-making at the cost of the Company. The Remuneration and Appraisal Committee is authorised by the Board to obtain external independent professional advice and to secure the attendance of outsiders with relevant experience and expertise at its meetings if it considers this necessary. The Remuneration and Appraisal Committee shall be provided with sufficient resources to discharge its duties. The Remuneration and Appraisal Committee should be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any external remuneration consultant who advises the Remuneration and Appraisal Committee.

The Remuneration and Appraisal Committee is authorised by the Board to discharge its duties within these terms. It is authorised to seek any remuneration information it requires from the directors and/or senior management who are directed to co-operate with the Remuneration and Appraisal Committee.

Article 22 Each member of the Remuneration and Appraisal Committee shall disclose to the Remuneration and Appraisal Committee:

- (a) any personal financial interest (other than as a shareholder of the Company) in any matter to be decided by the Remuneration and Appraisal Committee; or
- (b) any potential conflict of interest arising from a cross-directorship.

Any such member shall abstain from voting on resolutions of the Remuneration and Appraisal Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions, and shall (if so required by the Board) resign from the Remuneration and Appraisal Committee.

Article 23 The procedures for convening of a meeting of the Remuneration and Appraisal Committee, its voting methods and the remuneration policies and distribution plans 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 of reference.

Article 24 The Remuneration and Appraisal Committee shall keep minutes of the meetings. Members present at the meetings shall sign the minutes of the meetings. Minutes of the Remuneration and Appraisal Committee's meetings shall be kept by a duly appointed secretary of the meeting (who should normally be the Board secretary or his 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 Remuneration and Appraisal Committee shall record in sufficient detail the matters considered by the Remuneration and Appraisal 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 Remuneration and Appraisal Committee for their comment and records respectively, in both cases within a reasonable time after such meetings.

Article 25 Without prejudice to the generality of the duties of the Remuneration and Appraisal Committee set out in these terms, the Remuneration and Appraisal 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 26 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 27 The Remuneration and Appraisal Committee shall make available these terms on request and by inclusion on the Company's website, thereby explaining its role and the authority delegated to it by the Board.

Chapter 6 Supplementary Provisions

Article 28 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 Remuneration and Appraisal 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 29 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 30 The power of interpretation of these terms of reference shall be vested in the Board of the Company.