

SHENZHEN EDGE MEDICAL CO., LTD.

TERMS OF REFERENCE OF THE NOMINATION COMMITTEE OF THE BOARD OF DIRECTORS

CHAPTER I GENERAL PROVISIONS

Article 1 In order to regulate the appointment of directors and senior management of Shenzhen Edge Medical Co., Ltd. (the “**Company**”), optimize the composition of the Board of Directors of the Company (the “**Board of Directors**”) and enhance its corporate governance structure, the Company hereby has established the Nomination Committee of the Board of Directors by a resolution of the Board of Directors pursuant to the Company Law of the People’s Republic of China (the “**Company Law**”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the Corporate Governance Code as set out in Appendix C1 to the Listing Rules and other relevant laws, regulations, normative documents and the Articles of Association of Shenzhen Edge Medical Co., Ltd. (the “**Articles of Association**”) applicable after the issuance of H Shares, and formulated the Terms of Reference of the Nomination Committee of the Board of Directors of Shenzhen Edge Medical Co., Ltd. (the “**Terms of Reference**”) by taking into account the actual conditions of the Company.

Article 2 The Nomination Committee of the Board of Directors is a specialized working body under the Board of Directors of the Company, which is principally responsible for considering selection of directors (including independent non-executive directors) and senior management of the Company, the selection criteria and procedures thereof, as well as putting forward opinions and recommendations to the Board of Directors.

The senior management mentioned in the Terms of Reference refers to the general manager, the deputy general manager, the secretary to the Board of Directors, chief financial officer and other senior management personnel explicitly appointed by the Board of Directors. The “general manager” mentioned in the Terms of Reference refers to the “manager” mentioned in the Company Law.

CHAPTER II COMPOSITION

Article 3 The Nomination Committee shall consist of at least three directors, the total number of members of the Committee shall be an odd number. Half or more of the members of the Nomination Committee shall be independent non-executive directors.

Article 4 Members of the Nomination Committee shall be nominated by the chairperson of the Board of Directors or jointly by more than one-third of members of the Board of Directors, and shall be elected by a majority of directors of the Board of Directors.

Article 5 The Nomination Committee shall have a convener, i.e. the chairperson of the committee, who shall be the chairperson or an independent non-executive director and appointed or removed by the Board of Directors to be responsible for presiding over the work of the committee. In the event that the chairperson of the committee is incapable of performing or not performing his/her duties, an independent non-executive director shall be jointly elected by more than half of the members of the committee to act in his/her stead. After the proposal of electing committee members has been approved, the new committee members shall take office immediately after the conclusion of the meeting of the Board of Directors.

Article 6 The term of office of the Nomination Committee shall be the same as that of the Board of Directors. A member shall be eligible for re-election upon the expiration of his/her term of office. If a member ceases to be a director of the Company during the term of office, or a member who shall be an independent non-executive director ceases to be independent as required under the provisions of the Company Law, the Articles of Association and the Listing Rules, he/she shall be automatically disqualified as a member. A member of the Nomination Committee may submit a resignation report in writing to the Board of Directors prior to the expiration of his/her term of office to resign as a member of the committee from his/her existing position. The resignation report shall contain necessary explanations on the reasons for resignation and the matters that need to be brought to the attention of the Board of Directors of the Company. If the members of the Nomination Committee fail to comply with Articles 3 and 5 as set out in these Terms of Reference, the Board of Directors shall promptly issue an announcement in accordance with the requirements of the Listing Rules to disclose the details of and reasons for such non-compliance. The Board of Directors shall, within three months from the date of failure to meet the requirements stipulated above, fill the vacancy in accordance with Articles 3 to 5 as set out in these Terms of Reference. The term of office of any member who fills the vacancy shall last until the end of the term of office of such member as a director. A member shall not be removed from his/her duty without cause prior to the expiration of his/her term of office, unless he/she is prohibited from holding office under the provisions of the Company Law, the Articles of Association or the Listing Rules.

The secretary to the Board of Directors shall be responsible for daily communication, arrangement of meetings and implementation of the relevant resolutions of the Nomination Committee.

CHAPTER III DUTIES AND AUTHORITIES

Article 7 The specific duties of the Nomination Committee include but are not limited to:

- (i) to consider and draw up the criteria and procedures for selecting directors and senior management and make recommendations thereon to the Board of Directors. Factors to be considered include but are not limited to cultural, educational background and work experience;
- (ii) to look for and identify qualified candidates for directors and make nominations to the Board of Directors, to review and make recommendations on candidates for directors of the Company (especially the chairperson of the Board of Directors);
- (iii) to look for and identify qualified candidates for senior management, to review and make recommendations on candidates for senior management of the Company (especially the general manager);
- (iv) to review the independence of the independent non-executive directors; where the Board of Directors proposes a resolution to elect an individual as an independent non-executive director at the shareholders' general meeting, the committee shall set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant shareholders' general meeting:
 - a) the process used for identifying the individual and why the Board of Directors believes the individual should be elected and the reasons why it considers the individual to be independent;

- b) if the proposed independent non-executive director will be holding his/her seventh (or more) listed company directorship, the reasons why the Board of Directors believes the individual would still be able to devote sufficient time to the Board of Directors;
 - c) the perspectives, skills and experience that the individual can bring to the Board of Directors;
 - d) how the individual contributes to diversity of the Board of Directors;
- (v) to review the structure, size and composition (including the skills, knowledge and experience) of the Board of Directors at least once a year, assist the Board of Directors in preparing a board skills matrix and make recommendations to the Board of Directors on any proposed changes to the Board of Directors to complement the Company's strategies; to assess the structure of the committees under the Board of Directors, recommend directors to serve on the relevant committees, and submit to the Board of Directors for approval;
 - (vi) to establish reserve plans for directors and senior management, and to update and supplement the plans at any time;
 - (vii) to evaluate the director's working performance, make advice or recommendations to the Board of Directors on the replacement, reappointment or succession of directors (including the chairperson and chief executive officer) based on the evaluation results and support the Company in conducting regular assessments of the Board of Directors' performance;
 - (viii) to formulate, and, where appropriate, review and implement the board diversity policy adopted by the Board of Directors from time to time, review the progress of achieving goals, and disclose the relevant reviewed policies or their summary in the Company's annual report;
 - (ix) other matters prescribed by relevant laws, administrative regulations, the Listing Rules and the Articles of Association and authorized by the Board of Directors.

Article 8 The Nomination Committee may exercise any authority conferred by the Board of Directors at such time as it considers necessary. The Company shall provide sufficient resources to the Nomination Committee to perform its duties. The Nomination Committee shall have the right to engage headhunting firms to assist in the search for qualified candidates for directors and senior management as it deems necessary. The duration and costs of service provided by the aforesaid agencies shall be determined by the Nomination Committee and the reasonable costs incurred shall be borne by the Company.

Article 9 The Nomination Committee shall be accountable to the Board of Directors. The recommendations provided by the Nomination Committee shall be submitted to the Board of Directors for consideration and approval, among which, resolutions on the nomination of candidates for directors shall, upon approval by the Board of Directors, be submitted to the general meeting for consideration and approval prior to implementation. Controlling shareholders must, in the absence of adequate justification or reliable evidence, give due respect to the Nomination Committee's recommendations and may not propose alternative candidates for directors or senior management.

Article 10 The Nomination Committee shall make available the Terms of Reference on the websites of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) and the Company, explaining its role and the authority delegated to it by the Board of Directors.

CHAPTER IV WORKING PROCEDURES

Article 11 The human resources department of the Company as the day-to-day working body of the Nomination Committee, is responsible for the preliminary preparation of meetings of the Nomination Committee and assisting in preparing relevant materials for the meetings.

Article 12 The selection procedures of directors and senior management are as follows:

- (i) the human resources department and the Nomination Committee of the Company shall actively communicate with the relevant departments of the Company to assess the Company’s demand for new directors and senior management, and produce materials in writing;
- (ii) the Nomination Committee may extensively seek for candidates for directors and senior management within the Company, its controlled (invested) enterprises as well as the job market;
- (iii) the Nomination Committee shall collect and learn the information of the occupation, education background, job title, detailed work experience and all the part-time jobs of the initially proposed candidates, and produce materials in writing;
- (iv) to seek for the nominee’s written consent to the nomination, otherwise, he/she shall not be considered as a candidate for directors and senior management;
- (v) to convene meetings of the Nomination Committee to review the qualifications of the initially proposed candidates according to the job requirements of directors and senior management;
- (vi) to submit proposals and the relevant materials to the Board of Directors in respect of candidates for directors and senior management within a reasonable period of time prior to the election of new directors and appointment of new senior management;
- (vii) to carry out other follow-up work according to the decision and feedback of the Board of Directors.

Article 13 The chairperson of the Nomination Committee or (if the chairperson is absent) another member of the Nomination Committee (who must be an independent non-executive director) shall attend the annual general meeting of the Company and respond to the enquiries from shareholders regarding activities and responsibilities of the Nomination Committee.

CHAPTER V RULES OF PROCEDURE

Article 14 Members of the Nomination Committee must undertake the duties of loyalty and diligence towards the Company in accordance with laws, regulations and the Articles of Association. Proposals or recommendations raised in meetings of the Nomination Committee must comply with the requirements of laws, regulations and the Articles of Association.

Article 15 According to the provisions of laws, regulations, the Listing Rules and the Articles of Association and subject to the Company's actual situation, the Nomination Committee shall review the criteria and procedures for selection and terms of office of directors and senior management of the Company. Any resolution formed in this regard shall be submitted to the Board of Directors for consideration. Where the Board of Directors proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it shall set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why they believe he/she should be elected and the reasons why they consider him/her to be independent.

Article 16 Meetings of the Nomination Committee may be convened by the chairperson of the Nomination Committee as he/she deems it necessary, upon the proposal of at least one half of the members or recommendation of the chairperson of the Board of Directors. Regular meetings shall be held at least once a year.

Article 17 Meetings of the Nomination Committee shall be convened by the chairperson of the Nomination Committee and notices of meetings shall be signed and issued by the chairperson of the Nomination Committee. Notices of meetings, and materials for meetings shall be delivered to all members of the Nomination Committee three days prior to the meetings. Upon unanimous consent of all members of the Nomination Committee, the requirement for such prior notice period may be exempted.

Article 18 Meetings of the Nomination Committee shall be presided over by the chairperson of the Nomination Committee; if the chairperson is unable to attend, he/she may entrust another member (an independent non-executive director) to preside over the meetings.

Article 19 The quorum of meetings of the Nomination Committee shall be at least two-thirds of the members, including at least one independent non-executive director. If a member is unable to attend a meeting, he/she may by a written power of attorney appoint another member to attend and vote at the meeting on his/her behalf. The power of attorney shall set out the name of the proxy, the matters delegated, scope of authorization and the validity period, and shall be signed or stamped by the appointer and submitted to the presider of the meeting no later than the time when voting takes place in the meeting. A member failing to attend the meetings of the Nomination Committee in person or by proxy shall be deemed as having waived his/her voting rights at such meetings.

The resolutions made at the meetings of the Nomination Committee shall be approved by a majority of all members, and relevant resolutions or opinions shall be signed by the members of the Nomination Committee who attend the meetings. Each member shall have one vote and may vote "for", "against" or "abstain" from voting on a given matter. Where the respective votes for and against a resolution are equal in number, the chairperson of the Nomination Committee shall have a casting vote.

Article 20 Meetings of the Nomination Committee may be held by on-site meetings, tele conferences, video conferences, circulation of documents, facsimile, mail or other appropriate means.

Article 21 Directors, supervisors, senior management and external advisors may be invited to attend meetings of the Nomination Committee when necessary. Persons attending the meetings may explain or illustrate the matters discussed at the meetings, but non-members of the Nomination Committee shall have no voting rights.

Article 22 The Company should provide the Nomination Committee with sufficient resources to perform its duties. If necessary, the Nomination Committee may engage intermediary institutions to provide professional opinions for its decision-making. The reasonable expenses shall be borne by the Company.

Article 23 The convening procedures of, voting method and resolutions passed at the meetings of the Nomination Committee shall comply with the provisions of relevant laws and regulations and the Articles of Association and the Terms of Reference.

Article 24 Minutes of meetings of the Nomination Committee shall be prepared, and the minutes shall be signed by members present at the meetings; the members present at the meeting shall have the right to request that a descriptive entry be made in the minutes of their speeches made at the meetings; the minutes shall be kept by the secretary to the Board of Directors of the Company. Resolutions passed at the meetings of the Nomination Committee and the voting results shall be reported in writing to the Board of Directors.

Article 25 The Nomination Committee shall draw clear and definite conclusions on resolutions considered, including approvals, disapprovals or awaiting supplemental information for further consideration. Resolutions passed by the Nomination Committee and the voting results shall be reported in writing to the Board of Directors of the Company for its consideration.

Article 26 Members present at meetings of the Nomination Committee and persons attending such meetings shall perform a duty of confidentiality regarding matters discussed at such meetings. No unauthorized disclosure of such information shall be allowed, unless otherwise stipulated under relevant laws, regulations, and/or by regulatory bodies.

CHAPTER VI RECUSAL SYSTEM

Article 27 When a member of the Nomination Committee or his/her immediate family member, or any company controlled by a member of the Nomination Committee or his/her immediate family member has direct or indirect interests in the matters to be discussed at meetings of the Nomination Committee, such member shall disclose the nature and degree of such interests to the Nomination Committee as soon as possible.

Article 28 In the event of the circumstances described in the preceding article, the interested member shall give a detailed account of the relevant situation at the meeting of the Nomination Committee and shall expressly recuse himself/herself from voting. However, if other members of the Nomination Committee unanimously agree, after consideration, that such interests would have no material influence on matters to be voted on, the interested member may vote.

Where the Board of Directors of the Company considers it improper for the interested member in the preceding paragraph to vote, it may revoke the voting results of the relevant resolution and request a new vote on the relevant resolution by disinterested members.

Article 29 The Nomination Committee considers and resolves on proposals at the meetings without counting the interested members in the quorum. If the minimum quorum of the Nomination Committee is not present after the recusal of interested members, all members of the Committee (including the interested members) shall resolve upon the procedural matters regarding submission of the resolution to the Board of Directors of the Company for approval, and the Board of Directors of the Company shall consider such resolution accordingly.

Article 30 Minutes of meetings of the Nomination Committee and resolutions passed at the meetings shall clearly state that the interested members were not counted in a quorum and did not vote on such resolutions.

CHAPTER VII SUPPLEMENTARY PROVISIONS

Article 31 In the Terms of Reference, the terms “above” and “within” shall include the given figure, while the term “more than” shall not include the given figure.

Article 32 The Terms of Reference shall be deliberated and approved by the Board of Directors, and shall come into force and be implemented from the day on which the oversea listing foreign shares (H Shares) of the Company in the initial public offering are listed and traded on the Hong Kong Stock Exchange. The Terms of Reference shall be amended and interpreted by the Board of Directors.

Article 33 Any matters not covered herein shall be implemented in accordance with the provisions of relevant laws, regulations, departmental rules, the Listing Rules and any other regulatory rules of the place(s) where the shares of the Company are listed and the Articles of Association. Where the Terms of Reference conflict with any provisions of relevant laws, regulations, departmental rules, the Listing Rules and any other regulatory rules of the place(s) where the shares of the Company are listed or the Articles of Association, such laws, regulations, departmental rules, the Listing Rules and any other regulatory rules of the place(s) where the shares of the Company are listed and the Articles of Association shall prevail, and the Terms of Reference shall be amended accordingly as soon as practicable and submitted to the Board of Directors for consideration and approval.

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

Shenzhen Edge Medical Co., Ltd.