

# Cryofocus Medtech (Shanghai) Co., Ltd.

## Terms of Reference for the Remuneration Committee of the Board of Directors

### Chapter 1 General Provisions

- Article 1 In order to further develop the remuneration management system of Cryofocus Medtech (Shanghai) Co., Ltd. (hereinafter referred to as the “**Company**”), to constantly improve the motivation mechanism and other remuneration systems and to perfect the corporate governance structure of the Company, the Remuneration Committee (the “**Remuneration Committee**”) of the board of directors of the Company (the “**Board**”) is established in accordance with the Company Law of the PRC (中華人民共和國公司法) (hereinafter referred to as the “**Company Law**”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Listing Rules**”) and the Articles of Association with the following terms of reference (the “**Terms of Reference**”).
- Article 2 The Remuneration Committee is a specialized committee established by the Board in accordance with a resolution of the Board. The Remuneration Committee is primarily responsible for formulating standards for appraising Directors, supervisors and senior management members of the Company, to conduct appraisals and make recommendations, and to formulate and review the policies for and proposals concerning the remuneration of Directors, supervisors and senior management members of the Company.
- Article 3 The Directors referred to in these Terms of Reference are Directors who receive remuneration from the Company, while senior management members are the general manager, deputy general manager, financial officer and the secretary of the Board and other senior management members identified by the Board.
- Article 4 The remuneration referred to in these Terms of Reference are various types of remuneration, in the forms of basic salaries, appraisal salaries, equity interests, options and share awards, if any, which are obtained by the Board, the board of supervisors and senior management members from the Company (the “**Remuneration**”).

### Chapter 2 Composition

- Article 5 The Remuneration Committee shall consist of three or more directors of the Company (the “**Directors**”), of which independent non-executive Directors shall account for the majority. Members of the Remuneration Committee shall be nominated by more than one third of independent non-executive Directors or more than one half of all Directors, and be elected and removed by a majority vote of all Directors of the Board.

Article 6 The Remuneration Committee shall have a chairman, who shall be an independent non-executive Director, in charge of presiding over the work of the Remuneration Committee. The chairman of the Remuneration Committee (the “**Chairman**”) shall be selected and removed by a majority vote of all Directors of the Board.

Article 7 The Remuneration Committee shall have a term of office consistent with that of the Board. If a member of the Remuneration Committee ceases to act as a director of the Company during the term of office, he/she shall automatically lose his/her membership. The vacancy shall be filled by the Board in accordance with the provisions of Articles 5 and 6.

Article 8 The working unit under the Remuneration Committee is the daily administrative body to take charge of daily communications and organization of meetings under the leadership of the secretary of the Board. Members of the working unit need not to be members of the Remuneration Committee.

### **Chapter 3 Duties and Authorities**

Article 9 The main duties of the Remuneration Committee are as follows:

- (i) to provide the policies and structure with regard to the remuneration packages for all Directors, supervisors and senior management members based on their duties, responsibilities, importance and the remuneration levels of related positions in other relevant enterprises, including but not limited to performance assessment standards, procedures and major assessment systems, major plans and systems for awards and sanctions, to establish formal and transparent procedures for developing remuneration policies and make recommendations thereon to the Board, and to monitor the implementation of the plans. The policies and structure with regard to the remuneration packages shall be implemented after being submitted to and approved by the Board;
- (ii) to make recommendations to the Board concerning the specific remuneration packages of individual executive Directors, supervisors and senior management members, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment), based on their duties, responsibilities, importance and the remuneration levels of other related positions in other relevant enterprises, to make recommendations to the Board concerning the remuneration of non-executive Directors, and to submit them to the Board for approval;
- (iii) to review and approve the proposals for remuneration of management members based on corporate strategies and objectives established by the Board;

- (iv) to take into consideration the salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Group;
- (v) to be responsible for monitoring the implementation of the Company's remuneration system and to review the performance of duties by executive Directors, supervisors and senior management members of the Company;
- (vi) to consult the chairman and/or the chief executive officer on its remuneration proposals for other executive Directors and have access to independent professional advice if necessary;
- (vii) to review and approve compensation payable to the executive Directors, supervisors and senior management members for any loss or termination of office or appointment to ensure that it is consistent with contractual terms; or if not, is otherwise fair, reasonable and not excessive;
- (viii) to review and approve the compensation arrangements in relation to the dismissal or removal of Directors as a result of misconduct so as to ensure that such compensation is performed as agreed in relevant contracts; or if not, are otherwise reasonable and appropriate;
- (ix) to ensure that no Director or any of his/her associates (as defined in the Listing Rules) decides or is involved in deciding such Director's own remuneration; no Director is allowed to participate in determining his/her remuneration, and the remuneration of Directors who are also members of the Remuneration Committee shall be determined by other members of the Remuneration Committee;
- (x) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules;
- (xi) other duties authorized by the Board.

Article 10 The Remuneration Committee must exercise its duties in compliance with the relevant provisions of the Articles of Association and these Terms of Reference and shall not prejudice the interests of the Company and its shareholders. The Board has the power to veto any plans or proposals for remuneration packages that harm the interests of the Company and its shareholders. The Remuneration Committee is accountable to the Board, and its proposals shall be submitted to the Board for consideration.

Article 11 The remuneration packages of the Directors of the Company proposed by the Remuneration Committee shall be implemented after being put to the Board for approval and submitted to the shareholders' meeting for consideration.

Article 12 Save for the remuneration and allowances they have received as the Company's Directors or independent Directors as determined by the general meeting of shareholders in accordance with relevant laws, regulations, regulatory documents, and the Articles of Association, members of the Remuneration Committee shall not obtain additional undisclosed interests from the Company and its substantial shareholders or interested bodies and persons.

## **Chapter 4 Decision Making Procedures**

- Article 13 The working unit under the Remuneration Committee is responsible for making preliminary preparations for the decision-making process of the Remuneration Committee and providing relevant information of the Company in relation to:
- (i) providing the Company's key financial indicators and the completion of business targets;
  - (ii) detailing the scope of the work for which the Company's Directors, supervisors and senior management members are responsible, and their main duties;
  - (iii) determining the performance of Directors, supervisors and senior management members in terms of the indicators under a work performance appraisal system;
  - (iv) providing the basis for relevant estimations with regard to remuneration distribution plans and distribution methods as proposed according to the Company's performance.

Article 14 The Remuneration Committee's procedures for appraising Directors, supervisors and senior management members are as follows:

- (i) the Directors, supervisors and senior management members of the Company shall report their work and provide self-appraisals to the Remuneration Committee;
- (ii) the Remuneration Committee shall conduct performance appraisals of Directors, supervisors and senior management members according to its performance appraisal standards and procedures;
- (iii) the Remuneration Committee shall propose the amount of remuneration and method of award for Directors, supervisors and senior management members based on the results of work performance appraisal and in accordance with the remuneration and distribution policies and, after a vote in favor, report the same to the Board for approval and implementation.

## **Chapter 5 Convening and Notification of Meetings**

Article 15 The Remuneration Committee shall meet at least once a year, convened by the chairman of the Remuneration Committee, and shall keep all its members informed of the agenda three days before the meeting.

- Article 16 The notice of meetings of the Remuneration Committee shall include the following contents:
- (i) date and place of the meeting;
  - (ii) duration of the meeting;
  - (iii) reasons and issues;
  - (iv) date of notice.

Article 17 The notice of meeting shall be sent in the form of letters, e-mails, faxes or other means.

### **Chapter 6 Rules of Procedure and Voting**

Article 18 More than two thirds of the members are required to form the quorum of a Remuneration Committee meeting. Members may attend the Remuneration Committee meeting in person or delegate other members to attend on their behalf. Members shall attend the meeting with a serious and responsible attitude and shall express a clear opinion on all items on the agenda.

Article 19 If a member delegates another member to attend the meeting and exercise voting rights, he shall submit a power of attorney. The power of attorney shall be signed by the principal and shall record the name of the agent, the entrusted matters, the scope and validity period of authorization.

Article 20 If a member neither attends the meeting nor delegates another member to attend on his/her behalf, he/she shall be deemed to have waived the right to vote at the meeting.

Article 21 The Remuneration Committee meeting shall be presided over by the chairman of the Remuneration Committee, and where he is unable to attend the meeting, he may appoint another member to preside over the meeting.

Article 22 When the Remuneration Committee conducts a vote, each member shall be entitled to one vote; resolutions of a meeting must be adopted by a majority vote of all of its members.

Article 23 Resolutions of the Remuneration Committee meeting shall be passed by a show of hands or by poll; the meeting can be held by telephone, fax, letter, e-mail, audio or video communication, etc. As long as attending members are in communication with the meeting, all attending members shall be deemed to be present at the meeting.

Article 24 Where necessary, Directors, supervisors and senior management members of the Company may be invited to attend the Remuneration Committee meetings. However, non-Remuneration Committee members do not have voting rights.

Article 25 The Remuneration Committee may, if necessary, engage an intermediary agency to provide professional advice on its decisions with expenses being borne by the Company.

Article 26 When the Remuneration Committee meeting discusses a topic which raises issues with regard to members' interests, they shall recuse themselves from taking part in the vote on such topics and the number of votes they represent shall not be included in the total number of effective votes.

Minutes and resolutions of the Remuneration Committee meetings shall clearly state the fact that interested members are not counted in the quorum and that they do not vote.

### **Chapter 7 Resolutions and Minutes of Meetings**

Article 27 Minutes of meetings of the Remuneration Committee shall be made and signed by the members who attended the meetings and the person who drafted the minutes. Members who attend the meetings have the right to request a descriptive record of their speeches at the meetings in the minutes.

Article 28 Minutes of the meetings of the Remuneration Committee shall include the following contents:

- (i) date, place and name of the convener of the meeting;
- (ii) names of members present at the meeting;
- (iii) the meeting agenda;
- (iv) key points of speeches of members;
- (v) the voting method and results for each resolution (the results of a vote shall clearly state the number of affirmative, negative and abstention votes).

Article 29 The meeting archives of the Remuneration Committee shall include meeting notices, meeting materials, powers of attorney allowing other members to attend on their behalf, votes, and minutes and resolutions of meetings as confirmed by the signatures of attending members, and shall be kept by the secretary of the Board.

Article 30 Any resolution passed or the results of a vote taken at a meeting of the Remuneration Committee shall be reported in writing to the Board by the chairman of the Remuneration Committee or the secretary of the Board within two days of the resolution having been passed.

Article 31 All members present at a meeting shall be obliged to keep confidential all matters discussed at the meeting and shall not disclose such information without authorization.

## **Chapter 8 By-laws**

Article 32 Any matters not covered by these Terms of Reference shall be implemented in accordance with the Company Law, the Listing Rules, other relevant laws and administrative regulations, as well as the Articles of Association. Where there is a conflict between these Terms of Reference and future laws, administrative regulations, the Listing Rules or other relevant regulatory rules of the listing place(s) or the Articles of Association as amended in accordance with legal procedures, these Terms of Reference shall be implemented in accordance with relevant laws, administrative regulations, the Listing Rules or other relevant regulatory rules of the listing place(s) and the Articles of Association, and shall be subject to appropriate amendments on this basis.

Article 33 The Board shall be responsible for the interpretation of these Terms of Reference.

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