

BEIJING CHUNLIZHENGDA MEDICAL INSTRUMENTS CO., LTD.*
RULES OF PROCEDURES OF THE REMUNERATION AND ASSESSMENT
COMMITTEE OF THE BOARD OF DIRECTORS

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to establish a comprehensive performance appraisal and compensation system of the directors and senior management of Beijing Chunlizhengda Medical Instruments Co., Ltd.* (hereinafter referred to as the “Company”) and improve the corporate governance of the Company, the Company has established the Remuneration Committee (hereinafter referred to as the “Committee”) of the board of directors (the “Board”) and the rules of procedures herein is prepared in accordance with local and overseas regulations for listed companies, including the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Code of Corporate Governance for Listed Companies, the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and other relevant provisions under the Articles of Association of Beijing Chunlizhengda Medical Instruments Co., Ltd.* (hereinafter referred to as the “Articles of Association”) and the provisions of other applicable laws, regulations and regulative documents.

Article 2 The Remuneration Committee is a dedicated body under the Board and set up by the Board pursuant to the Articles of Association. The main duties of the Committee are to establish remuneration policy, performance appraisal scheme and incentive scheme for the directors and senior management, and to make recommendations to the Board and evaluate the performances and acts of the directors and senior management within its terms of reference. The Committee is accountable to the Board.

The senior management referred to in these terms of reference are the general manager, deputy general manager, chief financial officer, secretary of the Board and other senior management recognized by the Board.

CHAPTER 2 COMPOSITION

Article 3 The Committee shall comprise at least three directors, and more than half of whom shall be independent directors.

Article 4 The members and chairman of the Remuneration Committee shall be nominated by the chairman of the Board, not less than half of the independent non-executive directors or not less than one-third of all directors for election by the Board.

Article 5 The Remuneration Committee shall have a chairman who shall be an independent non-executive director and shall be in charge of the work of the Committee.

Article 6 The term of office of the Remuneration Committee shall be the same as that of the Board. A member of the Committee may serve consecutive terms if re-elected upon the expiry of his/her term of office. If any member ceases to be a director of the Company or any member who shall be an independent non-executive director ceases to have the independence as set out in the Articles of Association during his/her term of office, he/she shall immediately cease to be a member of the Committee. The vacancy shall be filled up by the Board in accordance Article 3 to Article 5 above.

Members of the Committee are subject to adjustment during their term of office upon being suggested by the Chairman of the Board and considered and approved by the Board.

Article 7 The Remuneration 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 the Remuneration Committee and implement the resolutions passed by the Committee.

CHAPTER 3 POWERS AND DUTIES

Article 11

The principle duties of the Committee are as follows: evaluating the appointment, remuneration policies and assessment criteria for the directors and senior management, conducting such assessment and providing advice. It shall include at least:

- (1) to set the overall remuneration policy and structure for the directors and senior management of the Company and to propose to the Board in respect of establishing remuneration policy through a formal and transparent procedure;
- (2) to review and approve the remuneration proposals for the management with reference to the corporate goals and objectives made by the Board;
- (3) to make recommendations to the Board on the remuneration packages (include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment) of certain executive directors and senior management;
- (4) to make recommendations to the Board on the remuneration of non-executive directors;
- (5) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
- (6) to review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (7) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (8) to ensure that no director or any of his/her associates is involved in deciding his/her own remuneration; and
- (9) other duties as authorized by the Board.

Article 12

If necessary, the Committee may engage external experts or agencies to provide professional consulting services and the reasonable costs arising therefrom shall be borne by the Company.

CHAPTER 4 DECISION-MAKING PROCEDURES

Article 13

The working team shall be responsible for preliminary preparatory works of the committee meetings, collecting and providing relevant written materials, which include:

- (1) major financial indicators and fulfillment of operation objectives of the Company;
- (2) responsibility and performance of main duties of the senior management of the Company;
- (3) fulfillment of indicators in performance evaluation of the directors and senior management of the Company;
- (4) business development and profit-making capability of directors and senior management of the Company;
- (5) basis of the remuneration plans and allocation methods formulated according to the results of the Company; and
- (6) other documents or information required by the Remuneration Committee for the performance of its duties.

Article 14

The Remuneration Committee's assessment procedures on the directors and senior management:

- (1) the Company's directors and senior management shall report to the Remuneration Committee on their works and conduct self-evaluation;
- (2) the Remuneration Committee will conduct performance appraisal of the directors and senior management in accordance with the standard and procedure of performance appraisal;
- (3) propose the amount of reward and the way of reward for the directors and senior management according to the result of the job performance appraisal and the policy of remuneration allocation, which shall be submitted to the Board of the Company after its approval by voting.

CHAPTER 5 RULES OF PROCEDURES

- Article 15** In the case where one of the following circumstances occurs, the convener of the Committee shall issue a notice for convening a meeting of the Committee within seven days from the date that the matter occurred:
- (1) proposals raised by the Board;
 - (2) proposals raised by the Chairman of the Board;
 - (3) proposals raised by the convener;
 - (4) proposals raised by more than two members of the Committee.
- The working group of the Committee shall act in accordance with the instructions from the convener of the Committee and deliver the notice of the meeting and relevant information of the meeting to all members of the Committee five days before the meeting. However, the aforementioned notification period may be exempted upon unanimous consent of all members.
- The meeting shall be presided over by the chairman of the Remuneration and Assessment Committee. In the event that the convener cannot attend the meeting, a member may be appointed to preside over the meeting.
- Article 16** The quorum of a meeting of the Remuneration Committee shall not be less than two-third of the members (including proxies appointed in writing). Each member shall have one vote. A resolution of the meeting shall be passed by more than half of the members.
- Article 17** Voting at the meeting of the Remuneration Committee shall be taken by a show of hands. An extraordinary meeting may be convened in the form of vote by correspondence.
- Article 18** The Remuneration Committee may invite other directors, supervisors and senior management of the Company to attend its meetings when necessary.
- Article 19** The Remuneration Committee may retain an intermediary institution to provide professional advice on its decision when necessary. Any reasonable costs so incurred shall be borne by the Company.

- Article 20** In the event that the discussion at a meeting of the Remuneration Committee is related to a member of the Committee, such member shall withdraw from discussion.
- Article 21** The convening, voting and adoption of remuneration policies and allocation plans at a meeting of the Remuneration Committee shall comply with the applicable laws, regulations, the Articles of Association and these terms of reference.
- Article 22** The Remuneration Committee shall keep minutes of its meetings. Members present at the meetings shall sign the minutes of the meetings that shall be kept by the secretary of the Company.
- Article 23** The resolutions passed and voting results at meetings of the Remuneration Committee shall be submitted to the Board of the Company in written form.
- Article 24** All members of the Committee present at the meeting shall keep all matters discussed at the meeting confidential and shall not disclose without approval.

CHAPTER 6 SUPPLEMENTARY PROVISIONS

- Article 25** These terms of reference shall be effective and implemented from the date of the initial public offering of the A shares of the Company and the listing of shares within the territory of the PRC after being considered and approved by the Board.
- Article 26** For any matters not covered by these terms of reference, the relevant laws and regulations of the PRC and the Articles of Association shall apply. In the event that these terms of reference contravene any future laws and regulations or the Articles of Association as legally amended under legal procedures, the relevant laws and regulations of the PRC and the Articles of Association shall prevail. In such event, these terms of reference shall be amended immediately and submitted to the Board for approval.
- Article 27** These terms of reference shall be formulated, amended and interpreted by the Board.

This is an English translation of the official Chinese version for reference only. In case of discrepancy, the Chinese version shall prevail.

Board of Directors
Beijing Chunlizhengda Medical Instruments Co., Ltd.*

* For identification purpose only