

# **Xunfei Healthcare Technology Co., Ltd.**

## **訊飛醫療科技股份有限公司**

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

### **TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE UNDER THE BOARD OF DIRECTORS**

#### **Chapter I General Provisions**

**Article 1** In order to further establish and optimize the appraisal and remuneration management system for directors, general manager and other senior management of Xunfei Healthcare Technology Co., Ltd. (the “Company”), improve the corporate governance structure and facilitate the achievement of long-term strategic goals, the Remuneration Committee under the board of directors of the Company is established with these terms of reference in accordance with the Company Law of the People’s Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange Listing Rules”), the Articles of Association of Xunfei Healthcare Technology Co., Ltd. (the “Articles of Association”) and relevant terms of the Reference of the board of directors of Xunfei Healthcare Technology Co., Ltd.

**Article 2** The Remuneration Committee is a special committee set up by the board of directors in accordance with the Articles of Association and is accountable to the board of directors. It is mainly responsible for studying and reviewing the remuneration policies and plans of the Company’s directors and senior management; it is responsible for studying the appraisal standards of the Company’s directors and senior management, conducting appraisals and providing opinions and suggestions.

**Article 3** The “directors” herein refers to directors who receive remuneration from the Company, while “senior management” refers to the general manager and other senior management members appointed by the board of directors as stipulated under the Articles of Association.

#### **Chapter II Composition**

**Article 4** The Remuneration Committee shall consist of three directors, with a majority of whom being independent non-executive directors.

**Article 5** The Remuneration Committee shall have a chairman (convener) who shall be an independent non-executive director, to preside over the committee’s work.

**Article 6** The members and the chairman (convener) of the Remuneration Committee are elected from among the directors and are subject to approval by the board of directors.

**Article 7** Whenever the Remuneration Committee considers and approves matters related to remuneration, an independent non-executive director among the members of the Remuneration Committee shall perform the duties of the chairman; the independent non-executive director shall be elected by the Remuneration Committee.

**Article 8** The term of office of the Remuneration Committee shall be the same as that of the board of directors. A member of the Remuneration Committee may serve consecutive terms if re-elected upon the expiry of his/her term of office. A member shall cease to be a member when he/she is no longer a director of the Company, and the board of directors shall fill up the vacancy in accordance with Articles 4 to 6 above.

**Article 9** If a member fails to attend meetings of the Remuneration Committee in person for two consecutive times and does not delegate another member to act on his/her behalf, he/she shall be deemed as incapable of performing his/her duties, and shall be replaced by the board of directors.

Save as the circumstances set out in the aforesaid articles and the circumstances in which a person is prohibited from acting as a director or independent non-executive director in the Articles of Associations, a member shall not be removed without reasons before the expiry of his/her term of office.

**Article 10** A member may tender his/her resignation during his/her term of office in compliance with the laws, regulations and relevant requirements in the Articles of Associations in relation to the resignation of directors or independent non-executive directors.

**Article 11** Where the board of directors removes the position of a member of the Remuneration Committee pursuant to the first paragraph of Article 9 hereof or a member resigns from his/her position as a member of the Remuneration Committee before expiry of his/her term of office pursuant to Article 10 hereof, he/she may continue to perform his/her duties as a director or independent non-executive director of the Company with full authority during his/her term of office without any prejudice.

**Article 12** The general office of the board of directors shall be responsible for providing support to assist the Remuneration Committee in performing its duties and carrying out its work. The Remuneration Committee should be provided with adequate resources to perform its responsibilities.

### **Chapter III Duties and Authorities**

**Article 13** The responsibilities of the Remuneration Committee include:

- (I) Studying the appraisal criteria for directors and senior management, conducting appraisals and making recommendations;
- (II) Studying and reviewing the remuneration policies of directors and senior management of the Company in accordance with the corporate policies and objectives set by the board of directors and the positions, duties and scope of work of directors and senior management with reference to the remuneration levels of relevant positions in the same region, of the same industry or among the competitors, and making recommendations to the Board on the establishment of formal and transparent procedures;

- (III) Reviewing the performance of duties by the directors and senior management of the Company every year and conducting annual performance appraisal on them, formulating annual remuneration plans and further reward and punishment plans based on the appraisal results, and submitting them to the board of directors for consideration and monitoring specific implementation of the plans;
- (IV) Reviewing and approving the remuneration proposals of the management with reference to the corporate policies and objectives set by the board of directors;
- (V) Responsible for evaluating the remuneration system of the Company and reviewing and supervising its implementation, and reviewing and approving the remuneration proposals of the management in accordance with the corporate policies and objectives set by the board of directors;
- (VI) Determining the remuneration packages of individual executive directors and senior management with delegation of authority from the board of directors; or to making recommendations to the board of directors on the remuneration packages of individual executive directors and senior management. Such remuneration packages include non-pecuniary benefits, pension rights and compensation amounts (including compensation for loss or termination of office or appointment);
- (VII) Making recommendations to the board of directors on the remuneration of non-executive directors;
- (VIII) Supplementing and revising the remuneration structure and remuneration system continuously according to the development of the market and the Company;
- (IX) Taking into account the remuneration paid by similar companies, the required time, duties and responsibilities and employment conditions of other positions within the Group;
- (X) Reviewing and approving compensation payable to the executive directors and senior management for loss or termination of office or appointment to ensure that such compensation is consistent with the terms of the contract, and if inconsistent with the terms of the contract, the compensation must also be fair and reasonable and not to be excessive;
- (XI) Reviewing and approving compensation arrangements in relation to the dismissal or removal of directors due to misconduct to ensure that such arrangements are consistent with the terms of the contract; and if inconsistent with the terms of the contract, such compensation must also be reasonable and appropriate;
- (XII) Ensuring that no director and any of his associates shall determine his own remuneration;
- (XIII) Reviewing and/or approving the matters relating to the share schemes as set out in Chapter 17 of the Hong Kong Stock Exchange Listing Rules;

- (XIV) Considering and implementing such other matters as defined or delegated by the board of directors from time to time or as required by the Listing Rules from time to time; and
- (XV) Other duties as stipulated in the Articles of Association and other matters as authorized by the board of directors.

**Article 14** The board of directors has the power to veto any remuneration plan or proposal that is detrimental to the interest of shareholders.

**Article 15** The remuneration plans and proposals for the Company's directors proposed by the Remuneration Committee must be approved by the board of directors and submitted to the general meeting for consideration and approval before they can be implemented; the remuneration distribution plans for the Company's senior management must be submitted to the board of directors for approval.

**Article 16** The Remuneration Committee shall publish its terms of reference on the website of The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Hong Kong Stock Exchange") and the website of the Company, explaining its role and the powers delegated to it by the board of directors.

#### **Chapter IV Responsibilities of the Chairman**

**Article 17** The chairman of the Remuneration Committee shall mainly perform the following responsibilities:

- (I) convening regular meetings of the Remuneration Committee;
- (II) convening extraordinary meetings of the Remuneration Committee under special circumstances;
- (III) presiding over meetings of the Remuneration Committee;
- (IV) arranging and preparing research reports on remuneration projects;
- (V) reviewing and finalizing daily research reports;
- (VI) other duties as authorized by the board of directors and the Remuneration Committee.

#### **Chapter V Working Procedures**

**Article 18** The Remuneration Committee should examine the term of office, appraisal standards and remuneration policy of directors and managers of the Company in accordance with the requirement of relevant laws and regulations, the Hong Kong Stock Exchange Listing Rules and the Articles of Association and in light of the Company's actual situation, after a resolution is formulated, the proposed resolution should be submitted to the board of directors for consideration and approval, and to be implemented accordingly.

**Article 19** The appraisal procedures of directors and senior management carried out by the Remuneration Committee:

- (I) The Remuneration Committee conducts performance appraisals for directors and senior management in accordance with the performance appraisal standards and procedures, based on the Company's operating results as confirmed by the audit report and the work reports prepared by the directors and senior management;
- (II) Based on the job performance appraisal results and the remuneration distribution policy, the Remuneration Committee studies and proposes the amount of remuneration and reward methods for directors and senior management internally, after voting and approval, such proposal will be submitted to the board of directors of the Company for consideration in the form of a Board proposal.

### **Chapter VI Procedures of Meetings**

**Article 20** The Remuneration Committee shall convene at least one meeting every year, the chairman shall serve a notice of meeting to all members five days prior to convening the meeting; the chairman may propose to convene an extraordinary meeting. The meeting shall be presided over by the chairman. If the chairman is unable to attend the meeting, he/she may authorize another member to preside over the meeting.

**Article 21** Meetings of the Remuneration Committee shall be held in the presence or participation by other means of at least two-thirds (including two-thirds) of the members. Each member shall have one vote. A resolution of the meeting shall be passed by a simple majority of the votes of all members.

**Article 22** Voting at meetings of the Remuneration Committee shall be conducted by a show of hands or on a poll; an extraordinary meeting may be convened by means of voting through communication. If a vote is taken by means of communication or by a show of hands, members of the Remuneration Committee shall be deemed to have attended the meeting and agreed to the details of the resolutions by signing on the resolutions of the meeting.

**Article 23** The directors, supervisors and senior management may be invited by the Remuneration Committee to observe its meetings when necessary. The Remuneration Committee may, if necessary, engage intermediary institutions to provide independent professional advice on its decisions at the expense of the Company.

**Article 24** When the Remuneration Committee meeting discusses issues related to committee members at the meeting, the parties involved shall recuse themselves; when the Remuneration Committee appraises an individual director attending the meeting or discusses his or her remuneration, the director shall recuse himself or herself.

**Article 25** The convening procedures, voting methods and passing of resolutions on remuneration policies and distribution plans at the meetings of the Remuneration Committee shall comply with the requirements of the relevant laws, regulations, the Articles of Associations and these terms of reference.

**Article 26** Minutes shall be kept for the meetings of the Remuneration Committee and shall be signed by members present at the meetings. The minutes of the meetings shall be filed by the Company. Upon the reasonable notice of any directors, such minutes shall be available for inspection by the director within a reasonable time.

The minutes of the Remuneration Committee meetings should provide a sufficiently detailed record of the matters considered and decisions reached by the Remuneration Committee, including all concerns raised or any dissenting opinions expressed by the directors and members. After conclusion of the meeting, the draft version and the final version of the minutes should be sent to all members of the Remuneration Committee sequentially for them to express their comments and for record purpose respectively. The aforesaid procedure must be completed within a reasonable time after the meeting.

**Article 27** The resolutions passed and the voting results at the meetings of the Remuneration Committee shall be submitted in writing to the board of directors for deliberation.

**Article 28** All members of the committee and persons observing the meeting shall keep the matters discussed at the meetings confidential; and shall not disclose the relevant information without authorization.

### **Chapter VII Supplementary Provisions**

**Article 29** For any matters not covered by these terms of reference, the relevant laws and regulations of the PRC, the Hong Kong Stock Exchange Listing Rules and the Articles of Association being in force at that time shall prevail. In the event that these terms of reference are in contravention with the relevant laws and regulations of the PRC, the Hong Kong Stock Exchange Listing Rules or the Articles of Association, as amended by lawful procedures, being in force at that time, the relevant laws and regulations of the PRC, the Hong Kong Stock Exchange Listing Rules and the Articles of Association being in force at that time shall prevail, and amendments to these terms of reference shall be made forthwith and submitted to the board of directors for approval.

**Article 30** These terms of reference, after approval is granted by the board of directors, shall become effective and implemented from the date on which the H shares issued by the Company have completed filing with the CSRC and are listed on the Hong Kong Stock Exchange. The board of directors shall be responsible for the amendment and interpretation of these terms of reference.

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