

SUZHOU BASECARE MEDICAL CORPORATION LIMITED

TERMS OF REFERENCE OF THE REMUNERATION AND APPRAISAL COMMITTEE OF THE BOARD

Chapter 1 General

Article 1 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 Code on Corporate Governance under Appendix 14 to the Listing Rules and other relevant laws, regulations and normative documents, and the Articles of Association of Suzhou Basecare Medical Corporation Limited applicable after the issuance of H shares (the "**Articles of Association**"), Suzhou Basecare Medical Corporation Limited (the "**Company**") has, according to the resolution of the Board, decided to set up a remuneration and appraisal committee of the Board, and hereby formulate the Terms of Reference of the Remuneration and Appraisal Committee of the Board of Suzhou Basecare Medical Corporation Limited (the "**Terms of Reference**") by taking into account the Company's actual conditions, in an effort to further establish and enhance the Company's remuneration and appraisal system and optimize the corporate governance structure of the Company.

Article 2 The Remuneration and Appraisal Committee is a specialised working body under the Board, which is principally responsible for formulating the appraisal standards and conducting appraisal for the directors, supervisors and senior management of the Company, as well as giving comments and suggestions, and responsible for setting up and reviewing the remuneration policy and plans for the same.

Article 3 Directors mentioned in the Terms of Reference refer to the directors who receive remuneration from the Company, and the senior management refers to the general manager, the secretary to the Board, chief financial officer, chief technical officer, chief operating officer and other senior management personnel employed by the Board. The general manager mentioned in the Terms of Reference refers to the "manager" mentioned in the Company Law.

Chapter 2 Composition

Article 4 The Remuneration and Appraisal Committee shall comprise at least three directors and the total number of members of the Remuneration and Appraisal Committee shall be an odd number. The majority of the members of the Remuneration and Appraisal Committee shall be independent non-executive directors.

Article 5 Members of the Remuneration and Appraisal Committee shall be nominated by the Chairman of the Board or the Nomination Committee of the Board, and shall be elected by more than half of the total directors of the Board. Upon approval of the nomination proposal by the Board, a newly-appointed member shall commence his/her term of office immediately after the conclusion of the meeting of the Board.

Article 6 The members of the Remuneration and Appraisal Committee shall be appointed and removed by the Board. The Remuneration and Appraisal Committee shall report to the Board from time to time.

Article 7 The Remuneration and Appraisal Committee shall have a convener, or chairman of the Committee, who shall be an independent non-executive director. The chairman of the Committee shall be appointed by the Board and shall oversee the operation of the Committee. Where the chairman of the Committee is unable to or fails to discharge the duty, an independent non-executive director shall be elected by at least one half of the members of the Committee to act in his/her stead.

Article 8 The term of office of the Remuneration and Appraisal Committee shall be consistent with that of the Board. Each member of the Committee shall be eligible for re-election upon completion of his/her term of office. During his/her term of office, if any Committee member ceases to be a director of the Company, or any Committee member as an independent non-executive director ceases to have the independence as required under the Articles of Association and the Listing Rules, his/her membership in the Remuneration and Appraisal Committee shall lapse automatically. A member of the Remuneration and Appraisal Committee may submit his/her resignation report in writing to the Board prior to the expiry of his/her term of office to resign from his/her existing position. The resignation report shall contain such reasons for resignation and matters which need attention of the Board as necessary. Upon the loss of qualification or permission to resign, the position(s) vacated by such member(s) shall be filled by the Board according to the relevant laws, regulations, normative documents and the provisions of Articles 4 to 7 as set forth in the above. The substitute member(s) shall hold office until the expiration of his/her term of office as a director or independent non-executive director. A member of the Committee shall not, before the expiry of his/her term of office, be relieved of his/her duties without cause except for the situations specified in the Company Law, the Articles of Association or the Listing Rules.

Chapter 3 Duties and Authorities

Article 9 The main duties and authorities of the Remuneration and Appraisal Committee are:

- (1) to formulate remuneration policy, make recommendations to the Board and oversee the implementation in respect of the overall remuneration policy and structure of the directors, supervisors and senior management of the Company (including but not limited to the performance appraisal criteria, procedures and key appraisal system, and major incentive and penalty plans and systems, etc.) and setting up formal and transparent procedures, based on the major scope, responsibility and importance of the respective positions of the directors, supervisors and senior management and the remuneration of the same position paid by comparable companies;
- (2) to review and approve proposals on management's remuneration according to the corporate goals and objectives developed by the Board;
- (3) to examine the performance of duties by the directors and senior management of the Company, conduct annual performance appraisals of them, and formulate annual incentives schemes which shall be submitted to the Board for approval and implement;
- (4) to supervise the implementation of the remuneration system of the Company;
- (5) to recommend to the Board the remuneration packages offered to individual executive directors, supervisors and senior management, including benefits in kind, pension and compensation (including compensation paid for loss or termination of office or appointment), and to recommend to the Board concerning remuneration offered to non-executive directors;
- (6) to consult the chairman of the Board or the general manager in respect to the compensation proposed for other executive directors. The Remuneration and Appraisal Committee shall seek independent professional opinions if necessary;

- (7) to review and approve compensation payable to executive directors, supervisors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and otherwise fair and reasonable not excessive;
- (8) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that the arrangements are consistent with contractual terms and otherwise reasonable and appropriate;
- (9) to ensure that any directors or his/her associate(s), as defined in the Listing Rules, shall not participate in determining his/her own remuneration, and that the remuneration of non-executive directors who are also members of the Remuneration and Appraisal Committee shall be determined by other members of the Remuneration and Appraisal Committee;
- (10) to review incentives schemes and directors' service contracts;
- (11) other matters authorized by the Board.

Article 10 The remuneration plans or proposals made by the Remuneration and Appraisal Committee shall not prejudice the interests of the shareholders, or the Board has the right to reject.

Article 11 The remuneration plans or proposals for the directors and supervisors of the Company made by the Remuneration and Appraisal Committee shall be approved by the Board and submitted to a general meeting for approval before implementation (if applicable); and the remuneration plans or proposals for senior management of the Company shall be approved by the Board. The Remuneration and Appraisal Committee shall be accountable to the Board and proposals of the Committee shall be submitted to the Board for consideration. Relevant departments of the Company shall be obligated to cooperate with the Remuneration and Appraisal Committee and provide relevant materials. Sufficient resources shall be made available to the Remuneration and Appraisal Committee for its fulfillment of duties and responsibilities.

In accordance with the Listing Rules, the above service contracts of directors or supervisors which require the approval of shareholders include:

- (1) service contracts with a term of more than three years; or
- (2) contracts which may not be terminated by the Company unless a more than one year's notice is given or a compensation or other payments amounting to more than one year's emoluments are made.

The Remuneration and Appraisal Committee shall advise on directors or supervisors' service contracts which require the approval of shareholders, and notify shareholders that whether relevant contract terms are fair and reasonable, whether such contracts are in the interest of the Company and its shareholders as a whole, and shall advise procedures for shareholders (except for shareholders who are directors or supervisors having material interest in such service contracts as well as associates thereof) to vote.

Article 12 The Remuneration and Appraisal Committee shall make available its Terms of Reference explaining its role and the authority delegated to it by the Board on the Stock Exchange of Hong Kong Limited's website and the Company's website.

Chapter 4 Working Procedures

Article 13 The human resources department of the Company is the day-to-day working body of the Remuneration and Appraisal Committee. It is responsible for providing information related to human resources and information related to the personnel to be assessed, preparing for meetings of the Remuneration and Appraisal Committee and implementing relevant resolutions of the Board and the Remuneration and Appraisal Committee.

Article 14 The human resources department of the Company is in charge of the preliminary preparation for the decision-making of the Remuneration and Appraisal Committee. It provides the following information of the Company:

- (1) information on fulfillment by the Company of the key financial goals and operation objectives;
- (2) scope of work and performance of main duties of directors, supervisors and senior management of the Company;
- (3) extent to which the goals set out under the job performance appraisal system have been achieved by the directors, supervisors and senior management;
- (4) operation performance driven by the business initiatives and profit-making ability of directors, supervisors and senior management;
- (5) relevant calculation basis indicating remuneration plans or proposals proposed in accordance with the performance of the Company;
- (6) to maintain day-to-day working relationship with agencies designated by the Remuneration and Appraisal Committee;
- (7) to provide information on the remuneration systems of the Company and the implementation of the same at the request of the Remuneration and Appraisal Committee.

The Remuneration and Appraisal Committee performs its major duties under Article 9 of the Terms of Reference based upon information supplied by the human resources department of the Company.

The chairman of the Remuneration and Appraisal Committee or (if absent) another member of the Remuneration and Appraisal Committee, who must be an independent non-executive director, shall attend the Company's annual general meeting and respond to shareholders' questions on the activities and responsibilities of the Remuneration and Appraisal Committee.

Chapter 5 Rules of Procedures

Article 15 Meeting of the Remuneration and Appraisal Committee shall be convened at least once annually. Extraordinary meeting of the Remuneration and Appraisal Committee may be convened by the chairman of the Remuneration and Appraisal Committee as he/she deems it necessary, by the proposal of at least half of the members of the Committee or upon recommendation of the chairman of the Board.

Article 16 The meeting of the Remuneration and Appraisal Committee shall be convened by the chairman of the Committee. Notice of meeting, signed by the chairman of the Committee, and materials for meeting shall be delivered to all members of the Committee three (excluding the date of the meeting) days prior to the meeting. Upon unanimous consent of all members of the Committee, the requirement on such prior notice period may be exempted.

Article 17 A meeting of the Remuneration and Appraisal Committee shall be presided over by the chairman of the Committee, in whose absence another independent non-executive director who is authorized by the chairman of the Committee may preside over the meeting in his/her stead.

Article 18 The quorum for meetings of the Remuneration and Appraisal Committee shall be at least two thirds of the total members of the Committee, one of whom shall be an independent non-executive director. Members who cannot attend a meeting may authorize, in writing, other members to attend and vote on his/her behalf. The form of proxy, containing the name of the proxy, the matters delegated, the scope of authorization and the validity period of such authorization, and signed or stamped by the appointer, shall be submitted to the president of the meeting no later than the time when voting takes place.

Resolutions proposed at a meeting shall be passed by the affirmative votes of more than half of the members of the Committee. The respective resolution or opinion shall be signed by members who attend such meeting of the Remuneration and Appraisal Committee. Each member of the Committee shall have one vote. Voting decisions include "For", "Against" and "Abstention". Where the respective votes for and against a resolution are equal in number, the chairman of the Committee shall be entitled to have a casting vote.

Article 19 Meetings of the Remuneration and Appraisal Committee may be in such appropriate forms as physical meetings held on site, telephone conference, video conference, circulation of documents, fax, mail etc.

Article 20 Where necessary, directors, supervisors and senior management of the Company and external consultant may be invited to attend a meeting of the Remuneration and Appraisal Committee as observers. The above-mentioned parties attending the meeting can explain the matters discussed at the meeting, but have no right to vote if he/she is not a member of the Committee.

Article 21 The Company shall provide sufficient resources to the Remuneration and Appraisal Committee to perform its duties. The senior management and relevant departments of the Company shall support and cooperate with the Remuneration and Appraisal Committee, and provide such necessary information as required by the Remuneration and Appraisal Committee. Where necessary, the Remuneration and Appraisal Committee may engage independent agencies to provide professional advice on its decision-making, at the cost of the Company as reasonably incurred therefrom.

Article 22 A member of the Remuneration and Appraisal Committee shall avoid attending meetings of the Remuneration and Appraisal Committee for which he/she is the subject matter of the resolution.

Article 23 The convening procedures, voting method and approved remuneration policies and allocation proposals of the meetings of the Remuneration and Appraisal Committee shall be in compliance with relevant laws and regulations, the Articles of Association and the Terms of Reference.

Article 24 Minutes of meetings of the Remuneration and Appraisal Committee held on site shall be prepared, on which members present at the meeting shall sign. Minutes of meetings of the Committee shall be kept by the secretary to the Board of the Company.

Article 25 Resolutions passed by the Remuneration and Appraisal Committee and the voting results shall be reported in writing to the Board of the Company for its consideration.

Article 26 Members present at meetings of the Committee, and those present as observers, shall owe a duty of confidentiality as regards matters discussed during such meetings. No disclosure of such information shall be allowed, save as is otherwise stipulated under relevant laws, regulations and/or rules of regulatory bodies.

Chapter 6 Supplementary Provisions

Article 27 “At least” as referred in the Terms of Reference includes the number, and the words “more than” does not include the number itself.

Article 28 The Terms of Reference have been approved by the Board upon consideration and shall become effective from the date on which the overseas-listed foreign shares (H shares) in the Company’s initial public offering are listed for trading on the Stock Exchange of Hong Kong Limited. Any amendment or interpretation of the Terms of Reference shall be done by the Board.

Article 29 Any matters not covered herein shall be implemented in accordance with the relevant laws and regulations, departmental rules, the Listing Rules and the Articles of Association. Where the Terms of Reference conflict with any relevant laws and regulations, departmental rules, relevant regulatory provisions of the place(s) where the shares of the Company are listed including the Listing Rules, or the Articles of Association, such relevant laws and regulations, departmental rules, relevant regulatory provisions of the place(s) where the shares of the Company are listed including the Listing Rules, and the Articles of Association shall prevail, in which case the Terms of Reference shall be amended forthwith and submitted to the Board for consideration and approval.