Guangdong True Health Medical Technology Development Co., Ltd.
廣東真健康醫療科技開發股份有限公司

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

(Stock Code: 2697)

Terms of Reference of the Remuneration and Appraisal Committee of the Board of Directors

Chapter 1 General Provisions

Article 1 In order to further establish and improve the selection and recruitment of directors and senior management of Guangdong True Health Medical Technology Development Co., Ltd. (the "**Company**"), optimize the composition of the board (the "**Board**") of directors (the "**Director(s)**") of the Company, establish and improve the performance appraisal and evaluation system for senior management, formulate a scientific and effective performance appraisal and remuneration management system, and further improve the corporate governance structure, the Company has established the remuneration and appraisal committee of the Board of Directors (the "**Remuneration and Appraisal Committee**" or the "**Committee**") and formulated these Terms of Reference in accordance with the Company Law of the People's Republic of China, the Securities 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 Listing Rules**"), the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules (the "**Corporate Governance Code**"), and other relevant provisions of laws, administrative regulations, departmental rules, normative documents, and the Articles of Association of Guangdong True Health Medical Technology Development Co., Ltd. (the "**Articles of Association**").

Article 2 The Remuneration and Appraisal Committee is a specialized working body set up by the Board of Directors. Its main responsibilities are to formulate standards for appraising Directors and other senior management of the Company and conduct assessments; formulate and review the remuneration packages of Directors and senior management of the Company. The Remuneration and Appraisal Committee shall be accountable to the Board of Directors.

Article 3 For the purpose of these Terms of Reference, "Directors" refer to all Directors elected by the general meeting, including independent non-executive Directors; "senior management" (senior executive officers) refers to the general manager, deputy general manager, secretary to the Board of Directors, and person in charge of finance appointed by the Board of Directors, as well as other senior management personnel as prescribed by laws, regulations, relevant regulatory rules of the securities regulatory authorities and stock exchanges of the place(s) where the Company's shares are listed, and the Articles of Association.

Chapter 2 Composition

Article 4 The Remuneration and Appraisal Committee shall comprise three Directors, including two independent non-executive Directors.

Article 5 The members of the Remuneration and Appraisal Committee shall be nominated by either the Chairman of the Board of Directors, more than half of the independent non-executive Directors or one-third or more of all Directors, and shall be elected by the Board of Directors.

Article 6 The Remuneration and Appraisal Committee shall have one convenor (chairperson), who shall be an independent non-executive Director and responsible for presiding over the transaction of the Committee. The convenor shall be elected among the members, and the election shall be reported to the Board of Directors for the record.

Article 7 The term of office of the Remuneration and Appraisal Committee shall be identical to that of the Board of Directors. A member may be re-elected upon the expiration of his/her term of office. Where a member ceases to be a Director of the Company during the term, his/her membership shall be terminated automatically. The Board of Directors shall appoint new member(s) in accordance with the Articles of Association and these Terms of Reference.

Article 8 The Remuneration and Appraisal Committee shall have a working group specifically responsible for providing information regarding the Company's operations and relevant information on the personnel being appraised, and preparing for meetings of the Remuneration and Appraisal Committee and implementing the relevant resolutions of the Remuneration and Appraisal Committee.

Chapter 3 Duties and Authorities

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

(I) to formulate remuneration plans or proposals regarding the remuneration policy and structure for all Directors and senior management of the Company based on the main scope of work, duties, and importance of the positions of Directors and senior management, as well as the remuneration levels of comparable 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, and make recommendations to the Board of Directors on the establishment of a formal and transparent procedure for developing remuneration plans or proposals;

(II) to review and approve the management's remuneration proposals with reference to the corporate goals and objectives set by the Board of Directors;

(III) to make recommendations to the Board of Directors on the specific remuneration packages for individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment). Factors to be considered by the Committee shall include requirements under relevant laws and regulations, remuneration paid by comparable companies, time commitment and responsibilities of the Directors and senior management, employment conditions for other positions within the Company, and whether remuneration shall be determined based on performance;

(IV) to make recommendations to the Board of Directors on the remuneration of non-executive Directors;

(V) to consider remuneration paid by comparable companies, time commitment and responsibilities required, and the employment terms of other positions within the Company and its subsidiaries;

(VI) to review and approve the payment of compensation to executive Directors and senior management for loss or termination of office or appointment to ensure that such compensation is determined in accordance with relevant terms under the contract. Where it cannot be determined in accordance with relevant terms under the contract, such compensation is otherwise fair and reasonable and will not impose an undue burden on the Company;

(VII) to review and approve compensation arrangements for dismissal or removal of Directors due to misconduct to ensure that such arrangements are determined in accordance with relevant terms under the contract. If it cannot be determined in accordance with relevant terms under the contract, such compensation shall otherwise be reasonable and appropriate;

(VIII) to ensure that no Director or any of his/her associates (as defined in the Hong Kong Listing Rules) is involved in deciding his/her own remuneration;

(IX) to review the performance of the Company's Directors and other senior management and conduct annual performance evaluations;

(X) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules;

(XI) to express an opinion on service contracts that are subject to shareholders' approval, advise shareholders (other than shareholders who are Directors with a material interest in the service contracts and their associates) as to whether the terms are fair and reasonable, advise whether such contracts are in the interests of the Company and its shareholders as a whole, and advise shareholders on how to vote;

(XII) to oversee the implementation of the Company's remuneration system;

(XIII) the Remuneration and Appraisal Committee shall disclose in the annual report to shareholders a summary of its work during the year, including: the formulation of the remuneration policy for Directors, the assessment of the performance of executive Directors, the approval of the terms of executive Directors' service contracts, and the review and/or approval of matters relating to share schemes under the Chapter 17 of the Hong Kong Listing Rules performed by the Remuneration and Appraisal Committee; to disclose which of the two models of remuneration committee structures as described in code provision E.1.2(c) of the Corporate Governance Code has been adopted;

(XIV) other relevant requirements regarding the duties and authorities of the Committee under the Articles of Association, other matters authorized by the Board of Directors, and relevant laws and regulations, the Hong Kong Listing Rules, and the listing rules of the stock exchange(s) of the place(s) where the Company's shares are listed.

Article 10 The Board of Directors shall have the right to veto any remuneration scheme that may prejudice the interest of shareholders.

Article 11 The remuneration plan for the Directors of the Company proposed by the Remuneration and Appraisal Committee shall be subject to the approval of the Board of Directors and may be implemented only upon the consideration and approval of shareholders' meeting. The remuneration distribution plan for the other senior management of the Company shall be subject to the approval of the Board of Directors.

Article 12 The Remuneration and Appraisal Committee shall make available its terms of reference on the websites of The Stock Exchange of Hong Kong Limited and the Company, explaining its role and authority delegated to it by the Board of Directors.

Chapter 4 Decision-Making Procedures

Article 13 A working group established under the Remuneration and Appraisal Committee shall be responsible for the preliminary preparations for the decision-making of the Remuneration and Appraisal Committee and shall provide relevant information of the Company as to:

(I) the stage of achievement of major financial benchmarks and business objectives of the Company;

(II) the scope of work and main responsibilities of the Company's senior management;

(III) the stage of achievement of benchmarks involved in the performance appraisal system for Directors and senior management;

(IV) the business innovation ability and business performance of Directors and senior management;

(V) relevant calculation basis for formulating the Company's remuneration distribution plans and methods based on the Company's performance.

Article 14 The appraisal procedures of the Remuneration and Appraisal Committee for Directors and senior management members are as follows:

(I) the Directors and senior management of the Company shall report on their work and perform self-assessment to the Remuneration and Appraisal Committee of the Board of Directors;

(II) the Remuneration and Appraisal Committee shall assess the performance of Directors and senior management in accordance with the performance assessment criteria and procedures;

(III) the amount of remuneration and forms of incentive of the Directors and senior management shall be proposed based on performance appraisal results and remuneration distribution policies, and shall be submitted to the Board of Directors of the Company upon its approval by voting.

Chapter 5 Rules of Procedure

Article 15 A notice shall be given to all members three days before the date of a meeting of the Remuneration and Appraisal Committee, except in special circumstances. The meeting shall be presided over by the convenor, and if the convenor is unable to attend, he/she may authorize another member to preside over it.

Article 16 A meeting of the Remuneration and Appraisal Committee shall be held only if at least two-thirds of the members are present. Each member shall be entitled to one vote. A resolution shall be deemed to be passed only if it is approved by a majority of all members at the meeting.

Article 17 Votes at a meeting of the Remuneration and Appraisal Committee shall be taken by a show of hands or by poll; and extraordinary meetings may be convened in the form of vote by communications.

Article 18 The Company's Directors and senior management and its professional consultants and legal advisors may be invited to be present at the meetings of the Remuneration and Appraisal Committee.

Article 19 The Remuneration and Appraisal Committee shall consult the chairman and/or the general manager regarding remuneration proposals for other executive Directors. The Remuneration and Appraisal Committee, if necessary, may engage an intermediary agency to provide professional advice for its decision-making at the cost of the Company.

Article 20 When discussing any issue related to certain member at the meeting of the Remuneration and Appraisal Committee, such member shall recuse himself/herself.

Article 21 The Remuneration and Appraisal Committee may require Directors and other senior management to report on their work or answer questions at the meetings and such officers shall make no objection.

Article 22 The procedures for convening a meeting and the voting methods of the Remuneration and Appraisal Committee, and the remuneration policies and distribution plans to be passed at such meeting shall comply with the relevant laws, regulations, the Articles of Association and these Terms of Reference.

Article 23 All matters required to be decided or judged by the Remuneration and Appraisal Committee (no matter whether it is approved at the meeting) shall be reported to the Board of Directors for consideration. The members with objection shall be entitled to present their statement at the meeting of the Board of Directors.

Article 24 Minutes shall be taken for meetings of the Remuneration and Appraisal Committee, which shall be signed by the members present at the meeting. The minutes shall be kept by the secretary to the Board of Directors of the Company for a period of not less than ten years.

Article 25 Resolutions passed at a meeting of the Remuneration and Appraisal Committee and the voting results thereon shall be reported to the Board of Directors of the Company in writing.

Article 26 All members attending the meeting shall have a duty of confidentiality with respect to the matters discussed thereat, and shall not disclose any relevant information without authorization; otherwise they shall bear all legal liabilities arising therefrom.

Chapter 6 Supplementary Provisions

Article 27 The interpretation of these Terms of Reference shall be vested in the Board of Directors of the Company.

Article 28 These Terms of Reference shall come into effect from the date on which they are approved by a resolution of the Board of Directors and on which the overseas listed shares (H shares) publicly issued by the Company are listed and traded on the Hong Kong Stock Exchange.

Article 29 Matters not covered in these Terms of Reference or in case of any inconsistency between these Terms of Reference and the relevant laws, regulations, the Hong Kong Listing Rules, the relevant regulatory rules of the securities regulatory authorities and stock exchange(s) of the place(s) where the Company's shares are listed and the Articles of Association, the provisions of the relevant laws, regulations, the Hong Kong Listing Rules, the relevant regulatory rules of the securities regulatory authorities and stock exchange(s) of the place(s) where the Company's shares are listed and the Articles of Association shall prevail. In the event of any conflict with any laws, regulations, the Hong Kong Listing Rules, the relevant regulatory rules of the securities regulatory authorities and stock exchange(s) of the place(s) where the Company's shares are listed promulgated in the future or the Articles of Association, the provisions of such laws, regulations, the Hong Kong Listing Rules, the relevant regulatory rules of the securities regulatory authorities and stock exchange(s) of the place(s)where the Company's shares are listed and the Articles of Association shall prevail, and these Terms of Reference shall be amended accordingly as soon as possible and submitted to the Board of Directors for consideration and approval.