

Beauty Farm Medical and Health Industry Inc.
美麗田園醫療健康產業有限公司*
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2373)

**TERMS OF REFERENCE OF
THE REMUNERATION COMMITTEE**

The remuneration committee (the “**Remuneration Committee**”) of Beauty Farm Medical and Health Industry Inc. (the “**Company**”) was established pursuant to a resolution passed by the board of directors of the Company (the “**Board**”) on December 15, 2022. Set out below are the terms of reference (the “**Terms of Reference**”) of the Remuneration Committee.

1. PURPOSE

- 1.1 The purpose of the Remuneration Committee is to make recommendations to the Board in determining the policy and structure for the remuneration of directors and senior management, to establish a formal and transparent procedure for developing remuneration policy, to evaluate the performance of directors and senior management, to review and recommend the terms of incentive schemes and directors’ service contracts, and to recommend the remuneration packages for all directors and senior management.

2. COMPOSITION

- 2.1 The members of the Remuneration Committee shall be appointed by the Board from time to time and shall consist of a majority of independent non-executive directors of the Company.
- 2.2 The Board shall appoint one member of the Remuneration Committee as the chairman (the “**Chairman**”), who must be an independent non-executive director of the Company.

3. MEETINGS

- 3.1 Unless otherwise specified hereunder, the provisions contained in the Company’s Second Amended and Restated Memorandum and Articles of Association (the “**Articles**”) (as amended from time to time) for regulating meetings and proceedings of directors shall apply to the meetings and proceedings of the Remuneration Committee.
- 3.2 Members of the Remuneration Committee may attend meetings of the Remuneration Committee either in person or through other electronic means of communication or in such other manner as the members may agree.
- 3.3 The Remuneration Committee shall meet at least once annually, or more frequently if circumstances require.
- 3.4 Members of the Remuneration Committee may be represented at a meeting of the Remuneration Committee by an alternate appointed by him or her.

* For identification purposes only

- 3.5 The Chairman shall be responsible for leading the Remuneration Committee, including scheduling meetings, preparing agendas and making regular reports to the Board.
- 3.6 A meeting of the Remuneration Committee may be convened by any of its members.
- 3.7 A quorum shall be two members of the Remuneration Committee.
- 3.8 Unless otherwise agreed by all the members of the Remuneration Committee, notice of at least seven days shall be given for a regular meeting of the Remuneration Committee. For all other meetings of the Remuneration Committee, reasonable notice shall be given. The Chairman shall determine whether or not a meeting of the Remuneration Committee is a regular meeting.
- 3.9 The agenda and accompanying supporting papers shall be sent to all members of the Remuneration Committee and to other attendees as appropriate at least three days before the date of the meeting (or such other period as the members may agree).
- 3.10 Each member shall have one voting right. Subject to the Articles, questions arising at any meeting of the Remuneration Committee shall be decided by a majority of votes, and in case of an equality of votes, the Chairman shall have a second or casting vote.
- 3.11 The members of the Remuneration Committee shall appoint a secretary who should normally be the Company Secretary(ies), of the Remuneration Committee (the “**Secretary**”) to take minutes. In the absence of the Secretary, his/her delegate(s) or any person elected by the members present at the meeting of the Remuneration Committee, shall attend the meeting of the Remuneration Committee and take minutes. Any such minutes shall be conclusive evidence of any such proceedings if they purport to be signed by the Chairman or the Secretary of the meeting or succeeding meeting.
- 3.12 Full minutes of meeting of the Remuneration Committee shall be kept by the Secretary or the Company Secretary(ies) of the Company. They shall be open for inspection at any reasonable time on reasonable notice by any director.
- 3.13 Minutes of meetings of the Remuneration Committee and the record of individual attendance at such meetings shall be prepared by the Secretary which shall be sent to all members of the Remuneration Committee within a reasonable time after the conclusion of any meeting of the Remuneration Committee for their comment and records. For the purposes of recording attendance only, the attendance of an alternate of members of the Remuneration Committee will not be counted as attendance by the relevant member of the Remuneration Committee himself or herself. The minutes of meetings of the Remuneration Committee shall record details of the matters considered and decisions reached, including any concerns raised by directors or dissenting views expressed.

- 3.14 Minutes of meetings of the Remuneration Committee should record in sufficient detail the matters considered by the Remuneration Committee and decisions reached, including any concerns raised by the Directors, members or dissenting views expressed. Draft and final versions of minutes of such meetings should be sent to all members of the Remuneration Committee for their comment and records respectively, in both cases within a reasonable time after such meetings.
- 3.15 Without prejudice to any requirement under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), a resolution in writing signed by all of the members of the Remuneration Committee (or their respective alternate) shall be as valid and effectual as if it had been passed at a meeting of the Remuneration Committee duly convened and held.

4. ACCESS

- 4.1 The Remuneration Committee shall have full access to management and may invite members of management or others to attend its meetings.
- 4.2 The Company should provide the Remuneration Committee with sufficient resources to discharge its duties, including but not limited to obtaining independent professional advice and assistance from internal or external legal, accounting or other advisors at the expense of the Company if necessary.
- 4.3 Senior management of the Company (the “**Senior Management**”) should be responsible for providing sufficient information to the Remuneration Committee in a timely manner to facilitate the making of informed decision. Where more detailed and complete information is requested from the Senior Management, the respective Director shall make further inquiries if needed. The Board or individual Directors can contact the Senior Management individually and independently.
- 4.4 The Remuneration Committee shall ensure that the Board as a whole and Directors individually have proper access to reports and other materials related to the Remuneration Committee’s work (having regard to the Listing Rules requirement for separate and independent access for the Board and Directors respectively to the Senior Management). It shall also ensure that such materials are of a form and quality sufficient to enable the Board to make informed decisions on matters placed before it, and that Directors will receive a prompt full response to their enquiries.

5. REPORTING PROCEDURES

- 5.1 The Remuneration Committee shall consult the chairman of the Board and/or chief executive officer of the Company about the remuneration proposals of executive directors and also seek independent professional advice if necessary.
- 5.2 The Remuneration Committee shall evaluate and assess its effectiveness and the adequacy of these Terms of Reference from time to time and recommend any proposed changes to the Board.

5.3 The Remuneration Committee shall report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

6. AUTHORITY

6.1 The authorities and responsibilities of the Remuneration Committee shall include such responsibilities and authorities set out in the relevant code provisions of the Corporate Governance Code (the “**CG Code**”) as contained in Appendix 14 to the Listing Rules (as amended from time to time).

7. RESPONSIBILITIES AND DUTIES

7.1 Without prejudice to any requirement under the CG Code, the Remuneration Committee shall perform the following duties:

- (a) to make recommendations to the Board on the Company’s policy and structure for the remuneration of all the directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (b) to review and approve the management’s remuneration proposals with reference to the corporate goals and objectives resolved by the Board from time to time;
- (c) to either:
 - (i) determine, with delegated responsibility, the remuneration packages of executive directors and senior management; or
 - (ii) make recommendations to the Board on the remuneration packages of executive directors and senior management,

including benefits in kind, pension rights and compensation payments, and including any compensation payable for loss or termination of their office or appointment;
- (d) to make recommendations to the Board on the remuneration of non-executive directors of the Company;
- (e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company;
- (f) to consider the level of remuneration required to attract and retain directors to manage the Company successfully;

- (g) to ensure that no director or any of his/her associates is involved in deciding his or her own remuneration. For the avoidance of doubt, members of the Remuneration Committee must not be involved in deciding his or her own remuneration;
- (h) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules;
- (i) 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;
- (j) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
- (k) to advise shareholders of the Company on how to vote in respect of any service contracts of directors that require shareholders' approval in accordance with the Listing Rules, and as to whether the terms are fair and reasonable, and whether such contracts are in the interests of the Company and its shareholders as a whole.

8. ANNUAL GENERAL MEETING

8.1 The Chairman or in his or her absence, another member of the Remuneration Committee or failing this, his or her duly appointed delegate, shall attend the annual general meeting (the “AGM”) of the Company and be prepared to respond to questions at the AGM on the Remuneration Committee’s work and responsibilities.

9. GENERAL

9.1 These Terms of Reference shall be updated and revised as and when necessary in light of changes in circumstances and changes in regulatory requirements, including those under the Listing Rules.

9.2 The Remuneration Committee should make available these Terms of Reference to the public, explaining its role and the authority delegated to it by the Board, by including them on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company’s website (www.beautyfarm.com.cn).