

PHOENIX HEALTHCARE GROUP CO. LTD
(the “**Company**”)

TERMS OF REFERENCE
OF
REMUNERATION COMMITTEE
(the “**Committee**”)

Membership

1. The Committee shall consist of not less than three members appointed by the board of directors of the Company (the “**Board**”), the majority of the members of the Committee shall be independent non-executive directors of the Company.
2. The chairman of the Committee shall be appointed by the Board. The chairman must be the independent non-executive directors of the Company.
3. The members of the Committee shall not have personal financial interest (other than being a shareholder of the Company) and conflicts of interest arising from cross-directorships.
4. The term of membership will be one year from the date of appointment subject to renewal and shall be governed by the provisions of the Articles of Association of the Company.
5. The appointment of the members of the Committee maybe revoked, and new appointment be made in place by resolutions passed by the Board and by the Committee.
6. No alternate committee member can be appointed.
7. The Company Secretary or his nominee shall act as the secretary of the Committee.

Frequency and proceedings of meetings

8. The Committee shall aim to meet at least once a year. Additional meetings should be held as and when the Committee consider necessary.
9. The Chairman of the Committee may convene additional meetings at his discretion.
10. The quorum of a meeting shall be three members of the Committee of whom at least one is independent non-executive director.
11. A member of the Committee shall abstain from voting and shall not be counted in the quorum in the meeting in respect of the resolution regarding the remuneration payable to him.
12. Proceedings of meetings of the Committee shall be governed by the provisions o the Articles of Association of the Company.

Responsibility

13. The Committee is to review and formulate policies in respect of remuneration structure for all directors of the Company and senior management and make recommendations to the Board for its consideration.
14. The Committee should consult the chairman of the Board and/or chief executive about their remuneration proposals for other executive directors. The Committee should have access to professional advice if necessary.

Duties, powers and function

15. The Committee is to:–
 - (a) make recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
 - (b) review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
 - (c) make recommendations to the Board on the remuneration packages of individual executive directors and senior management. This should include benefits in kind' pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
 - (d) make recommendations to the Board of the remuneration of non-executive directors;
 - (e) consider salaries paid by comparable companies' time commitment and responsibilities and employment conditions elsewhere in the Group;
 - (f) review and evaluate the performance of individual executive director in the relevant financial year in determining the amount of bonus (if any) to be payable to him/her and determine the time of payment of any such bonus;
 - (g) 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;
 - (h) 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;
 - (i) ensure that no director or any of his associates is involved in deciding his own remuneration;

- (j) consider the granting of share options to directors of the Company pursuant to the share option scheme adopted by the Company;
- (k) ensure due compliance with any relevant disclosure requirements in respect of the remuneration of directors under the Listing Rules' the Companies Ordinance and any other statutory requirements;
- (l) review and make recommendations to the Board regarding the pension arrangements for directors and senior management;
- (m) report to the Board on any suspected irregularities in the reimbursement of unreasonable out-of-pocket expenses of directors;
- (n) review and approve the interim report, annual report, announcement and circular or any publication of the Company regarding information on the remuneration and service contracts of the directors prior to approval by the Board;
- (o) engage such external legal, financial or other professional advisers to assist and/or advise it on issues as it considers necessary;
- (p) conduct exit interviews with any directors and senior management upon their resignation in order to ascertain the reasons for resignation; and
- (q) consider other matters' as defined or assigned by the Board from time to time.

Reporting Procedure

- 16. The Committee should report to the Board on a regular basis. At the next meeting of the Board following a meeting of the Committee, the Chairman of the Committee shall report to the Board on the work, significant decisions, findings and recommendations of the Committee since the last Board meeting.
- 17. The secretary of the Committee shall circulate the minutes of meetings and all written resolutions of the Committee to all members of the Board, keeping the Board informed of the Committee's activities, decisions and recommendations on a regular basis.

Amendment

- 18. Subject to Board approval, this Terms of Reference shall be updated with reference to the latest applicable amendments to the Listing Rules adopted from time to time.