



NEUSOFT XIKANG HOLDINGS INC.
東軟熙康控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 9686)

STRATEGY COMMITTEE – TERMS OF REFERENCE

Definitions

In these terms of reference:

Strategy Committee means the strategy committee established by the Board of Directors in accordance with these terms of reference;

Board means the board of directors of the Company;

Chief Executive Officer means the senior management personnel of the Company appointed by the Board from time to time to be responsible for the management of the Company;

Company means NEUSOFT XIKANG HOLDINGS INC. (東軟熙康控股有限公司);

Company Secretary means the joint company secretary of the Company;

Directors means members of the Board;

Group means the Company, its subsidiaries and its operating entities;

Operating Entity means an operating entity controlled by the Company within the territory of China under contractual arrangements;

Listing Rules means The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time);

Senior Management means the Chief Executive Officer, general managers, deputy general managers and financial controller of the Company, and any other relevant staff of the Group determined by the Board from time to time to be the senior management personnel of the Company;

Management means any person within the Group who performs the duties of administration and management;

Shareholders means the shareholders of the Company from time to time; and

Stock Exchange means The Stock Exchange of Hong Kong Limited.

Chapter 1 General Provisions

Rule 1 In order to strengthen the core competitiveness, improve the decision-making procedures of investment, enhance the scientific decision-making procedures, and refine the corporate governance structure of the Company according to the needs of strategic development of the Company, the strategy committee (the “**Committee**”) under the board of directors (the “**Board**”) was formed and these terms of reference were formulated in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Seventh Amended and Restated Articles of Association of the Company (the “**Articles of Association**”).

Rule 2 The Committee is a special committee established under the Board and is responsible for providing advices and suggestions for decisions made by the Board and the chairman of the Board in relation to issues within the scope of authorization delegated by the Board, and shall be accountable and report to the Board (except restricted by legal and regulatory restrictions).

Chapter 2 Composition

Rule 3 The Committee shall be composed of members of the Board and shall be no less than three members. The composition of the Committee and the Chairman of the Committee shall be decided by the Board. Upon the approval of the resolution for the election of members, the appointment of the newly-elected committee member shall become effective immediately after such resolution of the Board takes effect.

Rule 4 The Committee shall be nominated by the Chairman of the Board, more than half of the independent Directors or one-third of all Directors, and elected by the Board.

Rule 5 The Committee shall have a chairman who shall be the Chairman of Board or an independent non-executive Director, and be elected by more than half of the members of the Committee.

Rule 6 The term of office of the Committee shall be the same as that of the Board. A member may serve consecutive terms if re-elected upon expiry of his/her term. If any member resigns from the position of Director of the Company during his/her term of office, he/she shall automatically lose his/her position as committee member, and the vacancy shall be filled by the Committee in accordance with the provisions of Rules 4 above, while the majority members of the Committee shall still be independent non-executive Directors.

Rule 7 The Committee shall have secretary of meeting (usually the Company Secretary) and the Committee may from time to time appoint any other person with appropriate qualifications and experience as the secretary of the Committee. The secretary of the Committee shall be responsible for recording the recommendations made by the Committee, and ensure records of minutes of meeting and their permanent filing with the Committee and the Company.

Rule 8 The Board Office shall be responsible for the liaison of routine work, organization of meetings, and the preparation and keeping of documents for the Committee.

Chapter 3 Duties and Authorities

Rule 9 Principal duties of the Committee include:

- (1) reviewing and making suggestions for the medium-to-long-term development strategies (including overall-strategies, human resources strategies, operation strategies and investment strategies) and development plans and proposals of the Company, and to evaluate and monitor the implementation of such plans;
- (2) reviewing and making suggestions for the annual operation plans and investment proposals of the Company;
- (3) reviewing and making suggestions for major investments, financing and capital injection which are subject to the approval of the Board;
- (4) reviewing and making suggestions for major business reorganization, acquisition, merger and asset transfer which are subject to the approval of the Board;
- (5) reviewing and making suggestions for the expansion to new markets, launch of new businesses and research and development of new products of the Company;
- (6) reviewing and making suggestions for any major reorganization and restructuring proposal of the Company; and
- (7) other duties as conferred by the Board.

Chapter 4 Rules of Procedures for Meeting

Rule 10 The Committee shall meet at least once a year. The meeting can be held by means of video conference or teleconference and voting can be made by means of communication. If any member cannot attend the meeting, he/she may authorize other members to attend the meeting and perform duties on his behalf. The chairman of the Committee shall set the schedule and overall agenda for the year.

Rule 11 The quorum for various meetings organized by the chairman of the Committee shall be more than half of the members of the Committee. The Committee shall pass resolution by voting only when more than half of the members are present. Each member shall have one vote; resolutions made at meetings shall be passed by a majority of all members.

Rule 12 When proposed by chairman of the Committee or a majority of members of the Committee, the chairman of the Committee shall convene the meeting.

Rule 13 Unless otherwise agreed, the venue, time, date and discussion agenda for each meeting shall be notified in writing by facsimile and e-mail to all members of the Committee and other participants five working days before the meeting, while an extraordinary meeting is not confined to this timeline but sufficient time shall be given to members for reviewing documents of the meeting.

Rule 14 The Committee shall respond to recommendations of the Board chairman and Chief Executive Officer of the Company and may authorize these Management personnel to perform duties that the Committee deems appropriate.

Rule 15 The Committee shall be given sufficient resources to perform its duties. The Committee has been authorized by the Board to seek external independent professional advice when it considers necessary, and shall ensure participation of external personnel with relevant experience and expertise in discussion of relevant matters.

Rule 16 The secretary of the Committee shall record the progress and resolutions of all committee meetings, including the names of all attendants.

Rule 17 Minutes of meetings shall be distributed to all members of the Committee. In the absence of a conflict of interest, results of meetings may also be available for inspection by any Director with reasonable notice. Minutes of meetings of the Committee shall record in full detail matters reviewed and decisions made by the Committee, including any concerns raised or dissenting opinions expressed by the members. Such transcripts and final drafts of meetings shall be submitted to all members of the Committee for their comments and filing within a reasonable time after the meetings. Minutes of meetings distributed to Management or other employees shall not contain confidential contents about the compensation or performance of the Board chairman, the Chief Executive Officer or Senior Management. Such information shall be considered internal confidential information of the Committee. Professional consultant advice adopted by the Committee can be considered as the first draft of minutes of meetings.

Rule 18 The voting results passed by the Committee meeting shall be submitted to the Board of the Company in written form, unless the ability is restricted by legal and regulatory restrictions. If there is a disagreement between the board and the committee on the strategic suggestions made by the committee, a detailed explanation of the committee's views and the reasons for the board's disagreement shall be included in the company's corporate governance report.

Rule 19 Members present at a meeting shall be obliged to keep all matters discussed in such meeting confidential, and shall not disclose any relevant information without authorization.

Rule 20 The chairman of the Committee (or the proxy who is formally appointed in the absence of the chairman) shall attend the annual general meeting of the Company and be prepared to answer any questions of Shareholders regarding the activities of the Committee.

Chapter 5 Supplementary Provisions

Rule 21 These terms of reference shall be passed by the Board and become effective on the date when the shares of the Company are first issued in Hong Kong and listed on the Stock Exchange.

Rule 22 The Committee shall publish these terms of reference on the websites of the Company and the Stock Exchange as required to explain its role and the power delegated by the Board.

Rule 23 Any matters not covered by these terms of reference shall be implemented in accordance with the provisions of the relevant applicable laws and regulations, nominative documents, Listing Rules and the Articles of Association of the Company and relevant agreements. If these terms of reference contravene any future applicable laws and regulations, nominative documents, the Listing Rules or the legally amended Articles of Association of the Company, implementation shall be in accordance with the then provisions of the relevant laws and regulations, nominative documents, the Listing Rules and the Articles of Association of the Company, and these rules shall be promptly amended and passed by the Board.

Rule 24 The power of interpretation of these Rules shall be vested in the Board of the Company.

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