

PING AN HEALTHCARE AND TECHNOLOGY COMPANY LIMITED
平安健康醫療科技有限公司
Terms of Reference of
Audit and Risk Management Committee
Under the Board of Directors

Definitions

In these terms of reference:

Audit and Risk Management Committee means the audit and risk management 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;

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

Company means PING AN HEALTHCARE AND TECHNOLOGY COMPANY LIMITED(平安健康醫療科技有限公司);

Company Secretary means the company secretary of the Company;

Director(s) means member(s) 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.

The effective date of the amended version: March 13, 2023

Chapter 1 General Provisions

Rule 1 In order to strengthen the decision-making functions of the Board and conduct audit in advance, professional audit and risk management so as to ensure effective supervision of the management by the Board, to enhance corporate governance structure and effectively prevent operation risks, and to promote the healthy and stable development of the Company, the Board has set up the Audit and Risk Management Committee (hereinafter referred to as the “Committee”) under the Board and formulated these terms of reference in accordance with the Articles of Association of the Company.

Rule 2 The Audit and Risk Management Committee under the Board is authorized by the Board to carry out work within the scope of these terms of reference, and, without violating the general principles of duties of audit and risk management committee, the Audit and Risk Management Committee shall report to the Board (except as subject to legal or regulatory restriction).

Chapter 2 Composition

Rule 3 Members of the Audit and Risk Management Committee shall be appointed by the Board from non-executive Directors. There shall be no less than three Directors and the majority of them shall be independent non-executive Directors, and at least one of them shall be an independent non-executive Director who possesses appropriate professional qualifications as provided in Rule 3.10(2) of the Listing Rules, or has appropriate accounting or related financial management expertise.

Rule 4 The Audit and Risk Management Committee shall have a chairman who shall be an independent non-executive Director possessing appropriate professional qualifications as provided in Rule 3.10(2) of the Listing Rules or having appropriate accounting or related financial management expertise as mentioned in Rule 3. The chairman shall be elected by voting of more than half of all members of the Audit and Risk Management Committee and shall be responsible for leading the work of the Audit and Risk Management Committee.

Rule 5 The term of office of the Audit and Risk Management 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 Board in accordance with the provisions of Rule 3 to Rule 4 above, while the majority members of the Audit and Risk Management Committee shall still be independent non-executive Directors.

Rule 6 The former partner of the Company’s existing auditor may not be a member of the Audit and Risk Management Committee within two year from the following dates, whichever is later:

- (a) The date on which he ceases to be a partner of the company; or
- (b) The date on which he no longer enjoys the financial interests of the company.

Rule 7 The Board Office shall be responsible for the liaison of routine work and organization of meetings for the Audit and Risk Management Committee.

Chapter 3 Duties and Authorities

Rule 8 The Audit and Risk Management Committee has sufficient authority, autonomy and decision power to review and supervise the financial reports, internal audit and control procedures, risk control and compliance management of the Company, and to supervise the Company to adopt and implement internal control systems established according international practice.

Rule 9 The main duties and authorities of the Audit and Risk Management Committee are as follows:

Duties on audit:

- (1) To be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- (2) To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and shall discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- (3) To develop and implement policy on the engagement of an external auditor to supply non-audit services (for this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally), to report to the Board, and identify and make recommendations on any matters where action or improvement is needed;
- (4) To supervise the Company's implementation of financial-related laws and regulations, supervise the Company's internal audit system and the implementation thereof;
- (5) To conduct, by itself or as appointed by the Board, research of key findings on risk management and internal control issues and of the management's response to the findings;
- (6) To be responsible for the communication between internal auditing and external auditing to ensure coordination of work between internal auditing and external auditing; to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor the effectiveness of internal audit function;
- (7) To review the Group's management accounts adjusted according to International Financial Reporting Standards (IFRS) (including balance sheet and profit and loss statement, together with related key performance indicators) which are submitted to it on a quarterly basis;
- (8) To review the Group's unaudited financial statements (including balance sheet, profit and loss statement, cash flow statement) reviewed and adjusted according to IFRS submitted to it within ninety (90) days after the end of each year;

- (9) To audit and monitor the Group's financial information (including financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports), and the disclosure thereof while monitoring the integrity thereof, and to review reports and significant financial reporting judgements contained in them. Before submission to the Board for review, focus should particularly be put on matters as follows:
- (i) any changes in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments resulting from audit;
 - (iv) the going concern assumptions and any qualifications;
 - (v) compliance with accounting standards; and
 - (vi) compliance with Listing Rules relating to financial reporting and any requirement of the Stock Exchange and legal requirements;
- (10) Regarding (7), (8) and (9) above, the members of the Audit and Risk Management Committee shall keep contact with the Board and the Senior Management, and shall meet at least twice a year with the Company's external auditor; the Audit and Risk Management Committee shall consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, and shall give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer and external auditor;
- (11) To inspect and review the sufficiency and efficiency of the Company's financial controls system, internal control system and risk management system;
- (12) To discuss the risk management and internal control system with management to ensure that the management has performed its duty to build an effective internal control system. This discussion should include adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting and financial reporting function;
- (13) To review the financial and accounting policies and practices of the Company;
- (14) To monitor the "Explanatory Statement of Audit" or similar letter given by the external auditor to the management, any major questions raised by the auditor to the management with respect to accounting records, financial accounts or monitoring systems and the management's response;
- (15) To ensure that the Board will provide timely response to the issues raised in the "Explanatory Statement of Audit" or similar letter given by the external auditor to the management;

- (16) To review the Company's annual and long-term financial budgets and fundraising plans, and advise the Board on financial strategies and financial policies (including financial risks);
- (17) To report to the Board on matters contained in these terms of reference;
- (18) To examining the following arrangements: The employees of the Group can secretly raise concerns about financial reporting, internal control or other possible misconduct to ensure that there are appropriate arrangements for a fair and independent investigation of these matters and the appropriate follow-up actions;
- (19) To act as the major representative between the Group and external auditor, an be responsible for monitoring the relationship between the two;
- (20) To formulate whistle-blowing policies and systems so that employees and other interlocutors (such as customers and suppliers) of the Group may secretly raise concerns with the Audit and Risk Management Committee about any improper matters that may be relating to the issuer; and
- (21) Other duties as stipulated by the Board of the Company.

Duties on risk management:

- (1) To assist the Board in assessing and deciding the nature and extent of the risks that are willing to be accepted for achieving the Company's development goals and implementing relevant strategies; to assess and approve the Company's risk control strategies, risk control policies, overall risk management framework and internal control procedures, and, based on assessment of implementing the risk policies, to provide to the Board recommendation of policies and strategies;
- (2) To supervise and determine whether the Senior Management of the Company has practically complied with recommendations regarding the risk management policies, risk management system and internal control of the Company;
- (3) To promote the construction of culture of comprehensive risk management of the Company and assist the Board in ensuring that the Company will establish and maintain a proper and effective risk management system, and to ensure that the risk management procedures are established and complied within the Company;
- (4) To review all risk issues and solutions across business lines;
- (5) To ensure together with the Board that the Company has an internal audit function, to ensure co-ordination of work among internal and external auditors or external professionals relating to risk management; and shall also ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor the effectiveness of internal audit function.

Chapter 4 Rules of Procedures for Meetings

Rule 10 Meetings of the Audit and Risk Management Committee shall include regular meetings and extraordinary meetings. Regular meetings shall be held at least four times a year and once every quarter in principle. Extraordinary meetings shall be proposed by members of the Audit and Risk Management Committee. Meetings of the Audit and Risk Management Committee can take the form of on-site meetings and off-site meetings. To ensure the proportion of participants, off-site meetings of the Audit and Risk Management Committee may be held by ways such as video conference or teleconference, and voting may be conducted by way of communication. All members shall be notified seven working days before the meeting, while an extraordinary meeting is not confined to this timeline but sufficient time shall be given to the members of the Audit and Risk Management Committee for review of documents. A meeting shall be chaired by the chairman of the Audit and Risk Management Committee. If the chairman cannot attend the meeting, he may entrust another member to preside over the meeting.

Rule 11 Meetings of the Audit and Risk Management Committee shall be convened by more than one half of the members attending the meeting, in which there shall be at least one independent non-executive Director; each member shall have one vote; in the case of an equality of votes, the chairman of the meeting shall be entitled to an additional vote. Resolutions made at the meeting must be approved by more than half of all members.

Rule 12 The methods of voting at the meetings of the Audit and Risk Management Committee may be conducted by means of a show of hands, voting by poll or voting by correspondence.

Rule 13 Directors and other senior management personnel of the Company may attend meetings of the Audit and Risk Management Committee. The Chief Financial Officer, the head of internal audit and representatives of the external auditor of the Group are usually required to attend meetings of the Audit and Risk Management Committee. The Audit and Risk Management Committee shall convene at least one meeting with the external auditor and internal auditor at least once a year in the absence of executive Directors or the Management.

Rule 14 If necessary, the Audit and Risk Management Committee may engage an agency to provide professional advice for its decision making at the expense of the Company. The Audit and Risk Management Committee shall be provided with sufficient resources to perform its duties, and the Management has an obligation to provide the Committee with sufficient information in time to enable it to make informed decisions.

Rule 15 The procedures for convening a meeting, the method of voting and the resolutions passed at a meeting of the Audit and Risk Management Committee shall comply with provisions of the relevant laws, regulations, Listing Rules, Articles of Association and these rules.

Rule 16 The Audit and Risk Management Committee shall keep minutes of its meetings. Minutes of meeting shall be available for inspection by any Director after reasonable notice. Minutes of meetings of the Audit and Risk Management Committee shall record in full detail matters reviewed and decisions made by the Audit and Risk Management Committee, including any concerns raised or dissenting opinions expressed by the members. Such transcripts and final drafts of minutes shall be submitted to all members of the Audit and Risk Management Committee for their comments and filing within a reasonable time after the meetings. Minutes of meeting shall be kept by the secretary of meeting officially appointed (usually the Company Secretary or officially appointed representative).

Rule 17 The result of any poll taken at a meeting of the Audit and Risk Management Committee shall be reported in writing to the Board of the Company.

Rule 18 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 19 If the Board disagrees with the selection, appointment, resignation, or removal of external auditor by the Audit and Risk Management Committee, it shall submit a statement to the Company explaining its recommendations and the reasons why the Board holds different opinions, which shall be included in the corporate governance report issued by the Company pursuant to Appendix 14 of the Listing Rules.

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 Audit and Risk Management 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 Audit and Risk Management 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 rights it is 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. If these rules contravene any future applicable laws and regulations, nominative documents, 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, 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.