

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

Definitions

In these terms of reference:

Nomination and Remuneration Committee means the nomination and remuneration 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 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;

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.

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Chapter 1 General Provisions

Rule 1 In order to improve corporate governance, strengthen the team building of Directors and Senior Management of the Company, and establish and enhance the incentive mechanism of Directors and Senior Management of the Company, the Board has set up the Nomination and Remuneration Committee under the Board (hereinafter referred to as “Committee”) and formulated these terms of reference in accordance with the Articles of Association of the Company.

Rule 2 The Committee 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 the Committee, the Committee shall report to the Board (except as subject to legal or regulatory restriction).

Chapter 2 Composition

Rule 3 Members of the Committee shall be composed of members of the Board and elected by the Board. There shall be no less than three members and the majority of them shall be independent non-executive Directors, and composition of members shall meet the requirement of as provided in the Articles of Association of the Company and relevant regulatory requirements.

Rule 4 The Committee shall have a chairman who shall be an independent non-executive Director and be elected by more than half of the members of the Committee.

Rule 5 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 Board in accordance with the provisions of Rule 3 to Rule 4 above, while the majority members of the Committee shall still be independent non-executive Directors.

Rule 6 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 7 The Board Office shall be responsible for the liaison of routine work and organization of meetings for the Committee.

Chapter 3 Duties and Authorities

Rule 8 The main duties of the Nomination and Remuneration Committee are as follows:

Duties on nomination:

- (1) To advise the Board on the structure, size and composition (including but not limited to the skills, knowledge, experience, etc.) of the Board and the committees under the Board and changes thereof at least once a year based on the operating activities, asset size and shareholding structure of the Company;

- (2) To timely review the structure, size and composition of the Board and committees under the Board, and to advise on any change to be made to the Board and committees under the Board for coping with strategies of the Company;
- (3) To nominate a suitable director candidate to the Board in accordance with the nomination policy of the Company and to advise Shareholders on the selection or re-election of the candidate as a director at the general meeting;
- (4) To formulate and review the diversity policy of the Board, and to prepare appropriate content of disclosure on diversity policy in the corporate governance report;
- (5) To assess the independence of independent non-executive Directors;
- (6) To study the Company's demand for Senior Management and identify candidates with suitable qualifications to serve as Senior Management within the scope permitted by laws and regulations, to conduct preliminary review of the profession, academic qualification, job title and detailed working experience of candidates; to nominate persons to serve as Senior Management and provide advice to the Board in this regard, and to perform other follow-up work according to the decisions and feedbacks of the Board;
- (7) To make recommendation to the Board on the appointment and re-appointment of Directors and plans for succession of Directors (especially the Board chairman and the Chief Executive Officer); and
- (8) Other matters regarding nomination authorized by the Board.

Duties on remuneration:

- (1) To make recommendations to the Board on the overall remuneration policy and structure of the Directors and Senior Management of the Company, and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (2) To review and approve the remuneration proposals for Management with reference to the corporate goals and objectives established by the Board;
- (3) To determine, based on the authorization of the Board, the remuneration package for individual executive Directors and Senior Management, including monetary benefits, benefits in kind, pension rights and compensation amount (including compensation payable for loss or termination of office or appointment);
- (4) To advise the Board on the remuneration of non-executive Directors;
- (5) To consider certain factors, such as the remuneration paid by similar companies, the time committed as well as the duties of Directors and Senior Management and the employment conditions of other positions in the Group;
- (6) To review and approve compensation payable to executive Directors and Senior Management in connection with any loss or termination of their office or appointment to ensure that such compensation be determined in accordance with relevant contractual terms and, if otherwise, that such compensation is fair and reasonable and not excessive to the Company;

- (7) To review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such compensation is determined in accordance with relevant contractual terms and, if otherwise, that such compensation shall be reasonable and appropriate;
- (8) To ensure that neither any Director nor any of his/her associate) be involved in deciding his/her own remuneration;
- (9) To review annually the performance of the Committee and evaluate regularly the appropriateness of its terms of reference, to make recommendation on amendments to the Board; and to report regularly to the Board of the Company;
- (10) When necessary and appropriate, the Committee may authorize relevant Directors or Senior Management to implement decisions that have been made by the Committee according to its duties;
- (11) To review and/or approve matters relating to share schemes as described in Chapter 17 of the Listing Rules; and
- (12) Other matters relating to compensation authorized by the Board.

Rule 9 The Committee, when discharging its duties and powers under these terms of reference, shall:

- (1) consult the Board chairman and/or the Chief Executive Officer regarding the remuneration proposal for other executive Directors and Senior Management;
- (2) determine the remuneration package required to attract and retain high-quality executive Directors and Senior Management for the successful operation of the Group, but shall avoid overpayments;
- (3) ensure that the performance-related portion of compensation account for a substantial proportion of the overall remuneration package of executive Directors, aiming to align the interests of executive Directors with those of Shareholders, and shall reward the Directors to inspire them to achieve the best performance; shall ensure that any options (if any) provided and granted by the Group to Directors or Senior Management comply with provisions (if applicable) of Chapter 17 of the Listing Rules.

Rule 10 Without prejudice to the generality of duties of the Committee listed in these terms of reference, the Committee shall:

- (1) make any necessary changes to the company's share incentive plans or other incentive plans (if any) (hereinafter referred to as "Equity Incentive Plan") from time to time;
- (2) determine the total amount of grants for each batch of share options under the Equity Incentive Plan and the exercise price for each batch;
- (3) determine the number of share options and related benefits in kind granted to Directors and Senior Management of the Company according to the authority given by the Board to the Nomination and Remuneration Committee;

- (4) determine all matters relating to the grant of share options to Directors and Senior Management of the Company, including but not limited to the grants, entering into force, invalidation, exercise of rights, disposals and repurchases thereof;
- (5) contact the trustees of any Equity Incentive Plan (if any) for employees established by the Company for the benefit of employees, Senior Management or Directors;
- (6) review the terms of service contracts of executive Directors from time to time; and
- (7) advise the Board on preparation of remuneration report to Shareholders (if any) by the Board.

Chapter 4 Rules of Procedures for Meetings

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 and at least one of them shall be an independent non-executive Director. Each member shall have one vote; resolutions made at meetings shall be passed by a majority of all members.

Rule 12 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 13 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 14 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 15 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 16 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 17 The secretary of the Committee shall record the progress and resolutions of all committee meetings, including the names of all attendants.

Rule 18 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 19 The voting results passed by the Committee meeting shall be submitted to the Board of the Company in written form.

Rule 20 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 21 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 22 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 23 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 24 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 25 The power of interpretation of these Rules shall be vested in the Board of the Company.