



眾安在綫財產保險股份有限公司  
**ZHONGAN ONLINE P & C INSURANCE CO., LTD.\***

*(A joint stock limited company incorporated in the People's Republic of China with limited liability and carrying on business in Hong Kong as "ZA Online Fintech P & C")*

**(Stock Code: 6060)**

**TERMS OF REFERENCE OF  
THE AUDIT AND CONSUMER RIGHTS PROTECTION COMMITTEE**

**1. PURPOSE**

- 1.1. The Committee is responsible for assisting the Board to formally and properly apply financial reporting, risk management and internal control principles and to maintain an appropriate relationship with the Company's auditors; providing professional advice to the Board in respect of the performance of strategies, policies and targets of the Company's consumer rights protection, the management system of work related to consumers' rights protection, major issues and important policies on consumers' rights protection and others, and assisting the Board to supervise the management of the Company on efficient performance and implementation of related work.

**2. COMPOSITION**

- 2.1. The Committee shall comprise a minimum of three members consisting of non-executive directors only, and a majority of which must be independent non-executive directors of the Company. The Committee must comprise of at least one independent non-executive director who has appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") (as amended from time to time). Members of the Committee shall be appointed by the Board.
- 2.2. The Board shall appoint one member of the Committee as the chairman, who must be an independent non-executive director.

- 2.3. A former partner of the Company's existing auditing firm shall be prohibited from acting as a member of the Committee for a period of two years from the date of the person ceasing: (i) to be a partner of the firm; or (ii) to have any financial interest in the firm, whichever is later.
- 2.4. Additional members of the Committee may be added or removed by separate resolutions passed by the Board from time to time. The composition of the Committee shall comply with laws and regulations applicable to the Company including any applicable requirements of the Listing Rules as amended from time to time.
- 2.5. The company secretary of the Company shall be the secretary to the Committee. The Committee may from time to time appoint other person with appropriate qualification and experience as the Secretary of the Committee.

### **3. MEETINGS**

- 3.1. Unless otherwise specified as below, the provisions contained in the Company's articles of association (as amended from time to time) for regulating meetings and proceedings of directors shall apply to the meetings and proceedings of the Committee.
- 3.2. Members of the Committee may attend meetings of the Committee either in person or through other electronic means of communication or in other manners as the members agree.
- 3.3. The Committee shall meet at least two times annually, or more frequently if circumstances require.
- 3.4. The Board, any member of the Committee and the external auditors may request a meeting if they consider necessary.

- 3.5. The chief financial officer of the Company and at least one representative of each of the internal and external auditors may normally attend meetings. Other members of the Board shall also have the right of attendance. However, the Committee shall meet with the external auditors at least twice a year. The Committee shall meet with the external and internal auditors without executive directors present at least once a year.
- 3.6. Members of the Committee may be represented at a meeting of the Committee by an alternate appointed by him or her, but the alternate shall be a director of the Company.
- 3.7. The Chairman shall be responsible for leading the Committee, including scheduling meetings, preparing agendas and making regular reports to the Board.
- 3.8. A meeting of the Committee may be proposed to convene by any of its members.
- 3.9. A quorum shall comprise a minimum of two members of the Committee.
- 3.10. The Committee may invite other persons (including directors, senior management and external advisers) to attend all or part of the Committee meetings from time to time upon such conditions as the Committee members consider desirable. However, only the Committee members shall be entitled to vote at the Committee meetings.
- 3.11. Unless otherwise agreed by all the members of the Committee, notice of at least seven days shall be given for a regular meeting of the Committee. For all other meetings of the Committee, reasonable notice shall be given. The Chairman shall determine whether or not a meeting of the Committee is a regular meeting. Interim meetings may be convened upon proposal by the chairman of the Committee, which are not subject to the aforesaid restriction of the seven-day prior notice. However, the Committee shall ensure that members have sufficient time to study the meeting documents.
- 3.12. The agenda and accompanying supporting papers shall be sent to all members of the 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).
- 3.13. Each member shall have one voting right. Subject to the Articles, questions arising at any meeting of the 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.

- 3.14. The members of the Committee shall appoint a secretary of the Committee 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 Committee, shall attend the meeting of the 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.
- 3.15. Full minutes of meeting of the Committee shall be kept by the Secretary or any one of the joint company secretaries of the Company. They shall be open for inspection at any reasonable time on reasonable notice by any director.
- 3.16. Minutes of meetings of the 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 Board within a reasonable time after the conclusion of any meeting of the Committee for their comments and records. For the purposes of recording attendance only, the attendance of an alternate of members of the Committee will not be counted as attendance by the relevant member of the Committee himself or herself. The minutes of meetings shall record details of the matters considered and decisions reached, including any concerns raised by directors or dissenting views expressed.
- 3.17. Without prejudice to any requirement under the Listing Rules, a resolution in writing signed by all of the members of the Committee (or their respective alternate) shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.
- 3.18. Members attending the meeting shall keep confidential of all matters discussed at the meeting. Unauthorized disclosure of the relevant information shall be prohibited.

#### **4. ACCESS**

- 4.1. The 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 Committee with sufficient resources to perform 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.

## **5. REPORTING PROCEDURES**

- 5.1. The 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.
- 5.2. The Committee shall report back to the Board on their decisions or recommendations, unless: (1) there are legal or regulatory restrictions on the necessity or on their ability to do so (such as a restriction on disclosure due to regulatory requirements); (2) in cases where the authority is vested in the Committee under regulatory requirements.

## **6. AUTHORITY**

- 6.1. The authorities and responsibilities of the Committee shall include such responsibilities and authorities set out in the relevant code provisions of the Corporate Governance Code as contained in Appendix 14 to the Listing Rules (as amended from time to time).
- 6.2. The Committee is authorized by the Board to investigate any activity within its Terms of Reference. It is authorized to seek any information it requires from any employee of the Company and all employees will be directed to co-operate with any request made by the Committee.
- 6.3. Where the Board disagrees with the Committee's view on the selection, appointment, resignation or dismissal of the external auditors, the Company should include in the corporate governance report a statement from the Committee explaining its recommendation and also the reason(s) why the Board has taken a different view.

## **7. RESPONSIBILITIES AND DUTIES**

The duties, responsibilities and discretion of the Committee shall include the following:

- 7.1. 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;

- 7.2. to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Committee should discuss with the auditor on the nature and scope of the audit and relevant reporting obligations before the audit commences;
- 7.3. to develop and implement policies on engaging an external auditor to supply non-audit services. For this purpose, an "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. The Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- 7.4. to monitor the integrity of the Company's financial statements, annual reports, accounts, half yearly reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Committee should focus particularly on:
  - (i) any changes in accounting policies and practices;
  - (ii) major judgmental areas;
  - (iii) significant adjustments resulting from the audit;
  - (iv) the going concern assumptions and any qualifications;
  - (v) compliance with accounting standards; and
  - (vi) compliance with the Listing Rules and legal requirements in relation to financial reporting;

- 7.5. regarding paragraph (7.4) above:
- (i) members of the Committee should liaise with the Board and senior management and the Committee must meet, at least twice a year, with the Company's auditors; and
  - (ii) the Committee should consider any significant or unusual items that are, or may need to be, reflected in report and accounts, and should 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 or auditors;
- 7.6. to debrief the compliance officer and compliance department regarding compliance matters and report, and make recommendations to the Board on compliance matters;
- 7.7. to review the Company's financial controls, risk management and internal control systems;
- 7.8. to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function;
- 7.9. to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings, and periodically review the internal control assessment report submitted by internal audit department and advise the Board on its findings and areas for improvement;
- 7.10. where an internal audit function exists, to ensure and supervise co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
- 7.11. to review the Company and its subsidiaries' and consolidated affiliated entities' operating, financial and accounting policies and practices;

- 7.12. to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;
- 7.13. to ensure that the Board will provide a timely response to the issues raised by external auditor's management letter;
- 7.14. to report to the Board on the matters in the Corporate Governance Code;
- 7.15. to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- 7.16. to act as the key representative body for overseeing the Company's relations with the external auditor;
- 7.17. to review continuing connected transactions of the Company and ensure compliance with terms approved by shareholders of the Company;
- 7.18. to be accountable to the Board, submit work reports and annual report on consumers' rights protection to the Board, performing related work as authorized by the Board, discuss and make decisions on the relevant matters, and study major issues and important policies on consumers' rights protection;
- 7.19. to direct and promote the construction and improvement of the management system of work related to consumers' rights protection, and ensure that the relevant institutional requirements are compatible with corporate governance, corporate culture and business development strategies;
- 7.20. to monitor the comprehensiveness, timeliness and effectiveness of the work of senior management and the consumers' rights protection department in accordance with regulatory requirements and the implementation of consumers' rights protection strategies, policies and objectives, as well as the implementation of work;



- 7.21. to convene meetings on consumers' rights protection on a regular basis to review reports on the work of the senior management and consumers' rights protection departments. To study annual audit reports, regulatory circulars and internal assessment results related to consumers' rights protection work as well as urge senior management and relevant departments to take remedy actions to the issues identified in a timely manner.
- 7.22. to review other matters as the Board may from time to time determine and exercise other duties as assigned by the Board.

## **8. ANNUAL GENERAL MEETING**

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

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