



中国人民保险集团股份有限公司

THE PEOPLE'S INSURANCE COMPANY (GROUP) OF CHINA LIMITED

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1339)

Terms of Reference for the Audit Committee of the Board

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Chapter 1 General Provisions

Article 1 In order to facilitate the internal control and audit systems of The People's Insurance Company (Group) of China Limited (中國人民保險集團股份有限公司, hereinafter referred to as the "Company"), strengthen the audit and supervisory duties of the Board of Directors on internal control and financial information and safeguard the interests of all the Shareholders, the Audit Committee under the Board of Directors has been established and these Terms of Reference have been formulated in accordance with the relevant laws, regulations and regulatory documents as well as the requirements under the Articles of Association of The People's Insurance Company (Group) of China Limited (hereinafter referred to as the "Articles of Association"), the Terms of Reference for the Board of Directors of The People's Insurance Company (Group) of China Limited (hereinafter referred to as the "Terms of Reference for the Board"), the Rules Governing the Listing of Securities on the Shanghai Stock Exchange (hereinafter referred to as the "SSE Listing Rules") and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Hong Kong Listing Rules").

Article 2 The Audit Committee is a specialized body set up by the Board of Directors according to the Articles of Association. Its main responsibilities are to review the Company's internal control system and its implementation, review and monitor the Company's internal audit system and its implementation, make recommendations on the appointment of an external auditor and oversee its

relationship with the Company, review the Company's financial information and supervise its financial reporting, and make judgments on the truthfulness, completeness and accuracy of the financial information.

Article 3 The Audit Committee shall be accountable to and report to the Board of Directors.

Chapter 2 Composition

Article 4 The Audit Committee shall consist of at least three non-executive directors and/or independent directors, the majority of which shall be independent directors, and the chairman of the Committee shall be served by an accounting professional among independent directors. Members of the Audit Committee shall possess expertise in the financial or legal areas in line with their responsibilities, and at least one member of the independent non-executive directors shall be a professional in the accounting, financial, audit areas and meet the qualification requirements of the securities regulatory authorities at the places where the Company's shares are listed.

A former partner of the Company's external auditor shall be prohibited from acting as a member of the Audit Committee for a period of one year from the date of his/her ceasing:

- (1) to be a partner of the external auditor; or
- (2) to have any financial interest in the external auditor,

whichever is later.

Article 5 The chairman and members of the Audit Committee shall be elected by the Board of Directors based on the nominations of the Nomination and Remuneration Committee.

Article 6 The Audit Committee shall have one chairman, who shall be served by a member of independent non-executive directors and be in charge of the committee's work. When the chairman is unable to perform his/her duties, these duties shall be performed by a member of the independent non-executive directors designated by the chairman. When the chairman does not designate a specific member, a member of the independent non-executive directors recommended by no less than half of the members shall perform the duties on his/her behalf.

Article 7 The term of office of the Audit Committee shall be the same as that of the Board of Directors, and its members may be eligible for re-election or re-appointment upon the expiry of their term of office. Any member who ceases to be a director of the Company during his/her term of office shall automatically lose his/her membership in the Committee.

Article 8 When a member of the Audit Committee fails to meet the requirements specified in Articles 4 and 6 herein, the Board of Directors shall by means of announcement immediately explain the details and reasons of such irregularities according to the requirements of the securities regulatory authorities at the places where the Company's shares are listed, and shall satisfy the foregoing requirements within 60 days from the date of failing to meet those requirements.

Chapter 3 Duties and Permissions

Article 9 The principal duties of the Audit Committee are as follows:

- (1) review the Company's material financial and accounting policies and practices and their implementation, hear the reports on annual financial budget and calculation schemes proposals and supervise our financial operation;
- (2) provide opinions on the appointment or dismissal of financial officers of listed companies;
- (3) evaluate audit controller's performance and make recommendations to the Board of Directors;
- (4) review the Company's fundamental internal audit system and make recommendations to the Board of Directors, review the Company's annual audit plan and budget, and make recommendations to the Board, supervise internal audit process and monitor its effectiveness;
- (5) regularly review and assess the soundness and effectiveness of our internal control system on an annual basis (including reviewing the accounting, financial control, internal control and risk management systems of our Company, discussing the internal control and risk management system with the management and ensure that the management has fulfilled its duties to establish an effective internal control system (the discussion shall cover the Company's adequacy of resources on accounting, internal audit and financial reporting, staff qualifications and experience, training programs as well as budget of accounting and financial reporting function), consider major investigation findings on internal control and risk management matters on its own initiative or as delegated by the Board of Directors and the management's response to these findings), and promptly consider and handle any major complaints in connection with our internal control system;
- (6) co-ordinate between the internal and external auditors (including discussing with the external auditors the nature and scope of external audit and the relevant reporting responsibilities, ensuring that our Company has sufficient resources to maintain the operation of internal function with appropriate standing and the effectiveness of reviewing and monitoring the internal audit), supervise the improvement and implementation of any significant findings arising out of the internal and external audit (including reviewing the issues brought up in the external auditors' management letter, related documents and the management's responses);

- (7) make recommendations to the Board of Directors on the appointment, removal, and remuneration of the external auditors (including the terms of appointment, scope of work and responsibilities, re-appointment and resignation of the external auditors etc.), monitor the independence and objectivity of the external auditors as well as the effectiveness of the audit procedures according to applicable standards; where the Board of Directors has disagreement on the appointment, resignation or removal of the external auditors with the Audit Committee, the Audit Committee may give its opinion and the reason of disagreement in the corporate governance report of the annual reports of the Company;
- (8) develop and implement policy on engaging external auditors to supply non-audit services (the committee shall report and make recommendations to the Board of Directors on any matters which requires actions or improvement);

For the purpose of paragraph (8) above, “external auditors” 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;

- (9) ensure that the Board of Directors will provide a timely response to the issues raised in the external auditors’ management letter;
- (10) review the annual audit reports prepared by our external auditors and other specific opinions, annual audited financial reports and other financial information that is required to be disclosed; give a judgment and report to the Board of Directors for review on the truthfulness, completeness and accuracy of the information in the aforementioned financial accounting reports. In particular, special consideration shall be given to the following matters:
 - (i) any change in accounting policies and practice;
 - (ii) material judgments;
 - (iii) material adjustments arising from audit;
 - (iv) going concern assumptions and any qualifications;
 - (v) compliance with accounting standards; and
 - (vi) whether financial reporting requirements of regulatory authorities at the places where the shares of our Company are listed and the relevant laws and regulations have been complied with;

For the purpose of paragraph (10) above, members of the Audit Committee shall liaise with the Company's Board of Directors, supervisors and senior management and meet at least twice a year with the external auditors, consider any material or unusual matters reflected in or required to be reflected in these reports and accounts, and consider any matters raised by internal accounting, financial or supervising staff or the external auditors;

- (11) perform other duties as required by applicable laws, regulations, regulatory documents, the Articles of Association, the relevant requirements of the securities regulatory authorities at the places where the shares of the Company are listed, and other matters as authorized by the Board of Directors (including those defined by the Board of Directors).

Chapter 4 Working Rules and Procedures

Article 10 When discharging its duties, the Audit Committee shall monitor any misconduct in the Company's financial reporting and internal control.

Article 11 The Audit Committee shall report to the Board of Directors the results of its annual assessment on the effectiveness of the risk management and internal control systems and the internal audit function, and ensure compliance of the relevant requirements under the Corporate Governance Code and Corporate Governance Report set out in the Hong Kong Listing Rules in relation to risk management, internal control and internal audit.

Article 12 When a decision is to be made by the Audit Committee in respect of audit matters, the secretary to the Board of Directors shall be responsible for preliminary preparations and assisting the management in timely submission to the Audit Committee of the following required materials:

- (1) relevant financial reports of the Company;
- (2) work reports of internal and external auditors;
- (3) external audit contracts and related work reports;
- (4) disclosure of information of the Company to the public;
- (5) audit reports on significant related party transactions issued by internal and external auditors;
- (6) other relevant information as requested by the Audit Committee.

Article 13 The Audit Committee shall convene meetings to discuss the following matters, and shall submit the relevant written resolutions to the Board of Directors for decision making:

- (1) work appraisals on external auditors, and the engagement and replacement of external auditors;

- (2) whether the internal audit system of the Company has been effectively implemented and whether the financial reports of the Company are complete and accurate;
- (3) work appraisals of the internal financial department and audit department, including their persons-in-charge;
- (4) whether the financial reports related to the Company are complete and accurate;
- (5) whether the information such as financial reports disclosed by the Company to the public is objective and accurate;
- (6) other relevant matters.

Article 14 The office of the Board of Directors shall be responsible for resolution proposal, meeting preparation and opinion feedback of the Audit Committee and act as the point of contact and coordination between the Audit Committee and the relevant departments of the Company. The relevant departments shall cooperate accordingly.

Chapter 5 Terms of Reference

Article 15 The Audit Committee shall hold at least one meeting every quarter. In principle, all meetings of the Audit Committee shall be held prior to regular Board Meetings. Notice shall be given to all members at least five working days prior to the meetings, but such notice period may be waived with the written consent of more than half of all members.

Article 16 An extraordinary meeting shall be convened as proposed by the chairman, two or more members. Notice shall be given to all members at least three working days prior to the extraordinary meeting, but such notice period may be waived with the written consent of more than half of all members.

Article 17 Materials for meeting shall be dispatched together with the notice of meeting. Members shall read materials for the meeting in detail before the meeting commences.

Article 18 In principle, all meetings shall be convened by way of onsite meetings and shall be held only if no less than two thirds of all members are present. Meetings may be convened by way of communication or by way of written resolutions, provided that all members are able to fully express their opinions.

Article 19 For meetings convened by way of communication, members can participate in the meeting via telephone, video or other communication methods. For meetings convened by written resolutions, proposals are served to members individually or circulated among the members for them to make resolution.

Article 20 A meeting shall be convened and presided over by the chairman. Where the chairman is unable to preside over such meeting, he/she may appoint another member with independent non-executive directorship to preside over the meeting. Where the chairman fails to make such appointment, an independent non-executive director shall be elected by no less than half of all members to preside over the meeting.

Article 21 The members shall attend the meeting in person. Where a member is unable to attend a meeting for any reason, he/she may appoint another member by a written power of attorney to attend the meeting on his/her behalf. The power of attorney shall set out the name of the proxy, subject matters of representation, permissions and the valid period, with the signature or seal of the appointer.

Members attending the meeting as proxy for others shall submit the written power of attorney before the meeting and exercise their rights within the scope of authorization. If a member appoints another member to attend the meeting on his/her behalf, the legal responsibility of the decision made by the appointee within the scope of authorization shall be borne by the appointer independently.

Article 22 Votings in the Audit Committee meeting may be conducted by a show of hands, voice vote or open ballot. Each member shall have one vote. Resolutions of the meeting must be passed by more than half of all members.

Article 23 Where the Audit Committee thinks necessary, it may invite the directors, supervisors, senior management and related department officers of the Company to attend the meeting. The list of such attendees shall gain prior approval of the chairman.

Article 24 Full records shall be taken for the Audit Committee's meetings. The draft and final records shall be circulated to all members within a reasonable period after the meetings. All members are entitled to request their explanatory statements to be stated in the draft records. The final records shall be kept by the members. Members attending the meetings shall sign on the final records. The Office of the Board of Directors is responsible for preparing minutes based on the records. Minutes and final records with the signature of all members attending the meetings shall be kept as permanent company filings by the Office of the Board of Directors.

Article 25 Resolutions passed at and voting results of the Audit Committee meetings shall be reported to the Board of Directors of the Company in writing.

Article 26 Members of the Audit Committee and other persons attending the meetings shall keep confidential all matters discussed at the meetings. Unauthorized disclosure of the relevant information is prohibited.

Article 27 The Audit Committee shall accept and deal with internal and external complaints or warnings regarding internal controls and finance of the Company and report the related matters to the Board of Directors in time. In addition, the Audit Committee may carry out fair and independent investigations as well as taking appropriate actions regarding such relevant matters.

Chapter 6 Supplementary Provisions

Article 28 In these Terms of Reference, the meaning of “no less than” includes the number itself, while “more than” excludes the number itself.

Article 29 These Terms of Reference shall be considered and approved by the Board of Directors.

Article 30 These Terms of Reference shall be published on the websites of the relevant securities regulatory authorities at the places where the shares of the Company are listed, as well as the Company’s website.

Article 31 For any matters that are not covered in these Terms of Reference, or in the case of any contradictions between these Terms of Reference and the provisions of the relevant laws, regulations, rules, regulatory documents, Articles of Association, Terms of Reference for the Board, Code of Corporate Governance, the provisions of the relevant laws, regulations, rules, regulatory documents, Articles of Association, Terms of Reference for the Board, SSE Listing Rules and Hong Kong Listing Rules shall prevail.