



新華人壽保險股份有限公司

NEW CHINA LIFE INSURANCE COMPANY LTD.

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

(Stock Code: 01336)

TERMS OF REFERENCE OF THE AUDIT AND RELATED PARTY TRANSACTION CONTROL COMMITTEE UNDER THE BOARD

Chapter I General Provisions

Article 1 To regulate and optimize the work of the Audit and Related Party Transaction Control Committee of the board of directors (the “**Board**”) of New China Life Insurance Company Ltd. (the “**Company**”), the Board formulates these Terms of Reference in accordance with the provisions of the *Articles of Association of New China Life Insurance Company Ltd.* (the “**Articles of Association**”) and the *Rules of Procedures of the Board* as well as the relevant laws, regulations and regulatory documents.

Article 2 The Audit and Related Party Transaction Control Committee (the “**Committee**”) is established as a Board committee according to the *Articles of Association*, which is responsible for the Board. It assists the Board in performing its duties as authorized by the Board, exercises functions and powers of the board of supervisors as stipulated by the *Company Law* and submits professional opinions to the Board after considering relevant proposals.

Chapter II Composition

Article 3 The Committee shall comprise of more than three (3) non-executive directors who are not senior managers of the Company, over half of which shall be independent directors, and the employee representative who is a member of the Board may serve as a member of the Committee.

The members of the Committee in principle shall be independent from daily operations and management of the Company.

Article 4 Members of the Committee shall possess expertise and work experience in any of finance, auditing, accounting or law, and at least one (1) member shall be an independent director possessing the appropriate professional qualifications or appropriate accounting or relevant financial management expertise as required by Rule 3.10(2) of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (the “**Hong Kong Listing Rules**”).

Article 5 Any former partner of the current auditor of the Company shall not serve as a member of the Committee within two (2) years with effect from the following date (whichever is the later):

- (1) When he/she ceases to be the partner of such auditing firm; or
- (2) When he/she is no longer entitled to the financial interests in such auditing firm.

Article 6 The Committee appoints an independent director with accounting expertise as the chairman, who will be primarily responsible for:

- (1) Convening and presiding over the meetings of the Committee, as well as ensuring efficient operations and fulfilling duties of the Committee;
- (2) Supervising and reviewing the work of the Committee;
- (3) Determining subject matters and agenda at each meeting;
- (4) Proposing to convene extraordinary meetings;
- (5) Reporting to the Board the work of the Committee; and
- (6) Other responsibilities vested by the Board.

The Committee may appoint one (1) vice chairman as needed.

In case the chairman is unable to or fails to perform such responsibilities, over half of the members shall act in concert to appoint an independent director for performing such responsibilities.

Article 7 The term of the members shall be the same as that of directors of the Board in the same session. The term can be renewable upon re-election.

Article 8 Prior to the expiration of the term, the Board shall not dismiss any member without cause. In case where any member is no longer qualified for being a director during his/her term, such member shall voluntarily resign or be vacated by the Board.

Article 9 Any member who no longer serves as the director of the Company during his/her service term shall automatically be disqualified.

Prior to the expiration of the term, any member may submit an application for resignation to the Board, which shall include the necessary explanations regarding the grounds for resignation and any matters requiring the attention of the Board and the shareholders of the Company.

Article 10 Where the members of the Committee fall below three (3) due to resignation, removal, or other reasons, the Board shall elect new members as soon as possible. Before the new member takes office, the existing member shall continue to perform his/her duties in accordance with laws, regulations, the securities regulatory rules in the place where the Company's shares are listed, the *Articles of Association*, and the provisions of these Terms of Reference.

If the existing member is unable to continue performing his/her duties for any reason, the authority of the Committee will be temporarily exercised by the Board until the members of the Committee reach three (3).

Article 11 The provisions of the *Articles of Association* regarding the directors shall apply to the members of the Committee.

Chapter III Terms of Reference

Article 12 The major duties and responsibilities of the Committee are:

- (1) Assessing the effectiveness of risk management and internal control of the Company, which includes: assessing the design of the internal control mechanism of the Company, discussing the risk management and internal control system with the management, ensuring that the Company has established and maintained an appropriate and effective risk management and internal control system, regularly reviewing the self-assessment report on risk management and internal control and the audit report on internal control issued by external audit institutions, reporting the problems identified in the assessment and audit of risk management and internal control of the Company, putting forward opinions and suggestions for improvement to the Board, and urging the rectification of deficiencies in internal control;
- (2) Guiding the internal audit work, which includes: reviewing the basic internal audit system of the Company and putting forward relevant opinions to the Board, ensuring that the internal audit department has adequate internal operation resources in the Company, and has appropriate authority, guiding the effective operation of the internal audit department and reviewing and monitoring its effectiveness; reviewing the annual internal audit plan of the Company, and urging the implementation of the internal audit plan; reviewing the internal audit reports, assessing the internal audit results and urging the rectification of significant issues; reviewing the core businesses, administrative rules and systems of the Company and their implementation, reviewing and assessing the compliance and effectiveness of significant operation activities of the Company, conducting studies on significant investigation results of risk management and internal control and on the management's response to such investigation results, and putting forward relevant opinions and suggestions for improvement to the Board;
- (3) Examining the Company's financial activities and reviewing the financial information of the Company and its disclosure, which includes: reviewing major financial policies of the Company and their implementation, supervising the financial operation of the Company; reviewing the financial accounting reports of the Company and giving opinions on their truthfulness, completeness and accuracy; focusing on major accounting and auditing problems identified in the financial accounting reports, particularly on whether there are any fraud, malpractice or material misstatement in relation to the financial accounting reports, and monitoring the rectification of issues in the financial accounting reports; and considering annual financial budgets, settlement plans and annual statutory audit reports of the Company and putting forward suggestions to the Board;

- (4) Monitoring misconducts in the financial accounting reporting and internal control of the Company, which includes: ensuring that any employee of the Company may report to the Committee any probable misconduct in respect of financial reporting, internal control or other issues in a non-public manner. The Committee shall ensure that appropriate arrangements are made to promote the Company to conduct a fair and independent investigation and take appropriate actions in respect of the above issues; formulating whistleblowing policies to enable the employees and other trading partners of the Company to report their concerns about any misconduct of the Company in a non-public manner; and reporting to the Board any suspected fraud and non-compliance, any failure in the risk management and internal control system, and any suspected violation or misconduct which have become aware to it and should be reported to the Board based on its importance and reviewing any internal investigation results of any suspected fraud and non-compliance, any failure in risk management and internal control and the violation and misconduct in respect of the relevant financial accounting reports;
- (5) Reporting to the Board and shareholders its work achievements, including: the results of annual assessment on the effectiveness of the internal control system and the internal audit function, reviewing the *Corporate Governance Report*, issuing a report to the shareholders in the *Corporate Governance Report* in respect of its review on the effectiveness of the internal control system and the internal audit function conducted during the year, and ensuring that the disclosure requirements of the code provisions on the risk management and internal control system in the *Corporate Governance Code* under the *Hong Kong Listing Rules* are well met;
- (6) Supervising and evaluating the work of external audit institutions, which includes: making recommendations to the Board on the engagement or change of external audit institutions, reviewing the audit fees and terms of engagement of external audit institutions, and not being subject to any undue influence from the Company's substantial shareholders or directors, or senior managers; formulating procedures and standards for appointment of external audit institutions, and evaluating the independence and professionalism of external audit institutions, in particular, the impact of providing non-audit services on their independence; if the Board dissents from the Committee on the selection, appointment, resignation or dismissal of external audit institutions, the Committee shall submit a statement to explain its suggestions to the Company, and the Company shall include the statement of the Committee on its recommendations in the *Corporate Governance Report* in accordance with Appendix C1 of the *Hong Kong Listing Rules*; discussing and communicating with external audit institutions on the audit scope, audit plans, audit methods and major audit findings; and taking appropriate measures to supervise the work of external audit institutions, hearing and reviewing various reports of external audit institutions, and ensuring that the external audit institution will perform its ultimate responsibility for the shareholders' general meeting, the Board and the Committee;

The Committee shall convene at least two (2) meetings a year with the external audit institutions of the Company, discuss with the external audit institutions the problems occurred in auditing the interim and annual accounts of the Company and any qualified opinions, or any issues that the external audit institution may want to discuss (or, if necessary, without the

presence of the management of the Company); and shall convene at least one (1) separate communication meeting a year with the external audit institution without the participation of the management. The Board Secretary may attend the meeting.

- (7) Ensuring that communications between the management, internal audit department and relevant departments, and the external audit institutions are well coordinated;
- (8) Supervising and managing related party transactions of the Company, which includes: confirming the related parties of the Company, and reporting to the Board; being in charge of management, review and risk control of related party transactions; reviewing the related party transaction management system, reviewing related party transactions requiring the consideration of the Board, focusing on the compliance, fairness and necessity of related party transactions, and submitting written opinions to the Board; and coordinating and managing the information disclosure of related party transactions;
- (9) Providing the Board with opinions and suggestions for improvement in respect of the adequacy of solvency and other matters of the Company;
- (10) Supervising the directors and senior managers in their performance of duties and proposing the removal of directors and senior managers who have contravened any laws, administrative rules, the *Articles of Association* or resolutions at the shareholders' general meeting; requesting rectification from a director or senior manager when the acts of such person are harmful to the Company's interests; and carrying out litigation against the directors and senior managers according to the *Company Law* and the *Articles of Association*;
- (11) Submitting proposals to the shareholders' general meeting, proposing the convening of an extraordinary general meeting, and convening and presiding over the shareholders' general meeting when the Board fails to perform its duty of convening and presiding over the shareholders' general meeting under the *Company Law*;
- (12) Submitting proposals to the Board and proposing to convene an extraordinary meeting of the Board; and
- (13) Other related responsibilities as required by laws and regulations, regulatory requirements, the *Articles of Association* and other relevant duties authorized by the shareholders' general meeting and the Board.

Article 13 The following matters shall be submitted to the Board for consideration after being approved by a majority of all members of the Committee:

- (1) Disclosure of the financial information in financial accounting reports and regular reports, and the internal control evaluation report;

- (2) Appointment or dismissal of the accounting firm which undertakes the audit work of the Company;
- (3) Appointment or dismissal of the financial principal of the Company;
- (4) Changes in accounting policies or accounting estimates or corrections of significant accounting errors due to reasons other than changes in accounting standards; and
- (5) Other matters required by laws, administrative regulations, department rules, regulatory documents, the securities regulatory rules of the place where the Company's shares are listed and the *Articles of Association*.

Article 14 The Committee may require the audit department, the accounting department, the actuarial department and other related departments to submit the whole or any part of the following documents in writing:

- (1) Proposals to be submitted to the Board for consideration, which relate to the responsibilities of the Committee;
- (2) Reports that cover finance, solvency, embedded value, internal control evaluation, information disclosure, related party transaction, etc.;
- (3) Working reports regarding the internal audit and external audit;
- (4) Disclosure by the Company of financial information to the public;
- (5) Audit reports on significant related party transactions of the Company; and
- (6) Other related documents.

Article 15 In accordance with the arrangement of the Board or the specific authorization of the Board, the Committee may investigate the implementation of the audit work of the Company, and the methods of investigation include but are not limited to:

- (1) Conduct investigation and study in the Company; and
- (2) Require senior managers of the Company to directly report to it or respond to work inquiries.

Such investigation may be conducted by the management at the request of the Committee, or directly conducted by the Committee within its prescribed Terms of Reference. Wherever necessary, the Committee may appoint a professional consulting agency to provide professional opinions at the expense of the Company.

Article 16 The Committee shall have the access to the findings from investigations conducted by the insurance regulatory authority and other external regulatory authorities within its Terms of Reference.

Article 17 The Company shall not refuse or intentionally delay provisions of such supplemental information as reasonably requested by the members of the Committee. In general, the Company shall submit such supplemental information to the members of the Committee within three (3) days following their request for such supplemental information.

Article 18 The Committee shall hear the reports of the auditing officer and the internal audit department at least quarterly, including but not limited to the implementation of the internal audit plan as well as the issues identified during internal audit work. The internal audit department submits the internal audit work report and the internal control assessment report to the Committee at the end of each year.

Various audit reports and the plan and progress of rectification on the problems identified during auditing submitted by the internal audit department to the management shall be submitted to the Committee simultaneously.

Article 19 The Committee shall report the work to the Board annually, or submit provisional report to the Board as necessary.

Article 20 The Company shall disclose the performance of duties of the Committee on the website of the Shanghai Stock Exchange while disclosing its annual report. Such disclosure mainly includes the performance of duties of the Committee and the meetings the Committee convened.

Article 21 Other information disclosure pertaining to the Committee shall be performed according to the laws, regulations, and regulatory documents, as well as rules pertaining to the information disclosure management of the Company.

Article 22 The internal audit department and other relevant departments of the Company, acting as support units for the Committee, shall provide the Committee with the necessary working conditions and adequate resources. The Committee shall have the right to participate in the selection, appointment and appraisal of the Company's auditing officer and the responsible personnels of support units such as the internal audit department.

Chapter IV Rules of Procedures

Article 23 The Committee shall convene regular meetings and extraordinary meetings. Regular meetings shall be held at least quarterly. The chairman of the Committee may propose to convene extraordinary meetings wherever necessary, and such extraordinary meetings may also be proposed by two (2) or more members of the Committee.

Article 24 The Committee convenes on-site meetings in principle. Meetings convened, as the case may be, in other forms, such as through written signature or other means conducive to communications and expression of opinions amongst the members may be adopted, but such written signature and other forms will not be the standard means for convening meetings of the Committee.

Wherever necessary, at the Committee's extraordinary meetings, expression of opinions or letters of professional advice can be done through email, telephone or other means on the condition that the members of the Committee are guaranteed to fully express their opinions.

Article 25 The Committee shall give a notice to convene a regular meeting five (5) days prior to such meeting through email or other means. The notice to convene an extraordinary meeting shall be given three (3) days prior to such meeting through the said means. The notice shall at least include:

- (1) The time and venue for convening such meeting;
- (2) The duration of such meeting;
- (3) The meeting agenda, matters to be discussed, and relevant materials; and
- (4) The date of the notice.

Article 26 Prior to the meeting of the Committee, members of the Committee shall be informed of matters to be discussed and provided with the relevant information. Members of the Committee shall fully read through meeting materials, expressly and independently produce their opinions following their own judgment, and try to reach a consensus. In case of difficulties in reaching a consensus, the Board shall be provided with different opinions and their explanations.

Article 27 Meetings of the Committee require a quorum of two thirds (2/3) or more of the members of the Committee.

The Committee may require the responsible personnels from the audit department, the finance department, the legal department, the accounting department, the actuarial department, and other relevant departments to attend such meetings as observers, and may invite other directors of the Company, senior managers, the representatives of external audit institutions, and other intermediary institutions to attend such meetings as observers as well. Internal auditors, if attend such meetings as observers, are obliged to provide explanations or answer questions raised by the members of the Committee in relation to the relevant matters.

Article 28 Any resolution of the Committee shall be passed by a majority of its members. When voting on a resolution of the Committee, each member shall have one (1) vote.

Article 29 Members of the Committee shall diligently exercise their duties, and attend meetings and activities of the Committee on time. Attendance to meetings of the Committee and expression of opinions shall be factored in for assessment of such directors.

Article 30 When the Committee considers the subject matters at a meeting, discussions may be subject to centralized discussion or free speech. However, the order of such meeting shall be maintained.

Article 31 Members of the Committee may express their opinions orally or in writing.

Article 32 Any member who owns interests in the subject matters of the meeting of the Committee shall abstain from attending the meeting. In case the quorum of the members falls below three (3) when such interested member(s) abstain(s), such subject matters shall be submitted to the Board for consideration and voting.

Article 33 The Committee may hold a joint meeting with other Board committees. When the Committee holds joint meetings with the Nomination and Remuneration Committee, the meetings shall be presided over by either the chairman of the Committee or the chairman of the Nomination and Remuneration Committee. When the Committee holds joint meetings with any other committee, the meetings shall be presided over by the chairman of the Committee.

Article 34 All parties attending meetings of the Committee are obliged to keep confidential all subject matters to be considered at such meetings, and not allowed to disclose such information without permission. In case of any breach of confidentiality obligations, any party committing such breach shall accept liabilities under laws, regulations, regulatory documents, the *Articles of Association*, and the requirements as set forth under the relevant confidentiality agreement.

Chapter V Letters of Professional Advice and Meeting Minutes

Article 35 Following discussions over the proposals considered at meetings of the Committee, a letter of professional advice shall be produced for the members of the Committee to affix their signatures. Contents of such letter of professional advice shall contain, including but not limited to:

- (1) Definite opinions pertaining to the subject matters formed by the Committee; and
- (2) Varied opinions pertaining to the subject matters as expressed by members of the Committee.

Article 36 All members of the Committee at their meeting shall be guaranteed to express their individual opinions to the fullest extent. Any dissenting opinion shall be included separately in the letter of professional advice. Any member who fails to attend such meeting with proper causes is entitled to receive all meeting materials after the meeting, and his/her supplemental opinions on such subject matters considered at the relevant meeting may be submitted to the Board separately.

Article 37 Letters of professional advice approved at the meeting of the Committee shall be submitted to the Board in writing. Letters of professional advice shall comply with the *Articles of Association*, these Terms of Reference, and the requirements as set forth under the relevant laws, regulations, regulatory documents and the listing rules of the place where the shares of the Company are listed.

Article 38 The Committee shall produce meeting minutes after each meeting. Such meeting minutes shall truly contain all opinions expressed by each member. All members at such meeting shall sign on the meeting minutes and are entitled to input explanatory entries regarding their statements recorded at such meeting. When any member at such meeting disagrees to the letters of professional advice, such disagreement shall be entered to the meeting minutes. Such meeting minutes shall contain, including but not limited to:

- (1) Date and venue of the meeting, and the chairperson's name;
- (2) Names of parties attending such meeting;
- (3) Meeting agenda;
- (4) Key points of the speeches of the members; and
- (5) Other matters to be stated and recorded on the meeting minute.

Article 39 Letters of professional advice and meeting minutes of the Committee will be permanently kept by the Company as meeting materials of the Board.

Chapter VI Supplemental Provisions

Article 40 Any matters not covered under these Terms of Reference shall be subject to the laws, regulations, the listing rules of the place where shares of the Company are listed, regulatory requirements, the *Articles of Association*, and other related regulations.

Article 41 Reference to “more than / more” in these Terms of Reference shall include such number itself, and “over” shall exclude such number itself.

Article 42 These Terms of Reference shall take effect upon being considered and approved by the Board, and be subject to interpretation and amendments by the Board.

(The Terms of Reference were prepared in Chinese. The English translation is not an official version and is for your reference only. In case of any inconsistencies and discrepancies between the Chinese and English versions, the Chinese version shall prevail.)