

Shanghai Dongzheng Automotive Finance Co., Ltd.*

Work Rules for the Audit Committee of the Board of Directors

(2.0)

With effect from 1 January 2023

CONTENTS

Chapter 1 General Provisions	1
Chapter 2 Committee Composition	1
Chapter 3 Duties and Authorizations	2
Chapter 4 Convening and Rules of Procedure of Meetings	4
Chapter 5 Penalty Provisions	6
Chapter 6 Supplementary Provisions	6
Annex 1: The Company Law of the People’s Republic of China	7
Annex 2: The Banking Supervision and Regulatory Law of the People’s Republic of China	7
Annex 3: The PRC Commercial Banking Law	7
Annex 4: The Automotive Finance Company Management Measures	7
Annex 5: The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited	7
Annex 6: The Regulatory Guidelines on the Business Continuity of Commercial Banks	7
Annex 7: The Corporate Governance Guidelines for Banking and Insurance Institutions	7

Shanghai Dongzheng Automotive Finance Co., Ltd.*

Work Rules for the Audit Committee of the Board of Directors

Chapter 1 General Provisions

Article 1 In order to govern decision-making function of the board of directors of Shanghai Dongzheng Automotive Finance Co., Ltd.* (the “Company”), ensure effective supervision over senior management by the board of directors (the “Board of Directors”) and improve corporate governance structure, the audit committee of the Board of Directors (the “Audit Committee” or the “Committee”) has been established. These rules (the “Rules”) are formulated in accordance with the articles of association of Shanghai Dongzheng Automotive Finance Co., Ltd.* (the “Articles of Association”), the Company Law of the People’s Republic of China (the “Company Law”), the Banking Supervision and Regulatory Law of the People’s Republic of China, the PRC Commercial Banking Law, the Automotive Finance Company Management Measures, the Regulatory Guidelines on the Business Continuity of Commercial Banks, the Corporate Governance Guidelines for Banking and Insurance Institutions, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), and other external relevant laws and regulations (the “External Regulations”).

Article 2 Resolutions adopted by the Audit Committee shall be in compliance with requirements of the Articles of Association of the Company, these Rules and other relevant laws, regulations and regulatory documents.

Chapter 2 Committee Composition

Article 3 The Audit Committee shall consist of at least three directors and all of its members shall be non-executive directors.

Article 4 Members of the Audit Committee shall be nominated by the Chairman of the Board of Directors, more than half of the independent non-executive directors or one-third or more of all directors, and shall be elected by the Board of Directors. The Committee should have a majority of independent non-executive directors and members shall have the financial, auditing, accounting or legal expertise and work experience. At least one member shall be an independent non-executive director with appropriate financial professional qualifications or with appropriate accounting or related financial management expertise required under the Listing Rules.

A former partner of the Company’s existing external audit firm should be prohibited from acting as a member of the Audit Committee for a period of two years from the later of the following dates: when he ceases to be a partner of the firm or when he ceases to have any financial interests in the firm.

Article 5 The Audit Committee shall have one chairman who shall be an independent non-executive director and take charge of the work of the Committee. The chairman shall be elected from the members, subject to approval by the Board of Directors.

Article 6 Members of the Audit Committee shall have a term of office in congruence with that of the Board of Directors, and may be re-elected and reappointed. A member who during his/her term of office no longer serves as a director of the Company or, if in the capacity of independent non-executive director, ceases to have the independence required by the Articles of Association and the Listing Rules shall be automatically disqualified as a member of the Committee, and the Committee shall fill up the vacancy in accordance with the requirements as above. A member shall not be dismissed without reason prior to expiry of his/her term of office, unless there arises any circumstance precluding his/her office as stipulated in the Company Law, the Articles of Association or the Listing Rules.

Chapter 3 Duties and Authorizations

Article 7 Main duties and functions of the Audit Committee include:

- (1) to be primarily responsible for making recommendations to the Board of Directors on the appointment, reappointment and removal of an external audit firm, approve the remuneration and terms of engagement of the external audit firm, and any questions about resignation or dismissal of that external audit firm;
- (2) to review and monitor the independence and objectivity of the external audit firm and the effectiveness of audit process in accordance with applicable standards; and discuss with the external audit firm about the nature and scope of the audit and reporting obligations before the audit commences;
- (3) to develop and implement policies on the engagement of an external audit firm to provide non-audit services. For this purpose, external audit firm shall include 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 as part of the audit firm nationally or internationally. The Audit Committee shall report and make recommendations to the Board of Directors on any matters in respect of which it considers that action or improvement is needed;
- (4) to monitor integrity of financial statements of the Company and its annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them. In this regard, in reviewing these reports before submission to the Board of Directors, the Committee shall focus particularly on:
 1. any changes in the accounting policies and practices;
 2. major judgmental areas;
 3. significant adjustments resulting from audit;
 4. the going concern assumptions and any qualifications;

5. compliance with accounting standards;
 6. compliance with the Listing Rules and other legal requirements in relation to financial reporting;
- (5) Regarding (4) above:
1. members of the Committee should liaise with the Board of Directors and senior management and the Committee must meet, at least twice a year, with the Company's auditors, and receive and consider the annual audit report on business continuity management;
 2. the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the 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;
- (6) to review the Company's financial controls, internal control and risk management systems;
- (7) to discuss the system of internal control with the management to ensure that the management has performed its duty to have an effective internal control system. 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;
- (8) to consider major investigation findings on internal control matters as delegated by the Board of Directors or on its own initiative and management's response to these findings;
- (9) to ensure co-ordination between the internal and external audit firm, 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;
- (10) to review financial, accounting policies and practices of the Company;
- (11) to review the management letter of the external audit firm, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;
- (12) to ensure that the Board of Directors will provide a timely response to the issues raised in the management letter of the external audit firm;
- (13) to report to the Board of Directors on the matters set out herein;
- (14) to consider other topics, as defined by the Board of Directors;

- (15) to ensure appropriate arrangements employees of the Company can use, in confidence, to raise concerns about possible irregularities 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;
- (16) to act as the key representative body for overseeing the Company's relations with the external audit firm;
- (17) to report its decisions or recommendations to the Board of Directors, except those that cannot be reported due to legal or regulatory restrictions;
- (18) to assist the Board of Directors in managing connected transactions, including regular review the management of connected transaction, filing of ordinary connected transactions, review of significant connected transactions, and submit to the Board of Directors or the general meeting for approval according to authorization;
- (19) other matters delegated by the Board of Directors.

Article 8 The Audit Committee shall report and submit proposals to the Board of Directors for consideration and approval. The Audit Committee shall cooperate with the auditing function of the Supervisory Committee.

Article 9 At the invitation of the Chairman of the Board of Directors, the Audit Committee shall designate its chairman or, in his/her absence, another member or his/her authorized representative to attend and respond to inquiries at the annual general meeting.

Article 10 All departments of the Company are obligated to cooperate with and provide relevant materials to the Audit Committee.

Article 11 The Audit Committee should be provided with sufficient resources to discharge its duties, if necessary, the Audit Committee may engage intermediaries to provide professional advice for its decisions at the cost of the Company.

Chapter 4 Convening and Rules of Procedure of Meetings

Article 12 Meetings of the Audit Committee include regular meetings and extraordinary meetings. Regular meetings shall be convened at least two times every year. A notice of meeting shall be served to all members seven days prior to the meeting. The meeting shall be chaired by the chairman of the Committee who, if unable to be present, may appoint another member to chair the meeting. If an extraordinary meeting needs to be convened as soon as possible in case of emergencies, the meeting can be convened without the foregoing limitation on notice period, provided that the chairman of the Audit Committee shall give explanation at the meeting.

Article 13 The quorum of the meetings of the Audit Committee shall be two-thirds or more of all its members, each having a ballot for voting. Resolutions of the meetings shall be passed by more than half of all members. A member of the Audit Committee shall attend the meeting in person, or appoint in writing other member to attend on his/her behalf due to his/her absence. The name of the proxy, matters appointed and scope of authorization shall be specified in the power of attorney which shall be signed or sealed by the principal.

Article 14 A meeting of the Audit Committee may be held on-site or by circulation of written proposals. Members can attend a meeting of the Audit Committee via telephone, video or other means of communication. Members who attend a meeting through the aforesaid means are deemed to having attended a meeting. Members who attend a meeting via telephone, video or other means of communication should ensure that they can communicate clearly with other members of the meeting.

Article 15 The voting may be made by a show of hands or by poll at the meetings of the Audit Committee.

Article 16 Meetings of the Audit Committee may be attended by the secretary to the Board and, where necessary, by other directors, supervisors and other senior management members upon request.

Article 17 The convening procedures, voting methods and resolutions of the meetings of the Audit Committee shall be in compliance with requirements of relevant laws, regulations, the Articles of Association and these Rules.

Article 18 The office of the Board of Directors is responsible for the preparation work for the Audit Committee's decision-making, including but not limited to: collection of meeting materials, daily work liaison and the organizing of meetings. All departments of the Company should actively cooperate with the office of the Board of Directors on this.

Article 19 Minutes shall be made for the meetings of the Audit Committee, and shall contain full details of the matters considered thereat. The draft and final versions of minutes of the meeting shall be delivered to all members of the Committee for their comment and records within twenty-one days after the meeting. All members who have attended the meetings shall sign the minutes. The minutes for the meeting shall be kept by the secretary of the Board.

Article 20 Resolutions and voting result of a meeting of the Audit Committee shall be submitted in writing to the Board of Directors.

Article 21 All members present at the meeting are obligated to keep confidential the matters considered thereat, and shall not disclose the relevant information without authorization.

Chapter 5 Penalty Provisions

Article 22 Members of the Audit Committee shall bear direct responsibilities for their failure to perform duties diligently and the conduct in violations of the procedural requirements.

Article 23 The Audit Committee shall be responsible for the effectiveness of communication, supervision and verification of the Company's internal and external audits. If there is any breach of the resolutions of the Board of Directors or any violation of the requirements of the Company's system in audit projects and audits, the Audit Committee is required to bear management responsibility.

Article 24 Legal liability shall be borne in accordance with relevant supervision and administration in terms of financial institutions for violations of laws, regulations and the regulatory requirements. Those involved in crimes will be handed over to judicial authorities and shall be implemented under the relevant provisions of the Company's case prevention and assessment of the directors' performance.

Chapter 6 Supplementary Provisions

Article 25 The expression "or more" herein for the numbers includes the underlying number indicated while "exceed" excludes the underlying number.

Article 26 These Rules shall be published on websites of the Company and The Stock Exchange of Hong Kong Limited as required by the Listing Rules.

Article 27 Matters not covered by these Rules shall be governed by the External Regulations or the Articles of Association of the Company. In the event that these Rules conflict with the External Regulations or the Articles of Association of the Company, the latter shall prevail.

Article 28 These Rules shall be interpreted and revised by the office of the Board of Directors.

Article 29 These Rules shall be effective from the date of the approval by resolution of the Board of Directors and implemented. The Company's policy on the Work Rules for the Audit Committee of the Board of Directors (1.0) shall be concurrently repealed.

Annex 1: The Company Law of the People’s Republic of China

Annex 2: The Banking Supervision and Regulatory Law of the People’s Republic of China

Annex 3: The PRC Commercial Banking Law

Annex 4: The Automotive Finance Company Management Measures

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** For identification purposes only*