

**Shanghai Dongzheng Automotive Finance Co., Ltd.\***

**Work Rules for the Risk Management Committee of the Board of Directors**

**(4.0)**

**With effect from 29 August 2023**

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# **Shanghai Dongzheng Automotive Finance Co., Ltd.\***

## **Work Rules for the Risk Management Committee of the Board of Directors**

### **Chapter 1 General Provisions**

**Article 1** In order to govern matters related to corporate risk management and consumer rights protection of Shanghai Dongzheng Automotive Finance Co., Ltd.\* (the “Company”), the board of directors (the “Board of Directors”) has established the risk management committee of the Board of Directors (the “Risk Management Committee” or the “Committee”). 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 Corporate Governance Guidelines for Banking and Insurance Institutions, the Guidelines for the Comprehensive Risk Management of Banking Financial Institutions, the Regulatory Guidelines on the Business Continuity of Commercial Banks, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and other external laws and regulations (the “External Regulations”).

**Article 2** Resolutions adopted by the Risk Management 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 Risk Management Committee shall consist of at least three directors.

**Article 4** Members of the Risk Management 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 proportion of independent directors in the Committee shall be not less than one-third in principle.

The Risk Management Committee shall have one chairman who shall be an independent non-executive director appointed by the Board of Directors or shall be the Chairman of the Board of Directors.

The meeting of the Risk Management Committee shall be convened and presided over by the chairman, or another member designated to act on his/her behalf if the chairman is unable or fails to perform his/her duties. If the chairman neither performs his/her duties nor designates another member to act on his/her behalf, any member of the Committee may report to the Board of Directors which shall designate a member to perform the duties of the chairman.

**Article 5** Members of the Risk Management Committee shall have a term of office in congruence with that of the same session of the Board of Directors, and may be reelected and reappointed. 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 these Rules, or he/she as an independent non-executive director ceases to have the independence required by the Articles of Association and the Listing Rules. A member no longer serving as a director of the Company during his/her term of office shall be automatically disqualified as a member of the Committee.

**Article 6** Where the number of members of the Risk Management Committee falls below two-thirds of the required headcount due to resignation, dismissal or other reasons, the Board of Directors shall promptly appoint new member(s) in accordance with the above provisions.

The Risk Management Committee shall suspend the exercise of its functions and powers as provided herein until the number of members of the Risk Management Committee reaches two-thirds of the required headcount.

**Article 7** The provisions on obligations of directors as stipulated in the Company Law and the Articles of Association of the Company apply to members of the Risk Management Committee.

### **Chapter 3 Duties and Authorizations**

**Article 8** Main duties and functions of the Risk Management Committee include:

(I) Comprehensive risk management duties

1. Be responsible for providing professional advice to the Board of Directors on the development of the internal control system and the effectiveness of internal control measures, and receiving regular internal control reports from the senior management;
2. Assist the Board of Directors in carrying out comprehensive risk management and strategic planning, establish a risk culture and develop the comprehensive risk management governance structure and governance strategy of the Company, and propose risk appetite and risk limit to the Board of Directors;
3. Prepare major risk management policies and procedures of the Company, and make recommendations to the Board of Directors;
4. Supervise senior management to carry out comprehensive risk management (including controls over strategic risk, credit risk, operational risk, liquidity risk, information technology risk, compliance risk (including case risk), legal risk, new business risk, reputation risk, outsourcing risk, book interest rate risk, capital risk, reserve risk, money laundering risk, business continuity management and other risks), regularly evaluate the

Company's risk policies, management performance and risk tolerance, regularly receive reports, monitor and evaluate risk management and advise on risk management and internal control improvements;

5. Review the comprehensive risk management report as well as information disclosure of various important risks, and submit them to the Board of Directors for approval;
6. Establish an effective communication mechanism with other special committees of the Board of Directors such as the Audit Committee, the Nomination Committee and the Remuneration and Evaluation Committee of the Board of Directors, to ensure adequate information sharing and supports to risk management decision-making;
7. Formulate annual working plans and hold meetings on a regular basis;
8. Other risk management responsibilities authorized by the Board of Directors and as set out in the Company's systems.

## (II) Consumer rights protection duties

1. Be responsible for formulating strategies, policies and objectives of the Company's consumer rights protection work, providing professional advice to the Board of Directors on the establishment and improvement of consumer rights protection work, decision-making and supervision mechanisms, and promoting the Company's continuous enhancement of the protection of the rights of financial consumers;
2. Assist the Board of Directors in fulfilling its consumer rights protection duties, and incorporate financial consumer rights protection into the Company's governance, corporate culture building and business development strategy;
3. Oversee the effective implementation and execution of consumer rights protection strategies, policies and objectives, and supervise the senior management in the effective implementation and execution of consumer rights protection related work;
4. Regularly receive special reports on the implementation of consumer rights protection work;
5. Supervise and evaluate the comprehensiveness, timeliness and effectiveness of the Company's consumer rights protection work as well as the relevant performance of duties by the senior management, and submit relevant reports to the Board of Directors on a regular basis;
6. Consider the resolutions on consumer rights protection to be submitted to the Board of Directors for consideration, and make recommendations to the Board of Directors;

7. Other consumer rights protection management duties as required by the relevant regulatory provisions on consumer rights protection or authorized by the Board of Directors.

**Article 9** The Risk Management Committee shall report and submit proposals to the Board of Directors for consideration and approval.

**Article 10** At the invitation of the Chairman of the Board of Directors, the Risk Management Committee shall designate its chairman or, in his/her absence, another member or his/her authorized representative to attend and answer inquiries at the annual general meeting.

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

#### **Chapter 4 Convening and Rules of Procedure of Meetings**

**Article 12** Meetings of the Risk Management Committee include regular meetings and extraordinary meetings.

Regular meetings shall be held at least twice a year. An extraordinary meeting may be convened by the Chairman of the Board of Directors or the chairman of the Risk Management Committee, or jointly by two or more committee members.

**Article 13** A meeting of the Risk Management Committee may be held on-site or by circulation of written proposals. Members can attend a meeting of the Risk Management 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 14** Notice of meeting of the Risk Management Committee shall be given 7 days (excluding the date of meeting) prior to a regular 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 Risk Management Committee shall give explanation at the meeting.

**Article 15** The quorum of the meetings of the Risk Management Committee shall be two-thirds or more of all its members.

**Article 16** A member may attend a meeting in person, or appoint other member to attend and vote thereat provided that a power of attorney shall be submitted to the chairman of the meeting. 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. The power of attorney shall be submitted to the chairman of the meeting no later than the start of voting process.

**Article 17** A member who neither attends a meeting of the Risk Management Committee in person nor appoints a proxy to attend on his/her behalf shall be deemed absent from the meeting.

**Article 18** Meetings of the Risk Management Committee may be attended by the secretary to the Board, and by directors other than members of the Risk Management Committee upon request. The Risk Management Committee may, if thought necessary, request other personnel related to proposals of the meeting to attend the meeting, make presentation or express opinions, provided that a participant other than members of the Risk Management Committee shall have no right to vote on the proposals.

**Article 19** The voting may be made by a show of hands or by poll at the meetings of the Risk Management Committee.

Each member of the Risk Management Committee shall have one ballot for voting. Resolutions passed at the meeting shall be approved by more than half of all members (including those absent from the meeting).

**Article 20** Resolutions and voting result of a meeting of the Risk Management Committee shall be submitted in writing to the Board of Directors for review.

**Article 21** The office of the Board of Directors is responsible for the preparation work for the Risk Management 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 22** Minutes shall be made for the meetings of the Risk Management Committee, and shall contain full details of the matters considered thereat. Draft and final versions of minutes of the meetings 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 on the minutes of the relevant meetings, and the minutes of meetings shall be kept by the secretary of the Board.

**Article 23** Members of the Risk Management Committee who have the access to corporate information are liable for confidentiality before it is made public.

## **Chapter 5 Penalty Provisions**

**Article 24** Members of the Risk Management Committee shall bear direct responsibilities for their failure to perform duties diligently and the conduct in violations of the procedural requirements.

**Article 25** The Risk Management Committee shall be responsible for the effectiveness of the Company's risk management decisions. 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 terms of risk management at an operational or implementation level, the Risk Management Committee is required to bear management responsibility.

**Article 26** 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 27** The expression "or more" herein for the numbers includes the underlying number indicated while "exceed" or "below" excludes the underlying number.

**Article 28** 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 29** Matters not covered by these Rules shall be governed by the External Regulations and 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 30** These Rules shall be interpreted and revised by the office of the Board of Directors.

**Article 31** These Rules shall be effective from the date of the approval by the Board of Directors. The Company's policy on the Work Rules for the Risk Management Committee of the Board of Directors (3.0) 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**

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**Annex 8: The Listing Rules**

*\* For identification purposes only*