

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

**Work Rules for the Remuneration and  
Evaluation Committee of the Board of Directors**

**(2.0)**

**With effect from 1 January 2023**

## CONTENTS

<b>Chapter 1 General Provisions</b> . . . . .	1
<b>Chapter 2 Committee Composition.</b> . . . . .	1
<b>Chapter 3 Duties and Authorizations</b> . . . . .	2
<b>Chapter 4 Convening and Rules of Procedure of Meetings.</b> . . . . .	4
<b>Chapter 5 Penalty Provisions</b> . . . . .	5
<b>Chapter 6 Supplementary Provisions</b> . . . . .	5
<b>Annex 1: The Company Law of the People’s Republic of China.</b> . . . . .	6
<b>Annex 2: The Banking Supervision and Regulatory Law of the People’s Republic of China</b> . . . . .	6
<b>Annex 3: The PRC Commercial Banking Law.</b> . . . . .	6
<b>Annex 4: The Automotive Finance Company Management Measures</b> . . . . .	6
<b>Annex 5: The Corporate Governance Guidelines for Banking and Insurance Institutions</b> . . . . .	6
<b>Annex 6: The Guidelines for the Performance Assessment and Supervision of Banking Financial Institutions (《銀行業金融機構績效考評監管指引》)</b> . . . . .	6
<b>Annex 7: The Supervisory Guidelines on Sound Compensation in Commercial Banks</b> . . . . .	6
<b>Annex 8: The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.</b> . . . . .	6

**Shanghai Dongzheng Automotive Finance Co., Ltd.\***  
**Work Rules for the Remuneration and**  
**Evaluation Committee of the Board of Directors**

**Chapter 1 General Provisions**

**Article 1** In order to govern the relevant remuneration and evaluation matters of Shanghai Dongzheng Automotive Finance Co., Ltd.\* (the “Company”), the remuneration and evaluation committee of the board of directors (the “Board of Directors”) (the “Remuneration and Evaluation 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 Corporate Governance Guidelines for Banking and Insurance Institutions, the Guidelines for the Performance Assessment and Supervision of Banking Financial Institutions (《銀行業金融機構績效考評監管指引》), the Supervisory Guidelines on Sound Compensation in 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 Remuneration and Evaluation 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 Remuneration and Evaluation Committee shall consist of at least three members, including a majority of independent non-executive directors.

**Article 4** Members of the Remuneration and Evaluation 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. At least one-third of the members in the Committee should be professional in finance field, and the Remuneration and Evaluation Committee shall be familiar with the risks, costs and evolution of each product line to review the relevant remuneration systems and policies effectively and responsibly.

**Article 5** The Remuneration and Evaluation 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 Remuneration and Evaluation Committee shall have a term of office in congruence with that 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 of the Company 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.

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

**Article 7** Main duties and functions of the Remuneration and Evaluation Committee include:

- (1) to consider the evaluation criteria, performance assessment process, remuneration and punishment measures, and submit the same to the Board of Directors for approval;
- (2) to make recommendations to the Board of Directors on the policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (3) to be responsible for conducting the annual performance appraisal of senior management and reporting to the Board of Directors for approval on performance appraisal results, application of appraisal results, etc.;
- (4) to be responsible for conducting the annual appraisal work on the duty performance of the directors and reporting to the Board of Directors and the Supervisory Committee for approval on appraisal results, application of the results, etc.;
- (5) to make recommendations to the Board of Directors on the remuneration packages of all directors and senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment), and to make recommendations to the Board of Directors on the formulation and implementation of the remuneration plan for all directors and senior management (including but not limited to the remuneration standards, the remuneration structure, payment of performance remuneration, compensation for loss of office, etc.). The Remuneration and Evaluation Committee shall consider salaries paid by comparable companies, time commitment and responsibilities of directors, and employment conditions for other positions elsewhere in the Company. Where the Remuneration and Evaluation Committee considers it necessary, it should consult the Chairman of the Board of Directors and the general manager, it may also seek external professional advice. In the remuneration proposals for senior management, the corporate policy and objectives shall be fully considered;

- (6) to continuously monitor the effectiveness of their qualifications as the directors and senior management in office and to make recommendations to the Board of Directors based on the appraisal results of the directors' duty performance and the performance appraisal results of senior management;
- (7) to review and propose to the Board of Directors compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (8) to review and propose to the Board of Directors compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (9) to ensure that no director or any of his/her associates (as defined in the Listing Rules) is involved in deciding his/her own remuneration and the appraisal results of his/her duty performance, and that for non-executive directors who are also members of the Remuneration and Evaluation Committee, their remuneration and the appraisal results of their duty performance shall be decided by other members of the Remuneration and Evaluation Committee;
- (10) to review matters relating to share schemes under Chapter 17 of the Listing Rules;
- (11) to report its recommendations mentioned above to the Board of Directors and to be subject to the approval, except those that cannot be reported due to legal or regulatory restrictions;
- (12) other matters delegated by the Board of Directors.

**Article 8** Implementation of the remuneration plan for directors as proposed by the Remuneration and Evaluation Committee is subject to approval by the Board of Directors and the consideration at the general meeting or the consideration and approval by the Board of Directors with authority granted at the general meeting. The remuneration plan for senior management is subject to approval by the Board of Directors.

**Article 9** At the invitation of the Chairman of the Board of Directors, the Remuneration and Evaluation 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** The Remuneration and Evaluation Committee should be provided with sufficient resources to discharge its duties, if necessary, the Remuneration and Evaluation 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 11** Meetings of the Remuneration and Evaluation Committee shall be convened at least once 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 (independent director) 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 Remuneration and Evaluation Committee shall give explanation at the meeting.

**Article 12** The quorum of the meetings of the Remuneration and Evaluation 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 Remuneration and Evaluation 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 13** A meeting of the Remuneration and Evaluation Committee may be held on-site or by circulation of written proposals. Members can attend a meeting of the Remuneration and Evaluation 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** The voting may be made by a show of hands or by poll at the meetings of the Remuneration and Evaluation Committee.

**Article 15** Meetings of the Remuneration and Evaluation Committee may be attended by directors, supervisors and senior management upon request, where necessary.

**Article 16** When the Remuneration and Evaluation Committee considers issues related to the member of the Committee, the person should evade.

**Article 17** The convening procedures, voting methods and the remuneration policy and distribution plan passed at meetings of the Remuneration and Evaluation Committee shall meet the requirements of these Rules.

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

**Article 19** Minutes shall be made for the meetings of the Remuneration and Evaluation 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 20** Resolutions and voting result of a meeting of the Remuneration and Evaluation 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 Remuneration and Evaluation Committee shall bear direct responsibilities for their failure to perform duties diligently and the conduct in violations of the procedural requirements.

**Article 23** The Remuneration and Evaluation Committee shall be responsible for the effectiveness of the remuneration and evaluation policies of the Company. 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 remuneration and evaluation at an operational or implementation level, the Remuneration and Evaluation 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" or "below" 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 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 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 the Board of Directors. The Company's policy on the Work Rules for the Remuneration and Evaluation 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**

**Annex 5: The Corporate Governance Guidelines for Banking and Insurance Institutions**

**Annex 6: The Guidelines for the Performance Assessment and Supervision of Banking Financial Institutions (《銀行業金融機構績效考評監管指引》)**

**Annex 7: The Supervisory Guidelines on Sound Compensation in Commercial Banks**

**Annex 8: The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited**

\* *For identification purposes only*