

# **Nanhua Futures Co., Ltd.**

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

### **Chapter 1 General Provisions**

**Article 1** To further standardize the operations of Nanhua Futures Co., Ltd. (the “Company”), enhance the Company’s control and management capabilities over systemic risks, institutional risks and specific business risks, and improve the corporate governance structure, the risk management committee has been established and these rules of procedures have been formulated by the board of directors of the Company in accordance with the Company Law of the People’s Republic of China, the Articles of Associations of Nanhua Futures Co., Ltd. (the “Articles of Associations”), the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other relevant regulations of the industry regulatory authorities.

**Article 2** The risk management committee of the board of directors is a specialized body established under the board of directors, primarily responsible for the control, management, assessment, and supervision of the Company’s risks.

**Article 3** The provisions of the Company Law, the securities regulatory rules of the place where the Company’s shares are listed, and the Articles of Associations concerning the appointment management and conduct standards for directors shall apply to members of the risk management committee.

### **Chapter 2 Personnel Composition**

**Article 4** The risk management committee consists of three directors.

**Article 5** Members of the risk management committee shall be nominated by the chairperson of the board of directors or more than one third of all directors, and shall be approved by more than half of all directors.

**Article 6** The risk management committee shall have one convener, who shall be appointed with the approval of a majority of the directors.

**Article 7** The term of the members of the risk management committee shall be the same as the term of directors of the board of directors. A member may serve consecutive term if re-elected upon the expiry of his/her term of office. Prior to the expiration of his/her term of office, a member of the risk management committee may be removed from his/her roles by the Company in accordance with statutory procedures. During such period, if any member ceases to hold office as a director of the Company, such member shall be automatically disqualified as a member of the risk management committee.

**Article 8** Where the number of members of the risk management committee is reduced due to the resignation or removal of members or other reasons, the board of directors of the Company shall promptly add new members for the committee.

### **Chapter 3 Duties and Powers**

**Article 9** The primary duties and authorities of the risk management committee are:

(I) to design and revise the Company's risk management policies and procedures, and issue risk management standards;

(II) to formulate the Company's overall risk control objectives and risk management policies, and review the Company's risk control and administrative measures;

(III) to review material and high-risk business decision proposals for the Company;

(IV) to adjust the Company's overall risk management objectives where necessary;

(V) to evaluate and monitor various trade market risks so as to ensure that the overall risk level and structure align with the Company's overall policy;

(VI) to make suggestions to improve the Company's risk control and management;

(VII) to evaluate personnel of risk control institutions;

(VIII) other responsibilities as stipulated by laws, administrative regulations, departmental regulations and the Articles of Association, or authorized by the board of directors.

**Article 10** The risk management committee is accountable to the board of directors and shall perform its responsibilities in accordance with laws and administrative regulations, departmental regulations, the securities regulatory rules of the place where the Company's shares are listed, the Articles of Associations, or as authorized by the board of directors. Proposals from the risk management committee shall be submitted to the board of directors for deliberation and decision.

## **Chapter 4 Rules of Procedures**

**Article 11** Meetings of the risk management committee shall be convened as needed and notice thereof shall be given to all members three days prior to the meeting. The meetings shall be convened and presided over by the convener. Should the convener be unable or incapable of performing his/her duties, a member of the risk management committee jointly nominated by a majority of its members shall preside. In special or urgent circumstances where the convening of a meeting is required as soon as practical, notice may be given at any time by telephone or other verbal means.

**Article 12** The meetings of the risk management committee shall be attended by two thirds or more of its members. Each member shall have one vote. A resolution of the meeting is valid only with the approval of more than one half of the members.

**Article 13** The meetings of the risk management committee shall be convened on site in principle. Provided that all participating directors can fully communicate and express their opinions, such meetings can be held by means of video, telephone or other methods when necessary.

**Article 14** Voting at meetings of the risk management committee shall be conducted by a show of hands or by poll, and voting for extraordinary meetings may also be conducted by means of electronic communication.

**Article 15** The Company's directors and senior management may be invited to be present at the meetings of the risk management committee.

**Article 16** If necessary, the risk management committee may engage an intermediary to provide professional advice, at the Company's expense.

**Article 17** The procedures for convening meetings of the risk management committee, the voting methods employed and the resolutions passed at such meetings shall be in compliance with the requirements under the relevant laws, regulations, securities regulatory rules of the place where the Company's shares are listed, the Articles of Associations and these rules of procedures.

**Article 18** Meetings of the risk management committee shall be recorded in writing and shall be signed by the members present and by the person taking the minutes. The minutes of such meetings shall be maintained by the office of the board of directors of the Company for a period of ten years.

**Article 19** The resolutions passed and voting results at the meetings of the risk management committee shall be reported to the board of directors in writing.

**Article 20** The participants present at the meeting shall have the obligation to keep confidential all matters discussed, and shall not disclose the information relating thereto without authorization.

## **Chapter 5 Supplementary Provisions**

**Article 21** Matters not covered in these rules of procedures shall comply with relevant laws, administrative regulations, departmental regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Should these rules of procedures contravene the laws, administrative regulations, departmental regulations as subsequently promulgated by the State, or securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association as amended, the national laws, administrative regulations, departmental regulations and the Articles of Association shall prevail.

**Article 22** The board of directors shall have the right to interpret these rules of procedures.

**Article 23** These rules of procedures shall come into force from the date when the H shares issued by the Company are listed on The Stock Exchange of Hong Kong Limited upon approval of the board of directors of the Company.