



Prinx Chengshan Holdings Limited

浦林成山控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1809)

Development Strategy and Risk Management Committee

Terms of Reference

Effective date of these terms of reference: effective on 9 October 2018;
and amended on 30 March 2022

Preamble

1. Prinx Chengshan Holdings Limited (the “**Company**”) was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**HKEX**”) on 9 October 2018.

In compliance with the code of provision of the Corporate Governance Codes issued by the HKEX, a Development Strategy and Risk Management Committee (the “**Development Strategy and Risk Management Committee**”) needs to be established with the terms of reference as set out and adopted herein.

Constitution

2. The Development Strategy and Risk Management Committee was established by resolutions of the board of directors of the Company (the “**Board**”, and each director of the Board, a “**Director**”) on 10 September 2018.

Membership

3. The members of the Development Strategy and Risk Management Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three members, a majority of whom should be independent non-executive Directors. The quorum of a Development Strategy and Risk Management Committee meeting shall be any two members of the Development Strategy and Risk Management Committee one of whom must be independent non-executive Director.
4. The Development Strategy and Risk Management Committee shall be chaired by the Chairman of the Board or an independent non-executive Director.
5. The term of office of a member of the Development Strategy and Risk Management Committee shall be determined by the Board.
6. Each member of the Development Strategy and Risk Management Committee shall disclose to the Development Strategy and Risk Management Committee:
 - (a) any personal financial interest (other than as a Shareholder of the Company) in any matter to be decided by the Development Strategy and Risk Management Committee; or
 - (b) any potential conflict of interest arising from a cross-directorship.

Any such member shall abstain from voting on resolutions of the Development Strategy and Risk Management Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions, and shall (if so required by the Board) resign from the Development Strategy and Risk Management Committee.

Frequency and procedure of meetings

7. Unless otherwise stated herein, the meetings of the Development Strategy and Risk Management Committee are governed by the provisions regulating the meetings and proceedings of Directors in the Company's articles of association.
8. Meetings shall be held not less than once a year. The chairman of the Development Strategy and Risk Management Committee shall convene a meeting upon request by any member of the Development Strategy and Risk Management Committee.
9. An agenda and any accompanying Committee papers should be sent in full to all members of the Development Strategy and Risk Management Committee in a timely manner and at least three days before the proposed date of a meeting of the Development Strategy and Risk Management Committee (or other agreed period).
10. The quorum of a Development Strategy and Risk Management Committee meeting shall be any two members of the Development Strategy and Risk Management Committee, one of whom must be an independent non-executive Director.
11. The Company is obliged to supply the Development Strategy and Risk Management Committee with adequate information in a timely manner, in order to enable it to make informed decisions. The information supplied must be complete and reliable. Where a Director requires more information than information provided voluntarily by the senior management, the relevant Director should make additional necessary enquiries. The Board and each Director shall have separate and independent access to the senior management.
12. The Secretary of the Development Strategy and Risk Management Committee shall be the company secretary of the Company or his/her appointed delegate.

Annual General Meeting

13. The chairman of the Development Strategy and Risk Management Committee shall attend the annual general meeting and be prepared to respond to any shareholder's questions on the Development Strategy and Risk Management Committee's activities.
14. If the chairman of the Development Strategy and Risk Management Committee is unable to attend an annual general meeting of the Company, he shall arrange for another member of the Development Strategy and Risk Management Committee, or failing this, his duly appointed delegate, to attend in his place. Such person shall be prepared to respond to any shareholder's questions on the Development Strategy and Risk Management Committee's activities.

Authority

15. The Development Strategy and Risk Management Committee is authorised by the Board to investigate any activity mentioned in these terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Development Strategy and Risk Management Committee.
16. The Development Strategy and Risk Management Committee is authorised by the Board to obtain independent professional advice to perform its responsibilities, at the Company's expense. The Development Strategy and Risk Management Committee is authorised and encouraged by the Board to obtain external independent professional advice from reputable internationally recognised advisors, at the Company's expense, and to secure the attendance of such external advisors with relevant experience and expertise. The Development Strategy and Risk Management Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any external consultant who advises the Development Strategy and Risk Management Committee.
17. The Development Strategy and Risk Management Committee is authorised by the Board to set up an administrative office undertaken by the executive office and the risk management department of the Company. Upon approval, the staff and administrative office are allowed to attend meetings related to the development strategy and risk management of the Company, access to relevant information and issue research reports on a regular or irregular basis for submission to the Development Strategy and Risk Management Committee.

Duties

18. The duties of the Development Strategy and Risk Management Committee shall include:
- (a) understanding and overseeing the overall operation of the Company and the status of sustainable development governance;
 - (b) understanding, analysing and monitoring the current situation of the international and domestic industry;
 - (c) understating and monitoring relevant national policies;
 - (d) studying the short, medium and long-term development strategies of the Company and discussing and responding to the impact of the Company's operations on various stakeholders, especially the areas of material issues that the stakeholders and the management of the Company prioritize or the relevant issues;
 - (e) providing consultancy advice on the Company's long-term development strategy and major decisions on major investments, reforms and etc.;
 - (f) planning the implementation and improvement of sustainable development matters to ensure that the management and decision-making mechanism of key sustainable development issues, including but not limited to tire product safety and quality, emission management and clean technology research and development, are in compliance with relevant laws and regulations, international standards and requirements of stakeholders;
 - (g) reviewing and approving the special research report on the development strategies and the annual Environmental, Social and Governance ("ESG") report;
 - (h) publishing routine research reports on a regular or irregular basis;
 - (i) reviewing and making recommendations on the general objectives and basic policies of compliance management and risk management including ESG related matters;
 - (j) determining strategic structures and resources for the risk management of the Company, including material ESG risks and ensuring that they are compatible with the internal risk management policy of the Company;

- (k) reviewing and making recommendations on the institutional set up and duties in relation to compliance management and risk management including ESG-related matters; overseeing the Company's risk management and internal control systems on an ongoing basis, including focusing on material ESG risks, and ensuring that a review of the effectiveness of the risk management and internal control systems of the Company and its subsidiaries has been conducted at least annually. The review shall cover all material controls, including financial, operational and compliance controls, and shall, in particular, include:
- i. the changes, since last annual review, in the nature and extent of significant risks and the Company's ability to respond to changes in its business and the external environment;
 - ii. the scope and quality of management's ongoing monitoring of risks and the internal control systems, and its internal audit function;
 - iii. identifying and reviewing the risks and opportunities related to sustainable development that have a potential significant impact on the Company, and reporting to the Board, providing recommendations for the annual strategic goals of sustainable development;
 - iv. the extent and frequency of communication of monitoring results to the Board (or the specialised committees under it);
 - v. significant control failures or weaknesses that have been identified during the period, and the extent to which they have resulted in unforeseen outcomes or contingencies;
 - vi. the effectiveness of the Company's procedures on financial reporting and compliance with the Rules Governing the Listing of Securities on the HKEX;
- (l) ensuring the adequacy resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions;
- (m) evaluating and advising on risks relating to major decisions to be considered and approved at the Board and the solutions to such major tasks;

- (n) formulating the limits of major risks and conducting regular assessments of material ESG risks;
- (o) supervising, examining and making recommendations to the Board on relevant risk management policies, including material ESG risks;
- (p) reviewing and advising on compliance reports and risk evaluation reports to be reviewed by the Board; and
- (q) performing such other duties determined by the Board and required by the listing rules or regulatory requirement of the place where the shares of the Company are listed.

Reporting procedures

19. Full minutes of the Development Strategy and Risk Management Committee's meetings should be kept by the secretary of the Development Strategy and Risk Management Committee and such minutes shall be available for inspection at any reasonable time on reasonable notice by any Director.
20. Minutes of meetings of the Development Strategy and Risk Management Committee shall record in sufficient detail the matters considered by the Development Strategy and Risk Management Committee and decisions reached, including any concerns raised by Directors or dissenting views expressed. Draft and final versions of minutes should be sent to all members of the Development Strategy and Risk Management Committee for their comment and records respectively, within a reasonable time after such meetings.
21. Without prejudice to the generality of the duties of the Development Strategy and Risk Management Committee set out above, the Development Strategy and Risk Management Committee shall report back to the Board and keep the Board fully informed of its decisions and recommendations, unless there are legal or regulatory restrictions on doing so.

Provision of terms of reference

22. The Development Strategy and Risk Management Committee shall make available these terms of references on request and by inclusion onto the HKEX's website and the Company's website, thereby explaining the role of the Development Strategy and Risk Management Committee and the authority delegated to it by the Board.

Approval of Disclosure Statements

23. The Development Strategy and Risk Management Committee shall be responsible for approving all disclosure statements in relation to the Development Strategy and Risk Management Committee, including but not limited to relevant disclosure statements in annual reports, interim reports and information uploaded on the HKEX's website and the Company's website.

Review of terms of reference

24. The Development Strategy and Risk Management Committee shall review these terms of references annually, and may consider and submit to the Board any proposed changes that the Development Strategy and Risk Management Committee deems appropriate or advisable.