



China New Energy Limited

(Incorporated in Jersey, Channel Islands with limited liability and carrying on business in Hong Kong as “Zhongke Tianyuan New Energy Limited”) (the “Company”)

RISK MANAGEMENT COMMITTEE TERMS OF REFERENCE

1 CONSTITUTION

- (a) The Risk Management Committee (the “**Committee**”) is established pursuant to the resolutions passed by the board (the “**Board**”) of directors (the “**Directors**”) of the Company at its meeting held on 16 June 2020.

2 AUTHORITY

- (a) The Committee shall have unrestricted access to the senior management of the Company and its subsidiaries (collectively, the “**Group**”) to obtain any risk related information it requires in order to perform its duties and responsibilities. All relevant employees of the Group will be directed to co-operate with any request made by the Committee.
- (b) The Committee is authorised to obtain independent professional advice in accordance with the procedures adopted by the Company from time to time and to secure the attendance of any external professional with relevant experience and expertise if necessary. The Committee should be provided with sufficient resources to perform its duties.

3 MEMBERSHIP

- (a) The members of Committee shall be appointed by the Board and shall consist of not less than three members.
- (b) The chairman of the Committee shall be the appointed by the Board.
- (c) The appointment of the members of the Committee may be revoked, replaced or additional members may be appointed to the Committee by separate resolutions passed by the Board and by the Committee. An appointment of a member of the Committee shall be automatically revoked if such member ceases to be a member of the Board.
- (d) The company secretary of the Company shall be the secretary of the Committee. The Committee may from time to time, appoint any other person with appropriate qualification and experience to act as the secretary of the Committee.

4 RESPONSIBILITIES

To the extent not overlapping with some of the audit committee of the Board, the responsibilities of the Committee should include the following:

- (a) to formulate and oversee the implementation of the internal control measures and the effectiveness of risk management system;
- (b) to improve the corporate governance of the Company;
- (c) to deliberate risk management related policies and procedures;
- (d) to review the effectiveness and adequacy of risk management activities and to report such findings to the Board;
- (e) to conduct check on the information (including identity, location and nature of business) of the counterparty to the contract against various lists of restricted countries and parties maintained by the United States (“**U.S.**”), the United Nations (“**U.N.**”), the European Union (“**E.U.**”) and Australia, including but not limited to the United States Department of Treasury’s Office of Foreign Assets Control (“**OFAC**”)’s Specially Designated Nationals and Blocked Persons List, OFAC’s Sectoral Sanctions Identifications (SSI) List, or other restricted parties lists maintained by the U.S., the E.U., the U.N. or Australia (the “**Sanctioned Persons**”);
- (f) to evaluate international sanctions risks prior to determining whether the Company should embark on any business opportunities in any country which governments such as the U.S. or Australia, or governmental organisations, such as the U.N. or the E.U., have, through executive order, passing of legislation or other governmental means, implemented measures that impose economic sanctions against such countries or against targeted industry sectors, groups of companies or persons, and/or organizations within such countries (the “**Sanctioned Country(ies)**”);
- (g) to review and approve all relevant business transaction documentation relating to customers or potential customers from Sanctioned Countries and/or any other government, individual or entity sanctioned by the U.S., the U.N., the E.U. or Australia;
- (h) to continuously monitor the use of proceeds from the listing of the issued shares of Company by way of global offering on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”), as well as any other funds raised through the Stock Exchange or otherwise, to ensure that such funds will not be used to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, any Sanctioned Country, any Sanctioned Persons or any other government, individual or entity sanctioned by the U.S., the U.N., the E.U. or Australia;

- (i) as and when the Committee considers necessary, to engage external international sanctions legal advisers with necessary expertise and experience in international sanctions matters for recommendations and advice, and to provide training sessions relating to the international sanctions laws to the Directors and senior management and other relevant personnel of the Group to assist them in evaluating the potential sanctions risks in the Group's daily operations; and
- (j) to hold meetings to monitor the Company's exposure to sanctions risk and to review the Company's internal control procedures relating sanctions laws regularly.

5 MEETINGS

- (a) The Committee shall meet at least twice a year.
- (b) A quorum of the meeting of Committee shall be two members.
- (c) Resolutions of the Committee at any meeting shall be passed by a majority of votes of members if more than two of its members are present and by a unanimous vote if only two of its members are present.

6 COMMITTEE'S RESOLUTIONS

- (a) A resolution in writing signed by all the members of the Committee shall be as valid and effective as if it had been passed at a meeting of the Committee and may consist of several documents in like form each signed by one or more of the members of the Committee. Such resolution may be signed and circulated by fax or other electronic communications. This provision is without prejudice to any requirement under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") for a meeting of the Board or Committee to be held.

7 REPORTING PROCEDURES, MINUTES AND RECORDS

- (a) The Committee shall report to the Board identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken. At the next meeting of the Board following a meeting of the Committee, the chairman of the Committee shall report their decisions and recommendations of the Committee to the Board.
- (b) Full minutes of meetings of the Committee shall be kept by the secretary of the Committee. Draft and final versions of minutes of meetings of the Committee should be circulated to all members of the Committee for their comment and records respectively within a reasonable time after the meeting.

- (c) Once the minutes are signed, the secretary of the Committee shall circulate the minutes and reports of the Committee to all members of the Board.
- (d) The Committee shall make available at least one of its members to attend the Company's annual general meeting to answer shareholders' questions about risk related issues.

8 UPDATE OF THE TERMS OF REFERENCE

- 14. These terms of reference of the Committee shall be updated and revised as and when necessary in light of changes in circumstances and changes in regulatory requirements (i.e the Listing Rules) in Hong Kong.

Note: If there is any inconsistency between the English and Chinese versions of this document, the English version shall prevail.