

JY GAS LIMITED
交运燃气有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1407)

(the “Company”)

TERMS OF REFERENCE OF THE RISK MANAGEMENT COMMITTEE

The risk management committee (the “Committee”) of the Company was established pursuant to a resolution passed by the board of directors of the Company (the “Board”) on 22 October 2022. Set out below are the terms of reference (the “Terms of Reference”) of the Committee.

1. PURPOSE

1.1. The purpose of the Committee is to formulate comprehensive risk management strategies and policies of the Company, consider the connected transactions requiring approval from the Board and/or Shareholders’ general meeting, and provide opinion thereof to the Board.

2. COMPOSITION

2.1. The Committee shall comprise a minimum of three members and a majority of which must be independent non-executive directors of the Company.

2.2. The Board shall appoint one member of the Committee as the chairperson (the “Chairperson”), who must be an independent non-executive director.

2.3. Each Member of the Committee shall disclose to the Committee:

(a) any personal financial interest (other than as a shareholder of the Company) in any matter to be decided by the Committee; or

(b) any potential conflict of interest arising from a cross-directorship.

Any such Member shall abstain from voting on resolutions of the 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 Committee.

3. MEETINGS

- 3.1. Unless otherwise specified hereunder, the provisions contained in the Company's articles of association (the "Articles") (as amended from time to time) for regulating meetings and proceedings of directors shall apply to the meetings and proceedings of the Committee.
- 3.2. Members of the Committee may attend meetings of the Committee either on site or through other electronic means of communication (including but not limited to video conference and teleconference) or in such other manner as the members may agree.
- 3.3. Any member of the Committee may request a meeting if they consider that one is necessary.
- 3.4. Members of the Committee may be represented at a meeting of the Committee by a proxy appointed by him or her or his or her alternate.
- 3.5. The Chairperson shall be responsible for leading the Committee, including giving notice of holding meetings, scheduling meetings, preparing agendas and making regular reports to the Board.
- 3.6. A meeting of the Committee may be convened by any of its members.
- 3.7. A quorum shall be two members of the Committee.
- 3.8. Unless otherwise agreed by all the members of the Committee, notice of at least seven days shall be given for a regular meeting of the Committee. For all other meetings of the Committee, reasonable notice shall be given. The Chairperson shall determine whether or not a meeting of the Committee is a regular meeting.

- 3.9. The agenda and accompanying supporting papers shall be sent to all members of the Committee and to other attendees as appropriate at least three days before the date of the meeting (or such other period as the members may agree).
- 3.10. Each member shall have one voting right. Subject to the Articles, questions arising at any meeting of the Committee shall be decided by a majority of votes, and in case of an equality of votes, the Chairperson shall have a second or casting vote.
- 3.11. The members of the Committee shall appoint a secretary of the Committee (the "Secretary") to take minutes. In the absence of the Secretary, his/her delegate(s) or any person elected by the members present at the meeting of the Committee, shall attend the meeting of the Committee and take minutes. Any such minutes shall be conclusive evidence of any such proceedings if they purport to be signed by the Chairperson or the Secretary of the meeting or succeeding meeting.
- 3.12. Full minutes of meeting of the Committee shall be kept by the Secretary or any one of the joint company secretaries of the Company. They shall be open for inspection at any reasonable time on reasonable notice by any director.
- 3.13. Minutes of meetings of the Committee and the record of individual attendance at such meetings shall be prepared by the Secretary which shall be sent to all members of the Board within a reasonable time after the conclusion of any meeting of the Committee for their comment and records. For the purposes of recording attendance only, the attendance of an alternate of members of the Committee will not be counted as attendance by the relevant member of the Committee himself or herself. The minutes of meetings shall record details of the matters considered and decisions reached, including any concerns raised by directors or dissenting views expressed.
- 3.14. A resolution in writing signed by all of the members of the Committee (or their respective alternate) shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.

4. ACCESS

- 4.1. The Committee shall have full access to management and may invite members of management or others to attend its meetings.
- 4.2. The Company should provide the Committee with sufficient resources to perform its duties, including but not limited to obtaining independent professional advice and assistance from internal or external legal, accounting or other advisors at the expense of the Company if necessary.

5. REPORTING PROCEDURES

- 5.1. The Committee shall evaluate and assess its effectiveness and the adequacy of these Terms of Reference on an annual basis and recommend any proposed changes to the Board.
- 5.2. The Committee shall consult the chairperson of the Board and/or chief executive officer of the Company about the connected transactions requiring approval from the Board and/or Shareholders' general meeting, and also seek independent professional advice if considered necessary.
- 5.3. The Committee shall report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

6. RESPONSIBILITIES AND DUTIES

- 6.1. The duties of the Committee shall include the following duties:

General

- (a) to formulate and review general goals and fundamental policies of risk and compliance management, internal control and risk management system of the Company and internal audit functions;
- (b) to formulate risk management policies and procedures of the Company and make recommendations to the Board;

- (c) to assess the risks that the Company's operations may be exposed to and make recommendations to the Board;
- (d) to improve corporate governance of the Company;
- (e) to oversee senior management personnel to carry out the comprehensive risk management (including control of credit risk, liquidity risk, market risk, interest rate risk, operation risk, compliance risk, legal risk, reputational risk, strategic risk, information technology risk and other risks), regularly assess the risk policies, management status and risk tolerance of the Company, and put forward suggestions on improving the Company's risk management and internal control;
- (f) to review the comprehensive risk management report of the Company (where applicable) and its disclosure of comprehensive risk and various important risks, and submit them to the Board for approval;
- (g) to establish an effective communication mechanism with the Audit Committee, the Nomination Committee and the Remuneration Committee under the Board to ensure that information can be fully shared and supportive of decisions on risk management;
- (h) to handle other matters authorized by the Board or required under the relevant laws and regulations;

Related Party Transactions and Connected Transactions

- (i) to collect and administrate the information of connected persons and related parties;
- (j) to manage and review connected transactions and related party transactions, and control the risks associated with connected transactions and related party transactions;
- (k) to review the information and disclosures of connected persons and/or related parties and connected transactions and/or related party transactions in public disclosure documents of the Company;

(l) to formulate the regulations and management regulations in relation to the Company's connected transactions and related party transactions; and

(m) to propose to the Board for approval after deliberation of the connected transactions and related party transactions.

7. ANNUAL GENERAL MEETING

7.1. The Chairperson or in his absence, another member of the Committee or failing this, his or her duly appointed delegate, shall attend the annual general meeting (the "AGM") of the Company and be prepared to respond to questions at the AGM on the Committee's work and responsibilities.

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