

**CITIC RESOURCES HOLDINGS LIMITED**  
(the “Company”)

**RISK MANAGEMENT COMMITTEE**

**Terms of Reference**

**1. Establishment**

The board of directors of the Company (the “**Board**”) has established a committee of the Board known as the Risk Management Committee (the “**Committee**”).

**2. Approval of Terms of Reference**

These terms of reference were approved by a resolution of the Board on 8 April 2016.

**3. Membership**

The Committee shall comprise at least three directors of the Company (the “**Directors**”), the majority of whom shall be non-executive Directors and at least one of whom shall be an independent non-executive Director who is a member (and preferably the chairman) of the audit committee of the Company.

The chairman of the Committee (the “**Committee Chairman**”) shall be appointed by the Board from amongst the non-executive Directors. The Committee Chairman may appoint a deputy, who shall be a non-executive Director, to act in his absence.

The Board may from time to time appoint additional members to the Committee subject to the bye-laws of the Company (the “**Bye-laws**”).

The Committee may invite any Director, executive or otherwise, or other person to attend meeting(s) of the Committee as it may from time to time consider desirable to assist the Committee in the attainment of its objective.

**4. Application of the Bye-laws**

The Bye-laws governing proceedings at meetings of the Board shall apply to proceedings at meetings of the Committee.

**5. Meetings and Quorum**

The Committee shall meet at least four times in each financial year of the Company. The schedule of meetings of the Committee shall be aligned with the schedule of meetings of the Board in such a way that the meetings of the Committee shall (as far as possible) be scheduled before the meetings of the Board, for effective reporting.

Any member of the Committee may call additional meetings of the Committee as necessary. Any member of the Board may call additional meetings of the Committee in the event any matter which requires the consideration of the Committee occurs.

The quorum for a meeting of the Committee shall be two or more members and a majority of whom are non-executive Directors.

The Committee Chairman shall chair meetings of the Committee. In the absence of the Committee Chairman and an appointed deputy at any meeting, the remaining members of the Committee present shall elect a member from amongst themselves to act as chairman of that meeting provided such member is a non-executive Director.

## 6. **Conflicts of Interests**

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;
- (b) any potential conflict of interest arising from a cross-directorship; and
- (c) any other matter that he considers to be relevant in respect of any matter to be discussed at meetings of the Committee.

Any member of the Committee who is the subject of a conflict of interest shall abstain from voting on resolutions of the Committee in relation to which such conflict of interest exists and from participating in the discussions concerning such resolutions.

Where a conflict of interest is material and affects the ability of a member of the Committee to act as a member of the Committee as determined by the Committee Chairman or, where the Committee Chairman is himself unable to act, as determined by another member of the Committee, then such member shall resign from the Committee.

## 7. **Objective**

The Committee is an advisory sub-committee of the Board appointed to assist the Board to oversee the overall risk management and internal control of the Company and its subsidiaries (the “**Group**”) and to assist the Board in establishing and setting risk management and internal control policies and regulations (the “**Risk Management Policies and Regulations**”) appropriate and relevant for the Group.

The Chief Executive Officer of the Company and relevant line and business managers of the Group (“**Senior Management**”) are primarily responsible for ensuring compliance with the Risk Management Policies and Regulations and overall responsibility for the management of risk rests with the Board. The Committee shall provide advisory and supervisory oversight of the Group’s risk management and internal control to seek to ensure compliance with the Risk Management Policies and Regulations by the Group to assist the Board to discharge its duties and responsibilities for the governance of risk and to advise the Board on the Group’s risk-related matters.

## **8. Authority**

The Committee is granted the authority to investigate any activity within its terms of reference and all employees of the Group are directed to co-operate with the Committee. The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to invite the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The Committee reports directly to the Board.

The Committee is to be provided with sufficient resources to perform its duties.

## **9. Responsibilities**

The Committee shall have the following responsibilities:

- (a) to consider the overall objective and policies of the Group's comprehensive risk management and internal control;
- (b) to review the risk philosophy and risk tolerance and appetite of the Group as recommended by Senior Management and, in light of the risks faced by the Group, to review the Group's risk management and internal control systems, including but not limited to risk management and internal control structure, functions and workflows;
- (c) to assist the Board in establishing to and setting the Risk Management Policies and Regulations including recommending risk tolerance and appetite levels appropriate for the Group and to ensure that the Risk Management Policies and Regulations reflect policies and regulations for a risk management system relevant to and appropriate for the Group, are approved by the Board and distributed throughout the Group;
- (d) to periodically (but not less than annually) review and assess the quality, integrity and effectiveness of the Risk Management Policies and Regulations, including discussing risk management and internal control systems with Senior Management to ensure that the Risk Management Policies and Regulations and risk strategies and internal control of the Group are being effectively implemented and managed by Senior Management and that risks taken by the Group are within the approved tolerance and appetite levels;
- (e) to oversee the Group's overall risk management framework to identify and deal with financial, operational, legal, regulatory, technology, business, strategic and other relevant risks faced by the Group from time to time and consider emerging risks relating to the Group's business and strategies to ensure that appropriate arrangements are in place to control and mitigate such risks effectively and to recommend amendments to the Risk Management Policies and Regulations as required to take account of the foregoing;
- (f) to review and assess the effectiveness of the Group's risk control and risk mitigation tools including the qualifications, experience and resources of the Group's risk management and internal control personnel, risk management systems, the internal audit function relating to risk management and the Group's contingency plans;

- (g) to review management reports detailing the adequacy and overall effectiveness of the Risk Management Policies and Regulations and their implementation by Senior Management, categories of identified risk facing the Group, major investigation findings and reports on breaches of the Risk Management Policies and Regulations and to review and recommend remedial action;
- (h) to review legal and regulatory updates and changes on risk management related matters and monitor external developments relating to the practice of corporate accountability and the reporting of specifically associated risk including emerging and prospective impacts;
- (i) to provide an independent and objective oversight and view of information presented by Senior Management on corporate accountability and specifically associated risk, also taking account of reports by Senior Management and the audit committee of the Company on all categories of identified risk facing the Group;
- (j) to monitor stress testing results of the Group's key risk exposures as may be conducted from time to time;
- (k) to make recommendations on the improvement of the Group's risk management and internal control systems;
- (l) to advise the Board on the Group's risk appetite statement(s), risk principles and other risk-related issues including corporate actions and proposed strategic transactions such as mergers, acquisitions and disposals;
- (m) to assist the Board in its responsibility for disclosure in relation to risk management in the annual and interim reports, and acknowledgement by the Board that the Board is accountable for the risk management function of the Group; and
- (n) to consider any other matters in relation to risk management and internal control responsibilities to be performed by the Committee or the Board under Appendix 14 "Corporate Governance Code and Corporate Governance Report" of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## **10. Reporting Procedures**

The Committee should report to the Board on a regular basis. At the next meeting of the Board following a meeting of the Committee, the Committee Chairman shall report to the Board on the findings and recommendations of the Committee. At least annually, the Committee should present a report to the Board which addresses the work and findings of the Committee during the year.

## **11. Language Conflict**

In the event of a conflict between the Chinese translation and the English text of these terms of reference, the English text shall prevail.

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