

GUOTAI JUNAN INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1788)

Terms of Reference of the Risk Committee

Adopted on 17 June 2016

Amended on 14 December 2018

Definition

Board	means the board of directors of the Company
Committee	means the Risk Committee of the Board of the Company
Company	means Guotai Junan International Holdings Limited
Director(s)	means director(s) of the Company
Group	means the Company and its subsidiaries
Independent Non-executive Directors	means the independent non-executive Directors subject to the independence requirements of the Listing Rules
Listing Rules	means the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
Non-executive Directors	means the non-executive Directors, including Independent Non-executive Directors

Purpose of the Committee

The Committee was established by the Board on 17 June 2016. The purpose of the Committee is to evaluate and determine the risk appetite and tolerance of the Group in achieving its strategic objectives, and to ensure that the Company establishes and maintains appropriate and effective risk management system.

Membership

1. The Committee shall consist of a minimum of three (3) members, the members of the Committee shall be appointed by the Board, a majority of whom should be Non-executive Directors.
2. The Chairman of the Committee shall be appointed by the Board.

Attendance at meetings

3. The Committee may also invite other Directors, Chief Risk Officer, senior management of the Company, or external professional expertise to attend the meetings if necessary.
4. The company secretary shall be the secretary of the Committee. In the absence of the secretary of the Committee, his/her representative or any one member, shall act as the secretary of the meetings of the Committee.

Frequency and proceedings of meetings

5. The Committee shall meet at least twice a year.
6. The quorum of the meeting of the Committee shall be three (3) members and a majority of whom shall be Non-executive Directors.
7. Reasonable notice of meeting shall be given to all members.
8. A resolution must be passed by a simple majority of vote.
9. Unless otherwise specified herein, proceedings of meetings of the Committee shall be governed by the Company's Articles of Association in respect of proceedings of the directors so far as the same are applicable.

Authority

10. The Committee is authorized to obtain information it requires from any employee of the Company to perform its duties.
11. The Committee is authorized to seek, at the Company's expenses, outside legal or other independent professional advice on any matters within this terms of reference.

Duties

12. The duties of the Committee shall include the followings:-
 - (a) to oversee management in the design, implementation and monitoring of the risk management system, to advise the Board on the Group's risk appetite, risk principles and other risk-related issues, and to approve the Group's risk policies and risk tolerance;
 - (b) to discuss the risk management system with management to ensure that management has performed its duty to have effective system. The discussion should include the adequacy of resources, staff qualifications and experience, training programs and budget for risk management functions;
 - (c) to consider major investigation findings on risk management matters as delegated by the Board or on its own initiative and management's response to these findings;
 - (d) to review the change, since last review, in the nature and extent of significant risks, and the Group's ability to respond to changes in its business and the external environment;
 - (e) to review the scope and quality of management's ongoing monitoring of risks management system;
 - (f) to review the extent and frequency of communication of monitoring results to the Board (or board committee(s)) which enables it to assess control of the Group and the effectiveness of risk management;
 - (g) to review significant risk control failings or weakness that have been identified during the period. Also, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Group's financial performance or conditions; and

(h) to perform any other duties as authorized by the Board.

Reporting procedures

13. Draft and final version of minutes of the meetings of the Committee's meetings shall be sent to all members for their comment and record within a reasonable time after the meetings. The minutes of the meetings of the Committee should be kept by the company secretary.

The Chinese version of this document is for reference only. In case of any discrepancies or inconsistency between the English version and Chinese version, the English version prevails.

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