



**WH GROUP LIMITED**  
萬洲國際有限公司  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 288)**  
(the “**Company**”)

**TERMS OF REFERENCE  
OF THE RISK MANAGEMENT COMMITTEE  
ADOPTED BY THE BOARD ON DECEMBER 2, 2016**

**1. Membership**

- (a) The Risk Management Committee (the “**Committee**”) shall be appointed by the board of directors of the Company (the “**Board**”) and shall consist of not less than three (3) members. The constitution and terms of reference of the Committee shall comply with the requirements, and take into consideration the recommendations, of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Exchange**”) (the “**Listing Rules**”) as amended from time to time.
- (b) The chairman of the Committee (the “**Chairman**”) shall be appointed by the Board.

**2. Attendance at Meetings**

- (a) At all times the members of the Committee shall be notified of and be invited to all meetings of the Committee in advance.
- (b) The quorum of a meeting of the Committee shall be two members of the Committee.
- (c) The Committee may, if necessary, invite other advisors to attend the meetings of the Committee, including but not limited to external professional advisors or consultants to advise its members.
- (d) The company secretary shall be the secretary of the Committee and shall attend all meetings of the Committee.
- (e) Members of the Committee may participate in a meeting of the Committee by means of a conference telephone or other communications equipment through which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

### **3. Frequency and Proceedings of Meetings**

- (a) Meetings of the Committee shall be held not less than once a year. The Chairman or any two members of the Committee may request a meeting if they consider it necessary. Upon the receipt of such request, the secretary of the Committee shall convene a meeting as soon as reasonably practicable and having regard to the convenience of all members.
- (b) Unless otherwise agreed by all the members of the Committee, a meeting shall only be called with at least 7 days' prior notice.

### **4. Committee's Resolutions**

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 Committee. Such resolution may be signed and circulated by facsimile or other forms of electronic communications. This provision is without prejudice to any requirement under the Listing Rules for a meeting of the Board or Committee to be held.

### **5. Authorities**

- (a) The Committee is authorised by the Board to investigate any activity and assess the risk management system of the Company and its subsidiaries (collectively, the “**Group**”) within its terms of reference. It is authorised to seek any information it requires from any employee or executive director and such persons are directed to co-operate with any request made by the Committee, and to report and make recommendations to the Board of its finding of any material risks or deficiencies in risk management system.
- (b) The Committee is authorised by the Board, and at the reasonable expense of the Company, to obtain legal or other independent professional advice and to secure the attendance of other persons with relevant experience and expertise in the meetings of the Committee if it considers this necessary.
- (c) The Committee should make available its terms of reference, explaining its role and the authority delegated to it by the Board by including them on the Exchange's website and the Company's website. The terms of reference of the Committee shall be provided upon request and the role and function of the Committee should be explained in the Corporate Governance Report in the annual report of the Company.
- (d) The Committee shall be provided with sufficient resources to perform its duties.

## 6. Duties

The duties of the Committee shall be:

### *Establishment of the risk management system*

- (a) to consider and formulate risk management framework and to provide guidelines to the management on risk management by setting up procedures to identify, assess and manage material risks faced by the Group;
- (b) to ensure the management discharges its responsibility in establishing an effective risk management system;
- (c) to systematically organize, mitigate and monitor risks and identify, assess and manage material risks faced by the Group, including but not limited to strategic, financial, operational, legal and regulatory risks;

### *Oversight of risk management system*

- (d) to review and assess regularly the adequacy and effectiveness of the Group's risk management framework, internal control systems relating to risk management (other than internal financial control systems) and risk management policies and procedures in order to identify, assess and manage risks, and oversee their effective operation, implementation and maintenance;
- (e) to be responsible for monitoring the implementation of risk control and ensuring appropriate internal risk controls are effectively implemented;
- (f) to oversee the Group's risk management and internal control systems on an ongoing basis, and ensure that a review of the effectiveness of the Group's risk management and internal control systems is conducted at least annually and report to the shareholders of the Company in its Corporate Governance Report on how it met its responsibilities in its review of the risk management and internal control systems, which review should cover all material controls, including financial, operational and compliance controls of the Group.
- (g) to advise to the Board as to the effectiveness of and improvements to be made to the existing risk management system;
- (h) to review the internal control policies in respect of the control procedures of risks, including the risk management and the communication and co-operation with operating units;
- (i) to review with the Group's management, external auditor and internal auditor, the adequacy of the Group's policies and procedures regarding internal controls (including financial, operational and compliance controls), risk management system and any statement by the directors to be included in the annual accounts prior to endorsement by the Board;

### *Assessment of risks*

- (j) to review the changes in the nature and extent of significant risks, and the Company's ability to respond to changes in its business and external environment;
- (k) to monitor the incidences of significant control failures or weakness that have been identified at any time during the period and 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 Company's financial performance or conditions;
- (l) to evaluate and advise on the risks involved in major decisions that need to be reviewed by the Board and solutions to the major risks;
- (m) to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

### *Resources and staffing*

- (n) to ensure that the staff members responsible for implementing risk management systems and controls perform those duties independently of the Group's risk taking activities;
- (o) to ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's risk management function;

### *Reporting to the Board*

- (p) to report any significant risk management issues to the Board and suggest solutions;
- (q) to make recommendations on improvement of the Company's compliance and risk management;

### *General*

- (r) to do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board; and
- (s) to do any such things, as the Committee deem reasonable, to conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by the Listing Rules or any applicable law.

## **7. Reporting Procedures**

- (a) 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). 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 and the secretary of the Company shall submit to the Board copies of the minutes/written resolutions setting out the findings, recommendations and decisions of the Committee.
- (b) Full minutes of meetings of the Committee shall be kept by the secretary of the Committee. Draft and final versions of minutes of the meetings shall be sent to all Committee members for their comment and records within 7 days after the meeting is held.
- (c) The Committee shall make available the chairman of the Committee (or in his absence, at least one of its members) to attend the Company's annual general meeting to answer shareholders' questions about issues.

## **8. Revision of the Terms of Reference**

These terms of reference shall be updated and revised as and when necessary in light of changes in circumstances and changes in regulatory requirements or recommendations (e.g. the Listing Rules). Any amendment to these terms of reference shall be by way of resolution of the Board of the Company and shall be in full compliance with the Listing Rules and any other regulatory requirements.