



NORTH ASIA RESOURCES HOLDINGS LIMITED

北亞資源控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 61)

Risk Management Committee

Terms of Reference

Established in September 2017

Constitution and purpose

The risk management committee (the “**Committee**”) was formed pursuant to the written resolution of the board (the “**Board**”) of directors of North Asia Resources Holdings Limited (the “**Company**”) passed on 12 September 2017.

The purpose of the Committee is to identify, discuss, address and review any risk or potential risk of the Company and the subsidiaries (collectively, the “**Group**”) and to advise the Board on the Group’s risk-related matters and the overall risk management strategies of the Company.

The Committee will also perform review of the risk management and internal control systems, the effectiveness of the Company’s internal audit function, and such other duties as stipulated under the Corporate Governance Code set out in Appendix 14 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

1. Membership

- (a) The members of the Committee (the “**Member(s)**”) shall be appointed by the Board from amongst the directors of the Company and shall consist of not less than three members.
- (b) The chairman of the Committee should be appointed by the Board.

2. Establishment of a Compliance Team

- (a) Through the establishment of a compliance team to assist the Committee in better carrying out its duties and obligations.
- (b) Members, Chief Operating Officer, Chief Financial Officer and Company Secretary are the core members of the compliance team and may, if necessary, employ external independent legal or financial advisors to provide relevant advice.

3. Frequency and proceedings of meetings

- (a) The quorum of a Committee meeting shall be two members of the Committee.
- (b) The meetings of the Committee shall be chaired by the chairman of the Committee and, if absent, the members may elect another member attended to chair the Committee meeting.
- (c) The Committee shall meet at least two times every year. Additional meetings may be held as the work of the Committee demands.
- (d) The Committee’s Chairman may convene additional meetings at his/her discretion.
- (e) Proceedings of meetings of the Committee shall be governed by Bye-law 136 of the bye-laws of the Company.

- (f) Members of the compliance team shall attend the meeting in addition to the Members. The Committee may, from time to time, invite any member of the Board, senior management or other person to attend any meeting of the Committee to assist it in better carrying out its duties and obligations.
- (g) The secretary of the Committee shall be the Company Secretary or such other person as appointed by the chairman of the Committee.

4. Duties, powers and functions

- (a) The Members shall have rights to:
 - (i) entrust the compliance team to carry out and deal with any relevant matters under the authority granted under this Terms of Reference, including the right to obtain any information required from any employee of the Group which shall be given to the compliance team to enable it and the Committee to carry out their duties; and
 - (ii) solicit the views of external professionals or intermediaries and inviting them to attend the meetings of the Committee. All costs incurred are borne by the Company.

- (b) The Committee shall:
 - (i) 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;
 - (ii) oversee risk management framework to identify and deal with financial, operational, legal, regulatory, technology, business and strategic risks faced by the Group and amend and supplement this from time to time;
 - (iii) approve the Group's risk policies and risk tolerances;
 - (iv) consider emerging risks relating to the Group's business and strategies to ensure that appropriate arrangements are in place to control and mitigate the risks effectively;
 - (v) review risk reports and breaches of risk tolerances and policies;
 - (vi) review and assess the effectiveness of the Group's risk control/mitigation tools including the enterprise risk management program, the risk management systems, the internal audit function relating to risk management and the Group's contingency plans;
 - (vii) review the Group's capital adequacy and solvency levels;
 - (viii) monitor stress testing results of the Group's key risk exposures;
 - (ix) to deal with other work assigned by the Board; and

- (x) issue report(s) on how the Committee met its responsibilities in its review of the risk management and internal control systems and the effectiveness of the Company's internal audit function.

5. Reporting Procedure

- (a) The Committee should report to the Board on a regular basis.
- (b) The Secretary of the Committee shall circulate the relevant minutes of the Committee's meeting to all members of the Committee and to any member of the Board upon request.

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