



CITYCHAMP WATCH & JEWELLERY GROUP LIMITED

冠城鐘錶珠寶集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 256)

RISK MANAGEMENT COMMITTEE TERMS OF REFERENCE

These terms of reference (these “Terms”) are adopted by a resolution passed by the board of directors of Citychamp Watch & Jewellery Group Limited (the “Company”) on 30 March 2016 to govern the operations of the Risk Management Committee.

1. MEMBERSHIP

- 1.1 Members of the Risk Management Committee (the “Committee”) shall be appointed by the board of directors (the “Board”), in consultation with the chairman of the Committee (the “Committee Chairman”). The Committee shall be made up of at least three members (“Members”).
- 1.2 The majority of Members of the Committee shall be directors of the Company.
- 1.3 Only Members of the Committee have the right to attend Committee meetings. However, any director, executive or other person may be invited to attend all or part of any Committee meeting when the Committee considers that their attendance can assist it in discharging its duties.
- 1.4 The Committee Chairman shall be appointed by the Board. In the absence of the Committee Chairman, the remaining Members present shall elect one of their Members to chair the meeting.

2. SECRETARY

- 2.1 The company secretary shall act as the secretary of the Committee.
- 2.2 The Committee may from time to time appoint any other person with appropriate qualification and experience as the secretary of the Committee.

3. QUORUM, ATTENDANCE AT MEETINGS AND RESOLUTIONS

- 3.1 The quorum necessary for the transaction of business shall be two Members. If any Member of the Committee is interested in any matter submitted to the Committee for consideration or approval, such Member should declare the nature of his interest and should not be counted in the quorum present at the meeting and his/her vote should also not be counted. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 3.2 Members may participate in a meeting by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting are capable of hearing each other.
- 3.3 Resolutions of the Committee at any meetings shall be passed by a majority of votes of the Members present. In the case of an equality of votes, Committee Chairman shall have the casting vote.
- 3.4 A resolution in writing signed by all the Members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.

4. FREQUENCY OF MEETINGS

The Committee shall meet at least twice a year. Any Member of the Committee may request a meeting if they consider it necessary.

5. NOTICE OF MEETINGS

- 5.1 Meetings of the Committee shall be convened by the secretary of the Committee at the request of any of its Members if they consider it necessary.
- 5.2 Unless otherwise agreed, notice of meetings confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to Members of the Committee and other attendees at least fourteen days before the date of the meeting so that all Members of the Committee could attend the meeting of the Committee. Supporting papers shall be sent to Members of the Committee and to other attendees as appropriate at least three clear days in advance of the meeting to enable them to make informed decisions.

6. MINUTES OF MEETINGS

- 6.1 The secretary of the Committee (or his/her delegate) in attendance at the meetings of the Committee shall minute in sufficient detail the matters considered and decisions reached at such meetings. At the same time, the minutes shall also include any concerns raised and/or dissenting views expressed by any Member of the Committee.
- 6.2 Full minutes of the Committee shall be kept by the secretary (or his/her delegate) of the Committee and shall be available for inspection by any Member of the Committee or the Board at any reasonable time on reasonable notice.

7. ANNUAL GENERAL MEETING

The Committee Chairman should, as far as practicable, attend the annual general meeting of the Company and make himself/herself available to respond to any shareholder's questions on the Committee's activities.

8. DUTIES

The Committee shall have the duties to:

- 8.1 assist the Board to evaluate and determine the nature and extent of the risks the Company and its subsidiaries (collectively the "Group") are willing to take in achieving the strategic objectives.
- 8.2 ensure that the Group establishes and maintains appropriate and effective risk management systems; oversee management in the design, implementation and monitoring of the risk management systems of the Group.
- 8.3 ensure that management provides confirmation to the Board on the effectiveness of these systems.
- 8.4 oversee the Group's risk management systems on an ongoing basis, and ensure that a review of the effectiveness of the Group's risk management systems is conducted at least once annually, which should cover all material controls, including financial, operational and compliance controls.
- 8.5 identify and consider significant risks to which the Group is exposed, and develop plans and measures to mitigate such significant risks.
- 8.6 review the changes in the nature and extent of significant risks, and the Group's ability to respond to changes in its business, the external environment and new risks from time to time.
- 8.7 report to the Board on any material adverse findings related to risk management of the Group, and make recommendations for improvement.

9. REPORTING RESPONSIBILITIES

- 9.1 The Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties.
- 9.2 The Committee shall make recommendations to the Board it deems appropriate on any matters within its duties where action or improvement is needed.

10. OTHERS

- 10.1 The Committee shall have access to independent professional advice if necessary, at the Company's expense.
- 10.2 The Committee is authorised by the Board to seek any information related to risk management it requires from senior management of the Company in order to perform its duties.
- 10.3 The Committee shall be provided with sufficient resources to perform its duties.