

# CHUANGMEI PHARMACEUTICAL CO., LTD.\* 創美藥業股份有限公司

*(a joint stock limited liability company established in the People's Republic of China)*

## Risk Management Committee – Terms of reference

The board of directors (the “**Board**”) of Chuangmei Pharmaceutical Co., Ltd.\* 創美藥業股份有限公司 (the “**Company**” which together with its subsidiaries, the “**Group**”) has established a committee of the Board known as the Risk Management Committee (the “**Risk Management Committee**”) with its constitution and particular duties set out below:

### 1. Membership

- 1.1 The members of the Risk Management Committee shall be appointed by the Board and from amongst the directors of the Company and the Risk Management Committee should consist of not less than three members (the “**Members**”).
- 1.2 The Board shall appoint the chairman of the Risk Management Committee. The chairman must be a director of the Company.

### 2. Secretary

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

### 3. Meetings

- 3.1 At least one meeting of the Risk Management Committee shall be held each year.
- 3.2 Unless otherwise agreed or waived, notice of each meeting confirming the venue, time and date shall be sent to each Member of the Risk Management Committee, and to any other person required to attend in relation to all regular meetings of the Risk Management Committee, at least 14 days before the date of the meeting; and in relation to continued meetings held within 14 days, no prior notice is required. Notwithstanding the notification period, the attendance of a Member at the meeting would deem to be treated as waiver of the required notification requirement.
- 3.3 The quorum of Risk Management Committee meetings shall be two Members, one of whom must be the chairman of the Risk Management Committee. Other Board members, apart from the Members, have the right to attend the Risk Management Committee meetings, though they shall not be counted in the quorum.

- 3.4 The Members may attend meetings either in person, by telephone or through other electronic means of communication (which are available to all attended parties).
- 3.5 Resolutions of the Risk Management Committee shall be passed with a simple majority of votes.
- 3.6 Resolutions signed by all Members will be treated valid as if it is passed in the meeting held by the Risk Management Committee.
- 3.7 Minutes of the Risk Management Committee meetings shall be kept by the secretary of the Risk Management Committee and shall be available for inspection by any Member of the Risk Management Committee and/or any director of the Company at any reasonable time on reasonable notice. Draft and final versions of minutes of the meetings shall be sent to all Members for their comments and records within a reasonable time after the meeting. Once they are agreed, the secretary of the Risk Management Committee shall circulate the minutes and reports of the Risk Management Committee to all members of the Board.

#### **4. Attendance of meetings**

- 4.1 Upon invitation by the Risk Management Committee, the chairman of the Board and/or the general manager or the chief executive, external consultant and other Board member may attend all or any of the meetings.
- 4.2 Only the Members shall have the voting powers.

#### **5. Duties**

The duties of the Risk Management Committee shall include, but shall not be limited to the following:

- 5.1 to consider the Company's risk management strategies;
- 5.2 to consider, review and approve risk management policies and guidelines;
- 5.3 to decide on risk levels, risk appetite and related resources allocation;
- 5.4 to approve major decisions affecting the Group's risk profile or exposure and give such directions as it considers appropriate;
- 5.5 to consider the effectiveness of decision making process in crisis and emergency situations; and
- 5.6 to review at least once a year the effectiveness and resources of the internal control systems of the Group.

## **6. Reporting responsibilities**

- 6.1 After each meeting, the Risk Management Committee shall report formally to the Board on all matters within its duties and responsibilities.
- 6.2 The Risk Management Committee should make available these terms of reference by including them on the Stock Exchange's website and the Company's website.

## **7. Authority**

- 7.1 The Risk Management Committee is authorised by the Board when necessary to seek any information it requires from senior management of the Group in order to perform its duties.
- 7.2 The Risk Management Committee is authorised by the Board when necessary to obtain outside legal or other independent professional advice in connection with its duties at the Company's expense.

*Note: All such arrangements of obtaining outside legal or other independent professional advice may be made by the company secretary*

- 7.3 The Risk Management Committee shall have access to sufficient resources in order to perform its duties.

*“Senior management” refers to the same category of persons as referred to in the Company's annual report. It is the responsibility of the directors of the Company to determine which individual or individuals constitute senior management. Senior management may include directors of subsidiaries, heads of divisions, departments or other operating units within the group as, in the opinion of the directors, is appropriate.*

\* for identification purpose only