

# CHINA ALUMINUM CANS HOLDINGS LIMITED

## 中國鋁罐控股有限公司

(the “Company”)

(incorporated in the Cayman Islands with limited liability)

### TERMS OF REFERENCE FOR THE RISK MANAGEMENT COMMITTEE

(Adopted by the Company on 24 June 2013)

#### 1. MEMBERSHIP

- 1.1 Members of the Risk Management Committee shall be appointed by the board of directors (the “Board”) of the Company. The Chairman of the Committee shall be appointed by the Board
- 1.2 The majority of the members of the Risk Management Committee shall be non-executive and independent non-executive directors (“INEDs”).

#### 2. PURPOSE

- 2.1 The purpose of the Risk Management Committee is to assist the Board in overseeing (i) risk governance structure; and (ii) hedging policies regarding its activities in forward purchases of aluminum ingots and entering into of foreign currency forward contracts, of the Company and its subsidiaries (the “Group”).

#### 3. SECRETARY

- 3.1 The company secretary of the Company (“Company Secretary”) shall be the secretary of the Risk Management Committee. In the absence of the Company Secretary, his delegate(s) or any person elected by the members present at the meeting of the Risk Management Committee, shall attend the meeting of the Risk Management Committee and take minutes.

#### 4. PROCEEDINGS OF THE RISK MANAGEMENT COMMITTEE

Unless otherwise specified hereunder, the provisions contained in the Company’s Articles of Association (as amended from time to time) for regulating meetings and proceedings of directors shall apply to the meetings and proceedings of the Risk Management Committee.

##### 4.1 Quorum

- 4.1.1 The quorum for meetings of the Risk Management Committee must consist of the Chairman and at least one other member of the Risk Management Committee.

## **4.2 Frequency of meetings**

4.2.1 The Risk Management Committee shall hold monthly meetings and report to the Board on a monthly basis. Additional meetings of the Risk Management Committee may be held as and when required. Any member may request a meeting if he/she considers necessary.

## **4.3 Attendance at meetings**

4.3.1 Members of the Risk Management Committee may attend meetings of the Risk Management Committee either in person or through other electronic means of communication or in such other manner as the members may agree.

4.3.2 The other directors, Company Secretary (or his delegate(s)), and relevant senior management and persons(s) invited by a Risk Management Committee member may attend meetings of the Risk Management Committee from time to time where the Risk Management Committee considers their presence necessary or appropriate to assist the Risk Management Committee to perform its duties.

## **4.4 Notice of meetings**

4.4.1 A meeting of the Risk Management Committee may be convened by any of its members through the Company Secretary.

4.4.2 Unless otherwise agreed by all the members of the Risk Management Committee, notice (containing details of the venue, time and date of the meeting) of at least 7 days shall be given for a regular meeting of the Risk Management Committee. For all other meetings of the Risk Management Committee, reasonable notice shall be given.

4.4.3 Agenda and accompanying supporting papers shall be sent to all members of the Risk Management Committee and to other invited attendees as appropriate at least 3 days before the date of the meeting (or such other period as the members may agree).

## **4.5 Minutes of meetings**

4.5.1 Draft and final versions of minutes of Risk Management Committee meetings shall be sent to all Risk Management Committee members for their comment and records within a reasonable time after the meeting.

4.5.2 Minutes of the Risk Management Committee meetings shall be kept by the Company Secretary and shall be available for inspection by any member of the Risk Management Committee or the Board at any reasonable time on reasonable notice.

#### 4.6 Written resolutions

4.6.1 Written resolution may be passed and adopted by all members of the Risk Management Committee.

### 5. RESPONSIBILITIES, DUTIES AND AUTHORITIES OF THE RISK MANAGEMENT COMMITTEE

5.1 The responsibilities, authorities and duties of the Risk Management Committee include the following:

- (a) To review and approve the hedging policies as formulated by the hedging team of the Company (“**Hedging Team**”). In approving the hedging policies, the Risk Management Committee shall discuss with the relevant management and the Hedging Team to understand the basis of determining such risk tolerance level and evaluate the creditworthiness of the counterparties.
- (b) To report to the Board as to whether the hedging policies have been duly followed by the Hedging Team. In case of any irregularities being detected, the Risk Management Committee shall make recommendations to the Board for following up.

5.2 Within five business days after each month end, the Risk Management Committee shall be provided with the stress test reports and other necessary reports from the finance department indicating, (i) for forward purchases of aluminum ingots, all forward purchases conducted and the actual consumption amount of aluminum ingots during the month, the inventory level and the quantity of unsettled forward purchases as well as the production schedule for each of the coming months on a rolling 12-month basis, the quantity and delivery month of confirmed orders on hand; and (ii) for foreign currency forward contracts, all contracts entered into and the actual export sales during the month, and the outstanding contract positions for each of the forward months on a rolling 12-month basis.

5.3 The Risk Management Committee shall be provided with sufficient resources to perform its duties and shall have access, at the Company’s expense, to independent professional advice if necessary.

- 5.4 All members of the Risk Management Committee shall have direct access to the advice and services of the Company Secretary, and separate and independent direct access to and complete and open communication with the Group's management to allow them to fulfill their duties and can obtain assistance from external professionals when necessary in order to discharge their responsibilities properly. The Company shall pay all costs to be incurred for the engagement of independent legal, risk and other advisors as the Risk Management Committee considers necessary.
- 5.5 The Company shall make disclosure in the annual report of the confirmation by the Risk Management Committee on whether the Hedging Team has been in compliance with the hedging policies in its activities during the year for the information of the shareholders of the Company.

## **6. AMENDMENTS TO TERMS AND AVAILABILITY OF TERMS**

- 6.1 The Risk Management Committee shall, from time to time, review its own performance, constitution and terms of reference to ensure that it is operating effectively, and recommend any changes it considers to the Board for approval.
- 6.2 The terms may be reviewed by the Board from time to time taking into consideration the operations of the Risk Management Committee and its contribution to the corporate governance of the Company.

*Note:* If there is any inconsistency between the English and Chinese versions of these Terms of Reference, the English version shall prevail.