

HONG KONG EXCHANGES AND CLEARING LIMITED
(“HKEX” or “Company”)

TERMS OF REFERENCE AND MODUS OPERANDI OF THE
PROJECT OVERSIGHT COMMITTEE (“Committee”)

Objective

The objective of the Committee is to oversee the development and delivery of a strategic project (“Project”).

The Project

The purpose of the Project is to develop a commodities trading platform in Mainland China, particularly in compliance with the applicable Mainland laws, rules and regulations, as a way to entrench HKEX in the onshore commodities ecosystem with the ultimate objective of allowing HKEX to internationalise Mainland commodities benchmarks and deliver the strategic vision of cross-border connectivity.

Membership

1. The Committee shall comprise at least five members appointed by the HKEX board of directors (“Board”).
2. The Chief Executive of HKEX shall be a regular attendee of the Committee meetings.
3. The chairman of the Committee shall be appointed by the Board.
4. The Company Secretary or his nominee shall act as the Committee’s Secretary.

Frequency and proceedings of meetings

5. The Committee shall meet quarterly or as the work of the Committee demands.
6. The quorum of a meeting shall be three Committee members.
7. Proceedings of the Committee’s meetings shall be governed by the provisions of Article 105 of the Company’s Articles of Association.

Duties, powers and functions

8. The main duties of the Committee are to oversee the development and delivery of the Project by the project management team (“PMT”), including without limitation,

- (i) to assess and validate the business case of the Project, which includes the business model as well as the financial model, for the Board's approval;
- (ii) to ensure the development and execution of the Project are in compliance with all the laws, rules and regulations applicable to its operation;
- (iii) to ensure the PMT manages resources effectively for the development and delivery of the Project, including the assignment of staff resources;
- (iv) to recommend to the Board the respective approval thresholds of the Committee in respect of the application of the financial resources within the Board's approved capex/opex budgets by the management and the PMT;
- (v) to oversee the risk management of the Project including the development and implementation of the necessary risk mitigation measures, and to work in close collaboration with the Board Risk Committee;
- (vi) to review the monthly status report of the Project submitted by the PMT;
- (vii) to monitor and report to the Board the progress and deliverables under the Project, and to provide strategic and policy guidance to the PMT, where necessary;
- (viii) to advise the Board on the strategic direction of the Project, including termination of the Project, if necessary;
- (ix) to provide progress reports to the Board; and
- (x) to handle any other businesses as requested by the Board.

9. The Committee shall be provided with sufficient resources, including the resources for seeking independent legal and other professional advisors to perform its duties.

Reporting procedures

10. The Committee shall report to the Board on a regular basis. At the next Board meeting following a Committee's meeting, the Committee's Chairman shall report the Committee's findings and recommendations to the Board.

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