
RISK MANAGEMENT COMMITTEE

TERMS OF REFERENCE

1. OBJECTIVE

The principal objective of the Risk Management Committee is to assist the Board of Directors in their responsibilities to identify, assess and monitor key business risks to safeguard shareholders' investments and the company's assets.

2. COMPOSITION

- (a) The Risk Management Committee ("RMC") shall be appointed by the Board and shall comprise no fewer than 3 in number.
- (b) The members of the RMC shall elect a Chairman from among their number.
- (c) In the event of any vacancy in the RMC resulting in the number of members being reduced to below 3, the Board shall, within one (1) month fill the vacancy.
- (d) The Board shall have the discretion as it deems fit to rescind and/or revoke the appointment of any person(s) in the RMC.

3. MEETING

- (1) The quorum for the meeting shall be 3 members
- (2) The RMC shall meet at least twice a year. However, additional meetings may be called at any time at the RMC Chairman's discretion.
- (3) Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any member thereof. Notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee not less than three (3) working days prior to the date of the meeting.
- (4) A resolution in writing signed by a majority of the Committee Members for the time being shall be as valid and effectual as if it had been passed at a Meeting of the Committee duly called and constituted. Any such resolution may consist of several documents in like form each signed by one (1) or more Committee Members. Any such document, may be accepted as sufficiently signed by a Committee Member if transmitted to Company by telex, telegram, cable, facsimile or other electrical or digital written message purporting to include a signature of a Committee Member.
- (5) The Company Secretary shall be the Secretary of the Committee.

- (6) For good governance, each member must attend at least 50% of the meetings held within the year, failing which Nomination and Remuneration Committee will decide on the member's disqualification.

4. REPORTING

The Secretary shall circulate the minutes of meetings of the Committee to all members of the Committee. Minutes of each meeting shall be duly entered in the book provided therefor. The Chairman shall report the proceedings of each meeting to the Board.

5. ROLES AND FUNCTIONS

The RMC has the overall responsibility for overseeing the risk management activities of the Group, approving appropriate risk management procedures and measurement methodologies across the organization as well as identification and management of strategic business risks of the Group. Its primary roles include the following:-

- a) To promote the Enterprise Risk Management (ie. risk awareness and training) and to ensure that the risk management process and culture are embedded throughout the Group.
- b) To formulate the Risk Management Policy of the Group and to ensure the implementation of the objectives outlined in the Risk Management Policy and compliance with them.
- c) To provide routine quarterly reporting and update the Board of Directors on key risk management issues as well as ad-hoc reporting and evaluation on investment proposals.
- d) To review the Statement on Internal Control for inclusion in the Company's Annual Report and to recommend the same for the approvals of the Audit Committee and the Board.
- e) To ensure that management and other relevant parties provide the Committee with adequate information to understand the significant risks to which the Company is exposed.
- f) To review the Company's procedures, policies and techniques to measure the Company's risk exposures and to identify, evaluate and manage the significant risks to which the Company is exposed, including in the areas of market, operational, liquidity, credit, regulatory and reputation risk.
- g) To review and to approve risk principles, policies and procedures recommended by management and the related management programs to ensure compliance with the related regulatory requirements.

The RMC delegates to the respective Heads of Department the responsibility for identification and management of operational risks, software management, training and ensuring effective implementation and maintenance of Risk Management Policy and that all personnel adhere to its mandate.

The Heads of Department shall assist the RMC by assuming direct responsibility for the routine risk management activities within the organization. They shall provide updates on key risk management issues to the RMC by providing quarterly reporting.

5.1 Routine Roles & Responsibilities

- (a) Provide quarterly reporting and update on operations of the Enterprise Risk Management framework to the Board.
- (b) Review Enterprise Risk Profile for effectiveness of management of risks.
- (c) Evaluate any new risks identified by the Heads of Department.
- (d) Follow-up on management action plans reported by the Heads of Department.
- (e) Responsible for ensuring that strategic business risks are considered.

5.2 Risk Evaluation of Investment Proposals

- (a) Propose to the Board, the monetary threshold and nature of proposed investments that require the RMC's evaluation and endorsement before submission to the Board.
- (b) Review investment proposals which meet the requisite threshold.
- (c) Review and feedback on evaluation of investment proposals to the Board for final decision.

6. REVIEW OF TERM OF REFERENCE

This Term of Reference has been approved by the Board and is made available for reference on the Company's corporate website and internal computer networking system.

It shall be reviewed by the Committee and update whenever necessary to ensure its effective implementation. Any subsequent amendments to the Policy should be approved by the Board upon recommendation of the Committee.

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