

G & M Holdings Limited

Terms of Reference for Risk Committee

1. Objectives of Committee

- 1.1 The Risk Committee ("Committee") is a formal sub-committee of the Board of Directors (the "Board") of G & M Holdings Limited (the "Company").
- 1.2 The total process of enterprise risk management in the Company, which includes the related system of internal control, is the responsibility of the Board.
- 1.3 The Committee is constituted to assist the Board in the discharge of its duties and responsibilities in this regards.
- 1.4 The duties and responsibilities of the members of the Committee are in addition to those as a member of the Board.

2. Composition

- 2.1 The Committee shall consist of a minimum of three (3) members who are appointed by the Board from the Executive Directors, Non-executive Director, or key officers of the Company, as the Board may consider appropriate.
- 2.2 The Chairperson of the Committee shall be appointed by the Board from the members serving on the Committee and shall be a Director of the Company, In the absence of the Chairperson, the members present may nominate and elect one of them to chair the meeting.
- 2.3 A quorum of the Committee shall be at least two (2) members.
- 2.4 The Company Secretary of the Company or his/her nominee shall be the secretary of the Committee.
- 2.5 The executives and senior managements, who are responsible for the day-to-day management of risk, shall attend all meetings of the Committee when required to provide it with relevant input and reporting when necessary.
- 2.6 The internal auditors (or the outsourced internal audit providers), as well as representatives of external auditors, may be invited to attend the meetings to assist the Committee to make effective decisions.

3. Frequency of meetings

The Committee shall meet at least twice a year as appropriate and otherwise as required.

4. Notice of meetings

- 4.1 Meetings of the Committee shall be convened by the secretary of the Committee at the request of any of its members.
- 4.2 Unless otherwise agreed by all the Committee members, a meeting shall be called by at least seven days' notice. Irrespective of the length of notice being given, attendance of a Committee member at a meeting constitutes a waiver of such notice unless the Committee member attending the meeting attends for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the grounds that the meeting has not been properly convened.
- 4.3 Unless otherwise agreed, notice of each meeting confirming the venue, time and date of the meeting, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, and any other person required to attend, no later than three working days before the date of the meeting. The agenda shall be circulated together with relevant supporting papers to committee members and to other attendees as appropriate.

5. Authority of the Committee

- 5.1 The Committee is authorised by the Board to obtain inside or outside professional advice and to secure the attendance of insiders or outsiders with relevant experience and expertise where necessary.
- 5.2 The Committee is authorised by the Board to appoint sub-committees where necessary.
- 5.3 The functions and responsibilities of the above-mentioned sub committees shall be an expansion of and aligned and integrated with that of the committee, and such functions and responsibilities shall be indicated in their respective charters.

6. Reporting lines

The committee reports directly to the Board and indirectly to the Audit Committee.

7. Duties

The Committee shall:

- 7.1 advise the Board on the Company's overall risk appetite, tolerance and strategy, taking into account the current and prospective macroeconomic and financial environment.
- 7.2 Oversee and advise the Board on the current risk exposures of the Company and future risk strategy.
- 7.3 In relation to risk assessment and subject to overlap with the Audit Committee:
 - 7.3.1 keep under review the Company's overall risk assessment processes that inform the Board's decision making, ensuring both qualitative and quantitative metrics are used
 - 7.3.2 review regularly and approve the parameters used in these measures and the methodology adopted; and
 - 7.3.3 set a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance.
- 7.4 Review the Company's capability to identify and manage new risk types
- 7.5 Before a decision to proceed is taken by the Board, advise the Board on proposed strategic transactions including acquisitions or disposals, ensuring that a due diligence appraisal of the proposition is undertaken, focusing in particular on risk aspects and implications for the risk appetite and tolerance of the Company, and taking independent external advice where appropriate and available.
- 7.6 Review reports on any material breaches of risk limits and the adequacy of proposed action.
- 7.7 Keep under review the effectiveness of the Company's internal financial controls and internal controls and risk management systems.
- 7.8 Review and approve the statements to be included in the annual report concerning internal controls and risk management.

- 7.9 Review the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.
- 7.10 Review the Company's procedures for detecting fraud.
- 7.11 Review the Company's procedures for prevention of bribery.
- 7.12 Consider and approve the remit of the risk management function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also ensure the function has adequate independence and is free from management and other restrictions.
- 7.13 Work and liaise as necessary with all other Board committees.

8. Reporting responsibilities

- 8.1 The Committee chairperson shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 8.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any are within its remit where action or improvement is needed.
- 8.3 The Committee shall produce a report of its activities and the Company's risk management and strategy to be included in the Company's annual report.
- 8.4 The Directors' report in the annual report and accounts should set out risk management objectives and policies including in relation to financial instruments.

9. Other matters

The Committee shall:

- 9.1 have access to sufficient resources in order to carry out its duties.
- 9.2 Be provided with appropriate and timely training, both in the form of an induction program for new members and on an ongoing basis for all members.
- 9.3 Give due consideration to laws and regulations, and the requirements of the Hong Kong Stock Exchange.
- 9.4 Oversee any investigation of activities which are within its terms of reference.