

CHIN HIN GROUP BERHAD
[Company Registration No. 201401021421(1097507-W)]
(Incorporated in Malaysia)

TERMS OF REFERENCE FOR RISK MANAGEMENT COMMITTEE

1. OBJECTIVE

The primary functions of the Risk Management Committee (“RMC”) are to assist Chin Hin Group Berhad (“Chin Hin” or “the Company”) Board of Directors (“Board”) to fulfill its responsibilities with regard to risk management in order to manage overall risk exposure for Chin Hin. The RMC is also responsible to determine that there is a robust process in place for identifying, assessing and monitoring key business risks to safeguard shareholders’ investment and the Company’s assets.

2. COMPOSITION

The members of RMC shall be appointed by the Board from amongst the Directors of the Company and shall comprise of at least three (3) members of which majority of whom must be Independent Non-Executive Directors.

The RMC shall elect a Chairman from among its members and the elected Chairman shall be an Independent Non-Executive Director.

The term of office and performance of the RMC and each of its members shall be reviewed by the Nomination Committee and the Board annually to determine whether the members have carried out their duties in accordance with their terms of reference.

If a member of the RMC resigns or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall, within three (3) months from the date of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

3. POWERS AND AUTHORITY

In carrying out its duties and responsibilities, the RMC shall have the following powers and authority, in accordance with the procedures to be determined by the Board and at the cost to the Company:

- i) Have the resources which are required to perform its duties.
- ii) Have full, free and unrestricted access to any information, records, properties and personnel of Chin Hin and of any other companies within the Chin Hin Group.
- iii) To appoint external counsels or other advisers and approve the terms and conditions of the appointment and obtain independent professional or other advice and services and to invite outsiders with relevant experience to attend the RMC’s meetings (if required) and to brief the RMC thereof if the RMC considers this as necessary.
- iv) Have access to the advice and services of the Company Secretary.

4. DUTIES AND RESPONSIBILITIES

In fulfilling its primary objectives, the RMC shall undertake, amongst others, the following duties and responsibilities:

- i) Oversee and recommend appropriate risk management framework and measurement methodologies across the Group;
- ii) Review and recommend risk management strategies, policies and level of risk tolerance for the Board's approval;
- iii) Identify, assess and monitor key business risks and review the extent to which key business risks are being managed;
- iv) Review and recommend changes as needed to ensure that the Group has in place at all times a risk management policy which addresses the strategic, operational, financial and compliance risks;
- v) Ensure the infrastructure, resources and systems are in place and adequate for risk management;
- vi) Review management's periodic reports on risk exposure, risk portfolio composition and risk management activities;
- vii) Review the enterprise risk rating and determine the critical risks to be escalated to the Board on a quarterly basis; and
- viii) Review and recommend the statement on risk management and internal control, for approval by the Board.

5. MEETINGS OF THE COMMITTEE

The RMC shall meet at least two (2) times in a financial year, although additional meetings may be called at any time at the discretion of the Chairman of the RMC.

Other than in circumstances which the Chairman of the RMC considers inappropriate, the Executive Directors, Group Accountants, the representatives of the internal auditors and external auditors will attend any meeting of the RMC to make known their views on any matter under consideration by the RMC or which in their opinion, should be brought to the attention of the RMC. Other Board members, employees and external professional advisers shall attend any particular meetings upon invitation by the RMC.

In the event the elected Chairman is not able to attend a meeting, a member of the RMC shall be nominated as Chairman for the meeting. The nominated Chairman shall be an Independent Non-Executive Director.

Subject to the notice and quorum requirements as provided in the Terms of Reference, the meeting of the RMC may be held and conducted through the telephone or any communication equipment which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in a quorum accordingly.

The Chairman of the RMC shall report to the Board on any matter that should be brought to the Board's attention and provide recommendations of the RMC that require the Board's approval at the Board meeting.

6. QUORUM

The quorum for a meeting of the RMC shall consist of not less than two (2) members, the majority of members present must be Independent Non-Executive Directors.

7. NOTICE OF MEETINGS

Unless otherwise agreed, 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 and any other person who may be required to attend, no later than seven (7) days before the date of the meeting. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time.

8. SECRETARY AND MINUTES

The Company Secretary or his nominee or such other persons authorised by the Board shall act as the Secretary of the RMC. The Company Secretary shall record, prepare and circulate the minutes of the meetings of the RMC and ensure that the minutes are properly kept and produced for inspection if required. The minutes of each meeting shall be tabled to the Board for notation.

9. CIRCULAR RESOLUTION

A resolution in writing, signed or approved by letter, telegram, telex, telefax or electronic means by a majority of the RMC's members present in Malaysia for the time being entitled to receive notice of a meeting of the RMC, shall be as valid and effectual as if it had been passed at a meeting of the RMC duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more of the members of the RMC.

10. REVISION AND UPDATES

Where necessary, this Terms of Reference will be reviewed and updated to ensure it remains consistent with the RMC's objectives and responsibilities.

END.