



Fullshare Holdings Limited

豐盛控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00607)

(the “Company”)

TERMS OF REFERENCE OF THE RISK MANAGEMENT COMMITTEE

1. CONSTITUTION

The Risk Management Committee (the “**Committee**”) was established by resolutions of the board of directors of the Company (the “**Board**”) on 16 December 2016.

2. ROLE

2.1 The Committee is responsible for advising the Board on the overall risk appetite/tolerance and risk management strategies of the Company and its subsidiaries (the “**Group**”), and overseeing senior management’s implementation of those strategies established and approved by the Board and aligned with the Company’s overall business objectives.

2.2 In performing its role, the Committee is assisted by the Company’s Risk Management Working Group.

3. MEMBERSHIP

Chairman and members of the Committee shall be appointed by the Board from time to time and shall consist of not less than three members comprising non-executive director.

4. CHAIRMAN

The Chairman shall be appointed by the Board and must be a director. In the absence of the Chairman of the Risk Committee, members present may elect any member to chair a meeting.

5. SECRETARY

The Company Secretary shall be the secretary to the Committee. The Company Secretary or his/her deputy shall be the deputy secretary to the Committee.

6. ATTENDANCE AT MEETINGS

The Committee may invite other persons (including directors, senior management and external advisers) to attend all or part of the Committee meetings from time to time upon such conditions as the Committee members consider desirable. However, only the Committee members shall be entitled to vote at the Committee meetings.

7. FREQUENCY OF MEETINGS AND QUORUM

- 7.1 The Committee shall meet at least once a year and at such other times as the Chairman of the Committee may determine.
- 7.2 Committee meetings shall be convened by (or at the request of) the Chairman of the Committee. Committee meetings may also be called at the request of the Chairman of the Board.
- 7.3 The quorum for meetings of the Committee shall be two members, one of whom should be the Chairman of the Committee, unless he or she is unable to attend due to exceptional circumstances, and at least one of whom should be non-executive director (including independent non-executive director).

8. PROCEEDINGS OF MEETINGS

- 8.1 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 Committee.
- 8.2 Questions arising at any meetings of the Committee shall be decided by a majority of votes, and in case of an equality of votes, the chairman of the meeting shall have a second or casting vote.
- 8.3 A written resolution signed by a majority of the Committee members shall be as valid and effectual as a resolution passed at a meeting of the Committee duly convened and held.
- 8.4 Members of the Committee may attend meetings of the Committee either in person or through other electronic means of communication or in such other manner as the members may agree.

9. AUTHORITY

- 9.1 The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all such employees are directed to co-operate with any reasonable request by the Committee.
- 9.2 Subject to prior discussion as to likely costs, the Committee shall be provided with sufficient resources to perform its duties. It is also authorised by the Board to seek independent professional advice at the Company's expense to perform its responsibilities as it shall deem appropriate and shall be responsible for selection and appointment of consultants to advise it on risk management matters.

10. DUTIES AND RESPONSIBILITIES

The Committee shall have the following duties, responsibilities and discretion:

- 10.1 to discharge its duties within these Terms of Reference including the creation, and necessary approval of any terms of reference, of risk management committees as the Committee deems fit;
- 10.2 to review and recommend for the Board's approval on the overall risk management strategies and risk appetite/tolerance statement(s) of the Company which should be commensurate with its operations and strategic goals, taking into account all relevant risk-related matters encountered by the Group;
- 10.3 to review and assess regularly the adequacy and effectiveness of the Company's risk management framework, internal control systems (other than internal financial control systems) and risk management policies, procedures and systems in identifying, measuring, monitoring and controlling risk, and oversee their effective operation, implementation and maintenance;
- 10.4 to discuss the risk management systems with management to ensure that the management has performed its duty to maintain effective risk management systems;
- 10.5 to consider any major investigation findings on risk management matters as delegated by the Board or on its own initiative and management's response to the findings;
- 10.6 to ensure that the staff members responsible for implementing risk management systems and controls perform those duties independently of the Company's risk taking activities;
- 10.7 to regularly communicate with the risk management function at least once every year without the Executive Directors of the Company to ensure that there are no unresolved issues or concerns;
- 10.8 to advise the Board and/or the Remuneration Committee and/or Audit Committee on alignment of remuneration to risk appetite;
- 10.9 to review and endorse the contents of the statements made in relation to risk management and internal controls (other than internal financial controls) in the annual report and accounts of the Company for submission to the Board;
- 10.10 to report significant risk management issues to the Board as set out in these Terms of Reference;
- 10.11 to review and update regularly these Terms of Reference and recommend any necessary changes to the Board for approval; and
- 10.12 to consider other topics, as defined by the Board from time to time.

11. REPORTING PROCEDURES

- 11.1 The Committee should report to the Board on a regular basis;
- 11.2 At the next meeting of the Board following a meeting of the Committee, the Chairman of the Committee shall report to the Board on the findings and recommendations of the Committee. Minutes of the Committee meetings should be kept by the Company Secretary. Within a reasonable time after the Committee meetings, draft and final versions of the minutes of such meetings should be sent to all Committee members for their comment and records respectively; and
- 11.3 The Committee shall make regular reports to the Board on significant risk management issues for adoption and formal ratification (where appropriate), including without limitation the following: (a) the Company's risk appetite/risk tolerance statement(s); (b) policy review, regulatory compliance and updates; (c) material amendment to the terms of reference of the Committee; and (d) any significant risk-related issues.