



Zall Group Ltd.

卓爾集團股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2098)

Risk Management Committee — Terms of Reference

1. CONSTITUTION

The risk management committee of the Company (the “**Committee**”) was established by resolutions of the board of directors of the Company (the “**Board**”) in the meeting held on 31 March 2017.

2. ROLE

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 providing an independent review of the effectiveness of the strategies adopted to ensure that it aligned with the Company’s overall business objectives.

3. MEMBERSHIP

3.1 Chairman (the “**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 directors of the Company.

3.2 Additional members of the Committee may be added or removed by separate resolutions passed by the Board and the Committee from time to time.

4. CHAIRMAN

The Chairman shall be appointed by the Board and must be a director of the Company. In the absence of the Chairman of the Committee and subject to paragraph 7.3 herein, members present may elect any member to chair a meeting.

5. SECRETARY

The company secretary of the Company shall be the secretary to the Committee. The Committee may from time to time appoint any other person with appropriate qualification and experience as the secretary of 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 necessary for the transaction of business 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) of the Company.

8. MEETING

- 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 Notice of any meetings has to be given at least 7 days prior to any such meeting being held, unless all members unanimously waive such notice. Irrespective of the length of notice being given, attendance of a meeting by a member shall be deemed waiver of the requisite length of notice by the member. Notice of any adjourned meetings is not required if adjournment is for less than 14 days.
- 8.3 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.
- 8.4 Meetings could be held in person, by telephone or by video conference. Members may participate in a meeting by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting are capable of hearing each other.
- 8.5 A resolution in writing signed by all members shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.

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 of the Company 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 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 commensurate with its operations and strategic goals, taking into account all relevant risk-related matters encountered by the Group;
- 10.2 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;
- 10.3 to discuss the risk management systems with the management of the Company to ensure that the management has performed its duty to maintain effective risk management systems;
- 10.4 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;
- 10.5 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;
- 10.6 to regularly communicate with the risk management function with the Board at least once every year without the presence of any executive directors of the Company to ensure that there are no unresolved issues or concerns;

- 10.7 to advise the Board and/or the remuneration committee of the Company and/or audit committee of the Company on as to whether existing remuneration structure is in alignment with the Company's overall risk appetite;
- 10.8 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(s) and accounts of the Company for submission to the Board;
- 10.9 to report significant risk management issues to the Board as the Committee may from time to time identify;
- 10.10 to review and update regularly this Terms of Reference and recommend any necessary changes to the Board for approval; and
- 10.11 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. Full minutes shall be kept by the secretary of the Committee. Draft and final versions of minutes shall be circulated to all Members for their comment and records, in both cases within a reasonable period of time after the meeting. Such minutes shall be open for directors' inspection; 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.

12. EFFECTIVE DATE

These terms of reference shall come into effect on the date upon approval by the Board.