

Cosmo Lady (China) Holdings Company Limited

都市麗人（中國）控股有限公司

TERMS OF REFERENCE FOR THE RISK MANAGEMENT COMMITTEE

Constitution

1. The risk management committee (the “Committee”) is established pursuant to a resolution passed by the board of directors (the “Board”) of Cosmo Lady (China) Holdings Company Limited (the “Company”) on 31 December 2015.

Membership

2. The Committee shall be appointed by the Board from the directors and shall consist of not less than three members.

Secretary

3. The company secretary of the Company shall be the secretary of the Committee. In the absence of a secretary, the remaining members present shall elect one of themselves or appoint another person as the secretary for that meeting.

Meetings

4. The Committee shall meet not less than once a year. Additional meetings may be held as and when required.
5. A meeting of the Committee may be convened by any of its members through the company secretary.
6. The quorum of a meeting shall be two members of the Committee.
7. Only members of the Committee have the right to attend Committee meetings. Other persons including but not limited to any director, management, external advisor or consultant may be invited by the Committee to attend for all or part of any meeting as and when appropriate.
8. Meetings of the Committee may be held either in person or through electronic means of communication or in such other manner as the members may agree.
9. Members must abstain from voting in respect of any resolution in which he is an interested party.
10. Full minutes of the Committee should be kept by the secretary of the Committee.

Authority

11. The authorities of the Committee shall include such authorities set out in the relevant code provisions of the Corporate Governance Code (the “CG Code”) as contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time).
12. The Committee is authorized by the Board to seek any information it requires from the management of the Company in order to perform its duties.
13. The Committee is authorized by the Board to obtain outside legal or any other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers necessary.

Duties and Functions

14. The duties and functions of the Committee shall include such duties and functions set out in the relevant code provisions of the CG Code. Without prejudice to the foregoing, the Committee shall:-
 - (a) oversee the design, implementation and monitoring of the risk management system carried out by the management on an ongoing basis;
 - (b) analyse and independently assess whether the system in managing risk is sufficient, efficient and effective;
 - (c) monitor and review the process of risk management and advise the Board about the effectiveness of and improvements to be made to the existing risk management system;
 - (d) consider and continuously monitor the Company’s risk management strategies;
 - (e) provide guidelines to the management on risk management and set up procedures to unveil, assess and manage material risk factors, and ensure management discharges its responsibility to implement an effective risk management;
 - (f) decide on risk levels, risk appetite and related resources allocation;
 - (g) evaluate major decisions affecting the Group’s risk profile or exposure and give such directions as it considers appropriate and make recommendations to the Board;
 - (h) evaluate major risk management activities and make recommendations to the Board;
 - (i) consider the effectiveness of decision making process in crisis and emergency situations and maintain the Company’s risk management standards;

- (j) review the systems of the Company on risk management;
- (k) discuss the risk management systems with management of the Company to ensure that management has performed its duty to have effective risk management systems including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- (l) consider major investigation findings on risk management matters as delegated by the Board or on its own initiative and management's response to these findings;
- (m) on an annual basis report to the Board on the effectiveness of the risk management systems of the Company and its subsidiaries;
- (n) report to the Board on the matters set out herein; and
- (o) consider other topics, as defined by the Board.

Reporting procedures

15. The Committee shall report directly to the Board on its findings, decisions and/or recommendations, unless there are legal or regulatory restrictions on its ability to do so (such as restriction on disclosure due to regulatory requirements). At the next meeting of the Board following a meeting of the Committee, the chairman of the Committee shall report the findings, decisions and/or recommendations of the Committee to the Board. The company secretary shall also circulate the minutes of meetings, reports and/or written resolutions (if any) of the Committee to all members of the Board.

Revised on the 21 December 2018