

HIGH FASHION INTERNATIONAL LIMITED

Terms of Reference of Risk Management Committee

(Adopted by the Board in August 2016 and last reviewed in November 2018 and March 2021 respectively)

A. Membership

- A.1 Members of Risk Management Committee shall be appointed by the Board. The Risk Management Committee shall consist of a minimum of four members at least two of whom are independent non-executive directors, normally includes a member (preferably the chairman) of the Audit Committee of the Company.
- A.2 The Board shall appoint the Chairman of the Risk Management Committee. In the absence of the Committee Chairman, the remaining members present shall elect one of the members to chair the meeting.

B. Risk Management Committee meetings

- B.1 The meetings and proceedings of the Risk Management Committee shall be governed by the provisions contained in the Bye-Laws for regulating the meetings and proceedings of directors.
- B.2 The quorum of Committee meeting shall be three members.
- B.3 Company Secretary or his/her nominee shall be the secretary of the Risk Management Committee.
- B.4 Notice of each meeting confirming the venue, time and date, shall be forwarded to each member of the Committee and any other person required to attend at least 14 days before the date of the meeting.
- B.5 Full minutes of the Risk Management Committee meetings should be kept by the Committee's secretary and such minutes should be open for inspection at any reasonable time on reasonable notice by any member or director. Draft and final versions of minutes of the Risk Management Committee meetings should be sent to all Committee members for their comment and records within a reasonable time after the meeting.
- B.6 A resolution in writing signed by all members for the time being shall be as effective for all purposes as a resolution of the members passed at a meeting duly convened, held and constituted.

Attendance at meetings

- B.7 The members of Risk Management Committee shall normally attend Committee meetings. Other individuals such as Board members and/or the Group's Senior Management and Head of Internal Audit may be invited to attend for all or part of any meeting as and when appropriate to advise to its members.

Frequency of meetings

- B.8 The Risk Management Committee meetings shall be held not less than once a year.

It is expected that such regular Risk Management Committee meetings will normally involve the active participation, either in person or through other electronic means of communication, of a majority of members entitled to be present.

C. Authorities and duties

C.1 The duties of the Risk Management Committee shall:-

- (a) advise the Audit Committee and the Board on the Group's risk appetite statement(s), risk principles and other risk-related issues including corporate actions and proposed strategic transactions such as mergers, acquisitions and disposals;
- (b) oversee risk management framework to identify and deal with financial, operational, legal, regulatory, technology, business and strategic, environmental and social risks faced by the Group and amend and supplement this from time to time;
- (c) approve the Group's risk policies and risk tolerances;
- (d) consider emerging risks relating to the Group's business and strategies to ensure that appropriate arrangements are in place to control and mitigate the risks effectively;
- (e) review risk reports and breaches of risk tolerances and policies;
- (f) review and assess the effectiveness of the Group's risk control/mitigation tools including the enterprise risk management programme, the risk management systems, the internal audit function relating to risk management and the Group's contingency plans;
- (g) review the Group's capital adequacy and solvency levels;
- (h) monitor stress testing results of the Group's key risk exposures;
- (i) make available the Committee's terms of reference; and
- (j) review and oversee the environmental and social sustainable development and strategies, evaluate the adequacy and effectiveness of the Group's sustainability and report to the Board the sustainability risks and opportunities.

C.2 The Risk Management Committee is authorised by the Board to investigate activity within its terms of reference. It is authorised to obtain any information it requires from any employee of the Group and all employees are directed to co-operate with any request made by the Committee.

C.3 There should be a procedure agreed by the Risk Management Committee to enable members, upon reasonable request, to seek independent professional advice to perform its responsibility, at the Company's expense.

D. Reporting procedures

- D.1 The secretary of the Risk Management Committee shall circulate the minutes of Committee meetings, reports of the Committee and relevant information to all directors.
- D.2 The Risk Management Committee should report back to the Audit Committee and the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

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