

# PERFECT GROUP INTERNATIONAL HOLDINGS LIMITED

## 保發集團國際控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

(the “**Company**”)

(**Stock code: 3326**)

### TERMS OF REFERENCE OF THE RISK MANAGEMENT COMMITTEE ADOPTED BY THE BOARD ON 14 DECEMBER 2015

#### 1. Membership

The risk management committee (the “**Committee**”) shall be appointed by the board (the “**Board**”) of directors (the “**Directors**”) of the Company and shall consist of not less than three (3) members. The constitution of the Committee shall comply with the requirements of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as amended from time to time.

#### 2. Attendance at Meetings

- (a) Independent non-executive Directors and other non-executive Directors, as equal Board members, should give the Committee on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation.
- (b) For regular Committee meetings, and as far as practicable in all other cases, an agenda and accompanying papers should be sent, in full, to all Directors. These should be sent in a timely manner and at least three (3) days before the intended date of the Committee meeting (or other agreed period).
- (c) At all times the members of the Committee shall be notified of and be invited to all meetings of the Committee and may attend all the meetings of the Committee.
- (d) The quorum of a meeting of the Committee shall be three (3) members of the Committee.
- (e) The Committee may, if necessary, invite other advisors to attend the meetings of the Committee, including but not limited to lawyers, external professional advisors or consultants to advise its members.
- (f) The secretary to the Company shall be the secretary to the Committee who shall attend all meetings of the Committee.

- (g) Members of the Committee may participate in a meeting of the Committee by means of a conference telephone or other communications equipment through which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

### **3. Frequency and Proceedings of Meetings**

- (a) Meetings shall be held not less than twice a year. The Chairman of the Committee or any two (2) members of the Committee may request a meeting if he/she/they consider(s) necessary. Meetings of the Committee shall be arranged by the secretary to the Committee upon instruction of the Chairman of the Committee.
- (b) Unless otherwise agreed by all the members of the Committee, a meeting shall only be called with at least seven (7) days' prior notice.

### **4. Committee's Resolutions**

- (a) A resolution in writing signed by all the members of the Committee shall be as valid and effective as if it had been passed at a meeting of the Committee and may consist of several documents in like form each signed by one or more of the members of Committee. Such resolution may be signed and circulated by facsimile or other forms of electronic communications. This provision is without prejudice to any requirement under the Listing Rules for a meeting of the Board or Committee to be held.
- (b) Minutes of meetings of the Committee should be kept by the secretary to the Committee and should be open for inspection at any reasonable time on reasonable notice by any Director.
- (c) Minutes of meetings of the Committee should record in sufficient detail the matters considered and decisions reached, including any concerns raised by Directors or dissenting views expressed.

### **5. Purpose and Authorities**

- (a) The Committee is authorised by the Board to review, assess and make recommendations on any issue in these terms of reference of the Committee.
- (b) The Committee should make available these terms of reference, explaining its role and the authority delegated to it by the Board by including them on the Stock Exchange's website and the Company's website.
- (c) The Committee shall be provided with sufficient resources to perform its duties.

- (d) Management has an obligation to supply the Committee with adequate information, in a timely manner, to enable it to make informed decisions. The information supplied must be complete and reliable. To fulfil his/her duties properly, a member of the Committee may not, in all circumstances, be able to rely purely on information provided voluntarily by management and he/she may need to make further enquiries. Where any member of the Committee requires more information than is volunteered by management, he/she should make further enquiries where necessary. So, the Committee and the members of the Committee should have separate and independent access to the Company's senior management.
- (e) The Board should not delegate matters to the Committee to an extent that would significantly hinder or reduce the ability of the Board as a whole to perform its functions.

## 6. Duties

The duties of the Committee shall be monitoring the Company's exposure to sanctions law risks and its implementation of the related internal control procedures, and shall include:

- (a) reviewing and approving all relevant business transaction documentation from suppliers or customers or potential customers from any country that is subject to sanctions (the "**Relevant Counterparty**");
- (b) reviewing the information (such as identity and nature of business) relating to the Relevant Counterparty to the contract along with the draft business transaction documentation;
- (c) checking the Relevant Counterparty against the various lists of restricted parties and countries maintained by the United States of America, the European Union, the United Nations and Australia, including, without limitation, any government, individual or entity that is the subject of any United States Department of Treasury's Office of Foreign Assets Control-administered sanctions which lists are publicly available, and determining whether the Relevant Counterparty is, or is owned or controlled by, a person located in any country that is subject to sanctions or a sanctioned person;
- (d) reviewing on a semi-annual basis internal control policies and procedures with respect to sanctions law matters; and
- (e) if any potential sanctions risk is identified, or if the Committee considers necessary, retaining external international legal counsel with necessary expertise and experience in sanctions law matters for recommendations and advice.

## **7. Reporting Procedures**

- (a) The Committee should report back to the Board on its decisions or recommendations, unless there are legal or regulatory restrictions on its ability to do so (such as a restriction on disclosure due to regulatory requirements).
- (b) The chairman of the Board should invite the chairman of the Committee to attend the annual general meeting. In his/her absence, the chairman of the Board should invite another member of the Committee or failing this his/her duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting.

## **8. Revision of the terms of reference**

These terms of reference shall be updated and revised as and when necessary in light of changes in circumstances and changes in regulatory requirements (e.g. the Listing Rules) in Hong Kong.