



KA SHUI INTERNATIONAL HOLDINGS LIMITED
嘉瑞國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 822)

TERMS OF REFERENCE
OF
RISK MANAGEMENT COMMITTEE

(adopted by the board of directors of the Company on 16 October 2020)

The board of directors (the “**Board**”) of Ka Shui International Holdings Limited (the “**Company**”) has resolved to establish a committee to be known as Risk Management Committee (the “**Committee**”) on 16 October 2020 with the terms of reference set out below.

Membership

1. The members of the Committee shall be appointed by the Board, and shall consist of not fewer than five (5) members (including at least one (1) executive director of the Company).
2. The chairman of the Committee (the “**Chairman**”) shall be appointed by the Board.
3. The company secretary of the Company shall act as secretary of the Committee.

Frequency, proceedings and notice of meetings

4. The Committee shall meet at least twice every year. Additional meetings shall be held as the work of the Committee demands.
5. The Chairman may convene additional meetings at his/her discretion.
6. Notice of meetings shall be given to all Committee members at least 14 days before the meeting.
7. Notice of meeting shall state the time and place of the meeting and shall be accompanied by an agenda together with other documents which may be required to be considered by the members of the Committee for the purposes of the Committee meeting. Such agenda and other documents should be sent in a timely manner and at least 5 days before the intended date of a meeting (or other period agreed by the Committee).

8. The quorum of a meeting shall be three members of the Committee.
9. The Committee members could attend the meetings in person, by telephone or by video conference.

Voting at meetings

10. Decisions shall be determined by simple majority, and in the event of a tie (if any), the Chairman (if he/she is present at the meeting) shall have the casting vote.
11. 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 the 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 Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for a meeting of the Board or Risk Management Committee to be held.

Authority

12. The Committee is granted the authority to require the management of the Company and its subsidiaries (the “**Group**”) to provide administrative support to the work of the Committee, and the Committee may directly and independently contact the Group’s senior management. The Committee may require any senior management or employee to attend the meeting of the Committee or to reply the questions raised by any member of the Committee promptly.
13. The Committee is authorized by the Board to assess the risk management and internal control systems of the Group with the co-operation of all managerial staff, and shall report and make recommendations to the Board of its findings on any material risk, deficiency or failure in risk management and internal control systems of the Group.
14. The Committee is authorized by the Board to seek outside legal, risk management and internal control or other independent professional advice; if necessary, may engage external parties who possess relevant experience and professional knowledge to provide services to the Group (including attend meetings of the Committee) at the expenses of the Group.

Responsibility

15. The Committee is a standing committee under the Board and is set up to assist the Board and the Audit Committee of the Company (the “**Audit Committee**”) to carry out the following duties:
 - (a) to oversee the design, implementation and monitoring of the risk management and internal control systems carried out by the management on an ongoing basis;

- (b) to analyse and independently assess whether the system in managing risks and performing internal control is sufficient, efficient and effective;
- (c) to receive from the management report(s) on the effectiveness of the risk management and internal control systems and any significant areas of concern; and
- (d) to ensure that a review of the effectiveness of the Group's risk management and internal control systems covering all material controls (including financial, operational and compliance controls) is conducted at least annually.

Reporting Procedures

- 16. The Committee shall report to the Audit Committee on a regular basis. At the next meeting of the Audit Committee following a meeting of the Committee, the Chairman shall report to the Audit Committee on the findings and recommendations of the Committee unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements). At least annually, the Audit Committee should report to the Board which addresses the work and findings of the Committee during the year.
- 17. The Committee shall make these terms of reference available on the Company's and website of the Stock Exchange.
- 18. The Committee shall report in the corporate governance report of the Company how the Company has complied with the risk management and internal control code provisions in accordance with the requirements in Appendix 14 – "Corporate Governance Code and Corporate Governance Report" to the Listing Rules.

Duties, powers and functions

- 19. The Committee shall:
 - (a) monitor and review the process of the risk management and internal control, and advise the Board on the appropriateness, effectiveness of and the proposed improvements to be made to the existing risk management and internal control systems;
 - (b) provide recommendations to the management on risk management and internal control, and set up procedures to unveil, assess and manage material risk factors; and ensure management discharges its responsibility to implement effective risk management and internal control systems; and

- (c) review with the Group's management, external auditor and the internal audit function, the adequacy of the Group's policies and procedures regarding risk management and internal control systems and any relevant statement by the directors to be included in the annual accounts prior to their endorsement by the Board.

Miscellaneous

- 20. The adoption of, and amendments to, these terms of reference require the approval of the Board to be effective.

- 21. The interpretation of these terms of reference shall be vested in the Board.