

# **Midland Holdings Limited (the “Company”)**

## **(Stock Code: 1200)**

### **Terms of Reference for Risk Committee**

#### **1. Overall Objectives**

The risk committee (the “Committee”) is appointed by the board of directors (the “Board”) to assist the Board in discharging its risk management responsibilities. The Committee will review the overall risk management framework of the Company and its subsidiaries (collectively, the “Group”) and advise the Board on the Group’s risk-related matters.

In performing its duties, the Committee will maintain effective working relationships with the Board, management, and the external auditor. To perform his or her role effectively, each Committee member will need to develop and maintain his or her skills and knowledge, including an understanding of the Committee’s responsibilities and of the Company’s business, operations and risks.

#### **2. Authority**

The Board authorises the Committee, within the scope of its responsibilities, to:

- 2.1 perform activities within the scope of its terms of reference;
- 2.2 engage independent counsel and other advisers (including risk management consultant) as it deems necessary to carry out its duties;
- 2.3 ensure the attendance of company officers at meetings as appropriate; and
- 2.4 have unrestricted access to members of management, employees and relevant information.

#### **3. Organisation**

##### **3.1 Membership**

- 3.1.1 The Board will nominate the Committee members and the chairman of the Committee.
- 3.1.2 The Committee will comprise not less than three (3) members and at least one (1) member shall be an executive director of the Company.

- 3.1.3 A quorum of any meeting will be two (2) members.
- 3.1.4 The secretary of the Committee will be the manager of the company secretarial department or his or her nominee.

## **3.2 Meetings**

- 3.2.1 Only Committee members are entitled to attend meetings. The Committee may invite such other persons to attend its meetings.
- 3.2.2 Meetings shall be held not less than two times a year.
- 3.2.3 Special meetings may be convened as required.
- 3.2.4 Notice of any meeting has to be given at least 14 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 meeting is not required if adjournment is for less than 14 days.
- 3.2.5 Resolutions of the Committee shall be passed by a majority of votes. In case of an equality of votes the chairman shall have a second or casting vote.
- 3.2.6 A resolution in writing signed by all the members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.
- 3.2.7 The secretary shall circulate the agenda and supporting documentation to the Committee members a reasonable period in advance of or as soon as practicable before each meeting.
- 3.2.8 The secretary shall circulate the minutes of meetings to members of the Committee. Minutes shall be kept by the secretary of the Committee and shall be open for directors' inspection.

## **4. Roles and Responsibilities**

The key responsibilities of the Committee shall be as follows:

### **4.1 Key Responsibilities in relation to Risk Management**

- 4.1.1 Review the Group's risk management system.

- 4.1.2 Review the Group's risk management framework and advise the Board on the current risk exposures of the Group and future risk strategy.
- 4.1.3 Ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively.
- 4.1.4 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.
- 4.1.5 Review any issue which arises from any report from or any query raised by the internal audit, the external auditor, the external advisor or consultant, or the management.
- 4.1.6 Undertake such other related duties as required by the Board from time to time.

## **4.2 Reporting**

- 4.2.1 Report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.
- 4.2.2 Prepare or approve any reports required by law or listing rules or requested by the Board, including a report on the Committee's activities and duties to be included in the Corporate Governance Report in the Company's annual report.

Adopted on 1 January 2016