

**D&G Technology Holding Company Limited**  
**德基科技控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
(Stock Code: 1301)

**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 D&G Technology Holding Company Limited (the “**Company**”) on 30 March 2016.

**Membership**

2. The Committee shall consist of a minimum of four members appointed by the Board. The Committee shall have at least three directors.
3. The Committee shall be appointed by the Board from amongst the directors of the Company and management who are professionals in the relevant aspect of the Company.

**Chairman**

4. The chairman of the Committee (the “**Chairman**”) shall be appointed by the Board.

**Secretary**

5. The company secretary of the Company or any person appointed by the Committee shall be the secretary of the Committee (the “**Secretary**”). In the absence of the Secretary, the members present shall elect one of themselves or appoint another person as the secretary for that meeting.

**Frequency of meetings**

6. The Committee shall meet at least once a year. Additional meetings may be held as and when required.

**Notice of meetings**

7. A meeting of the Committee may be convened by any of its members.
8. Unless otherwise agreed by all the members of the Committee, notice of each meeting stating the time, date and place of the meeting shall be given to each member of the Committee and any

other person invited to attend at least seven days prior to the date of the meeting.

9. The agenda and any supporting documents and papers shall be forwarded to each member of the Committee and any other person invited to attend at least three days prior to the date of the meeting (or such other period as the members may agree).

### **Proceedings of meetings and resolutions**

10. No business shall be transacted at any meeting of the Committee unless a quorum is present. The quorum of a meeting shall be two members of the Committee.
11. Only members of the Committee have the right to attend Committee meetings. Other persons including but not limited to any director, management, external advisors or consultants may be invited by the Committee to attend for all or part of any meeting as and when appropriate.
12. 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.
13. Questions arising at any meeting shall be determined by a majority of votes of the members of the Committee present. Each member of the Committee shall have one vote. In the case of any equality of votes the chairman of the meeting shall have an additional or casting vote.
14. Members must abstain from voting on any resolution in respect of which he is an interested party.
15. A resolution in writing signed by all members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee. Any such resolution may be contained in a single document or may consist of several documents in like form each signed by one or more of the members of the Committee.
16. Draft and final versions of minutes of the Committee meetings shall be sent to all Committee members for their comment and records within a reasonable time after the meeting.
17. The Secretary shall cause full minutes to be made for all meetings of the Committee. Such minutes shall include sufficient details of the meetings including the attendances thereat, all business transacted, all resolutions passed and all orders made at such meetings. Any such minutes of any meeting, if purporting to be signed by the chairman of such meeting or by the chairman of the next succeeding meeting of the Committee, shall be sufficient evidence without any further proof of the facts therein stated.
18. Save as otherwise provided herein expressly, proceedings of meetings of the Committee shall be governed by the provisions of the articles of association of the Company for regulating the proceedings of meetings of the Board mutatis mutandis.

## **Authority**

19. The Committee is authorised by the Board to review, assess and make recommendations on any issue in these terms of reference of the Committee.
20. The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
21. The Committee is authorised by the Board to obtain any independent professional advice, at the Company's expense, from any person if it considers it necessary to perform its duties.
22. The Committee is to be provided with sufficient resources to discharge its duties. In the event that the Committee determines that it has insufficient resources, it may make a request for additional resources to the Chairman. If the request for additional resources is denied, the Committee may, if it chooses, make a request to the Board through the Secretary. The Board shall convene a Board meeting as soon as reasonably practicable to consider the request.

## **Duties and functions**

23. The duties and functions of the Committee, without prejudice to the foregoing, shall include:
  - (a) to review and assess the effectiveness of the Company's risk management system, and proposed changes thereto, to identify, measure, manage and/or control risks;
  - (b) to discuss the risk management system with management to ensure that management has performed its duty to have effective risk management system;
  - (c) to 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;
  - (d) to consider the changes in the nature and extent of significant risks, and the Company's ability to respond to changes in its business and external environment;
  - (e) to consider the scope and quality of management's ongoing monitoring of risks;
  - (f) to consider other matters, as defined and assigned by the Board from time to time.

## **Reporting Procedures**

24. 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 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.

### **Annual General Meeting**

25. The Chairman or in his absence, another member of the Committee or failing this, his duly appointed delegate, shall attend the annual general meeting of the Company and be prepared to answer questions at the annual general meeting on the Committee's work and its responsibilities.

### **Amendment**

26. Subject to the compliance with the articles of association of the Company and the Listing Rules, any amendment to these terms of reference shall be authorised by the Board.

### **Publication**

27. The Committee shall make available these terms of reference by publishing them on the websites of The Stock Exchange of Hong Kong Limited and the Company.

30 March 2016