

RISK MANAGEMENT POLICY

1. OVERVIEW

The primary objective of the Company's Risk Management and Internal Control Policy ("Policy") is to ensure that the risks facing the business are appropriately managed. This gives stakeholders confidence to deal with or invest in the Company. The management of risk is the responsibility of all directors, officers and employees of the Company.

2. ROLE OF THE BOARD AND ACCOUNTABILITIES

The Board is responsible for ensuring that effective systems are in place to identify, assess, monitor and manage risks the Company is exposed to. In addition, the Board has responsibility to ensure that internal controls and procedures are adequate for monitoring compliance with laws and regulations. The Board will review and discuss strategic risks and opportunities arising from changes in the Company's business environment regularly and on an as need basis.

3. RISK MANAGEMENT POLICY AND FRAMEWORK

The Policy is established to ensure that:

- guidelines and limits for approval of capital expenditure and investments are implemented;
- major financial and non-financial risks faced by the businesses operated by the Company are identified and adequately monitored and managed;
- policies and procedures for the management of financial risk and treasury operations, including exposures to foreign currencies and movements in interest rates are in place;
- annual budgeting and regularly reporting systems for all businesses, which enable the monitoring of progress against performance targets and the evaluation of trends are performed;
- appropriate due diligence procedures for acquisitions and divestments are followed;
- roles and responsibilities for risk management throughout the Company are properly allocated;
- processes and templates to identify, assess, mitigate and monitor risks are implemented and evaluated;
- significant financial, managerial and operating information is accurate, relevant, timely and reliable; and
- there is an adequate level of compliance with policies, standards, procedures and applicable laws, regulations and licences.

4. RISK PROFILE

The Company considers that any risk that could have a material impact on its business should be included in its risk profile. The risk profile of the Company can be categorised as follows:

- Business Development
- Compliance
- Finance & Asset Management
- Operations
- Information Technology
- Particular risks associated with doing business in China

5. REVIEW AND REPORTING PROCESS

During the year the Board is responsible for reviewing the effectiveness of the Company's system of risk management and internal control for the financial year. This review is to include financial, operational and compliance and risk controls. For any control which is not operating effectively, the Board is responsible for ensuring that the control issue is corrected and that the risk has a mitigating control which will reduce any risk to an acceptable level.

Each financial year, the Chief Executive Officer and Chief Operating Officer are required to provide formal representations to the Board confirming that that in all material respects and to the best of their knowledge and belief:

- the Company's financial reports present a true and fair view of the Company's financial condition and operational results are in accordance with relevant accounting standards; and
- the Company's risk management and internal control systems are sound, appropriate and operating efficiently and effectively

Departmental managers are responsible for ensuring that the business risk associated with their department is mitigated by establishing appropriate controls and monitoring the effectiveness of controls. Any significant control defects should be reported to the Board.