



恒基兆業發展有限公司
HENDERSON INVESTMENT LIMITED
Incorporated in Hong Kong with limited liability
(Stock Code : 97)

(the “Company”) and together with its subsidiaries (the “Group”)

RISK MANAGEMENT POLICY

1. Purpose

The purpose of this policy is to ensure that risks to the Group are identified, analyzed, and managed so that they are maintained at acceptable levels. In particular, the risk management is to:

- promote Corporate Governance by integrating the effective risk management and internal control systems;
- promote a risk alert culture in order to avoid/prevent unnecessary liabilities and costs; and
- improve business performance.

2. Scope

This policy applies to all departments of the Group.

3. Guideline

3.1 Risk management has to be proactive to ensure that significant risks are:

- identified;
- assessed by considering the impacts and likelihoods of their occurrence; and
- effectively managed by identifying suitable controls and countermeasures, and assessing the cost effectiveness of the mitigating actions proposed.

3.2 Particular care is needed in considering actions that could:

- have an adverse effect on the Company’s reputation and/or performance
- result in censure or fines being imposed by regulatory bodies
- result in financial loss
- impact on the continuity of the business operations

- 3.3 The Board of Directors of the Company shall oversee management in the design, implementation and monitoring of the risk management and internal control systems.
- 3.4 Each department of the Group shall be responsible for identifying its own risks and designing, implementing and monitoring the relevant risk management and internal control systems.
- 3.5 The Internal Audit Department shall perform audit to evaluate the proper functioning of the risk management and internal control systems and make recommendation for improvements. Regular reports should be made to the Audit Committee on its findings.
- 3.6 The Audit Committee, after reviewing and considering the risk management findings submitted by the Internal Audit Department, shall in turn report to the Board of Directors of the Company and confirm to the Board on the effectiveness of the systems. The Audit Committee is empowered to seek professional advice at the expenses of the Company where necessary.
- 3.7 In the event any risk reporting information becomes or is likely to become inside information*, the relevant department(s) or the Internal Audit Department must promptly report such inside information in accordance with clause 9 of the Inside Information Policy of the Company.

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As defined in Part XIVA of the Securities and Future Ordinance, Chapter 571, “inside information” is the specific information about the Company, its shareholder or officer or its listed securities or derivatives, which is not generally known to the persons who are accustomed, or would be likely, to deal in the Company’s listed securities but would, if generally known to them, be **likely to materially affect the price of the Company’s listed securities.*