

# report on risk management

## RISK MANAGEMENT

Risk Management is an integral part of the Company's corporate governance structure and a key management tool. A systematic and integrated risk management process is formally established in the Company. The process is overseen by a Risk Management Committee chaired by the Managing Director and comprises Senior Management staff of the Company. The Company's Risk Management Facilitation Team reports to the Risk Management Committee and also the Board Audit Committee on the Company's key risks and the state of measures to manage the Company's key risks.

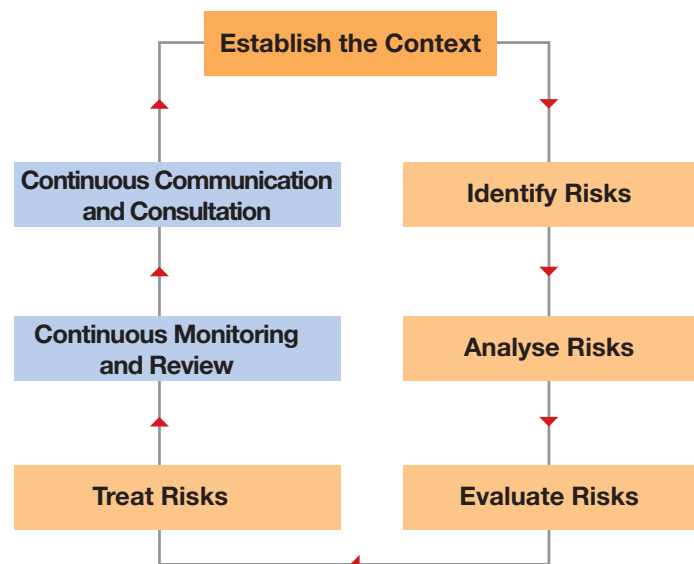
The Company's recognises the broad spectrum of risks which it faces along with the opportunities which it seeks in its businesses and operations. It is hence the Company's objective to maintain an effective risk management programme to assess and mitigate these risks and thereby facilitate the Company in meeting all its business objectives, most specifically:-

- To enhance the Company's high standards of corporate governance;
- To safeguard shareholders' investment;
- To safeguard the Company's assets;
- To develop the Company's employees and promote their well-being; and
- To facilitate the Company's long-term growth under all business conditions.

The Company's Annual Risk Management Programme is approved by the Risk Management Committee. The risk management activities outlined in the Programme are facilitated by the Risk Management Facilitation Team including updating of risk profiles; "just-in-case" risk scenario planning; and risk analysis of business or operational initiatives/issues emerging in the Company.

## RISK MANAGEMENT PROCESS

The Company's risk management process involves establishing the context of risk in relation to the Company and thereon risk identification, analysis, evaluation and treatment. Throughout this process, there is continuous monitoring and review; and communication and consultation. The process is illustrated as follows:-



The Company's risk management process is described further in the "Statement on Internal Control" on page 41 of this Annual Report.

**report on risk management (cont'd)**

**RISK ANALYSIS AND MITIGATION**

The identified risks are analysed according to their likelihood of occurrence and significance of their consequences. Based on the risk analyses and subsequent evaluation for treatment priority, the appropriate risk mitigation strategies are devised to treat the risks accordingly.

The following illustrates risk profiles in general and describes generally the respective risk mitigation strategies of the Company.

**RISK A**

The risk must be managed by senior management with a detailed action plan or significant senior management attention is required. Extensive management of the risk is essential with focus on both reducing the likelihood of the risk and mitigating its consequence.

**RISK B**

Considerable management attention is required including specifying management responsibility. Given the significant consequence of the risk, preventive control measures must be maintained effectively with regular assessment thereof in order to maintain the likelihood of the risk occurring at a low level. Ideally, contingency measures should also be maintained to mitigate the consequence of the risk should it eventuate.

**RISK C**

While the consequence of the risk is insignificant, its high likelihood of occurrence should be reduced. Management should monitor the risk; identify its root causes; and design and implement corrective measures to reduce its likelihood of occurrence.

**RISK D**

The risk may be managed by routine procedures or may be worth accepting with monitoring by Management. The risk may also not need specific application of resources in which case the risk is accepted by Management.

**RISK ANALYSIS**

