

**Risk Management Policy**

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**Boutique Corporation Ltd.**



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(As approved in the Board of Directors' Meeting No. 5/2016 held on May 24, 2016)

**1. Introduction**

The Company's Board of Directors (the "Board") recognizes that risk management is key elements of good corporate governance. This Policy describes the manner in which the Company identifies, assesses, monitors and manages risk.

**2. Statement of Policy**

The Company strives to:

- (1) establish clear objectives, identify and evaluate the significant risks to the achievement of those objectives, set boundaries for risk taking and apply fit-for-purpose risk responses including risk mitigation where appropriate;
- (2) monitor the effectiveness of the system of risk;
- (3) follow relevant group guidelines and standards which relate to particular types of risk; and
- (4) provide an annual assurance regarding the extent of its compliance with this group policy.

Senior management is expected to:

- (1) resource, operate and monitor the system of internal control;
- (2) ensure that a risk based approach to internal control is communicated to staff, embedded in business processes and responsive to evolving risks;
- (3) assign accountability for managing risks within agreed boundaries; and
- (4) report the results of balanced assessments regarding the effectiveness of the risk, including identified weaknesses or incidents, to executive management.

The goals of establishing and maintaining risk management procedures are as follows:

- (1) More effective strategic planning;
- (2) Better cost control;
- (3) Enhancing shareholder value by minimizing losses and maximizing opportunities;
- (4) Increased knowledge and understanding of exposure to risk;
- (5) A systematic, well-informed and thorough method of decision making;
- (6) Minimized disruptions; and
- (7) Better utilization of resources.

Although the Board retains responsibility for assessing the effectiveness of the Company's systems for management of material business risks, all departments/functions shall be established to assist the Board in internal control and business risk management as well.



### 3. Implementation of Policy

This policy is implemented within the Company by:

- (1) establishing and implementing across the group a formal risk management;
- (2) identifying from the projects, functions and corporate risks which may impact upon the group;
- (3) regularly monitoring and assessing the performance and effectiveness of the risk management; and
- (4) ensuring that the risk management is overseen by the Audit and Corporate Governance Committee or the Board.

### 4. Risk Management Process

The Company has put in place an embedded risk management process ("Risk Management Process") which is based on the control framework for enterprise risk management prepared by the Committee of Sponsoring Organizations (COSO).

The Risk Management Process will enable the identification, assessment, monitoring and management of material risk throughout the group. It consists of eight interrelated components:

- (1) internal environment - which involves setting the foundation for how risk and control are viewed and addressed by the Company's employees;
- (2) objective setting - which involves ensuring that management has a process in place to set objectives and that the chosen objectives align with the Company's mission and vision;
- (3) event identification - which includes identifying internal and external factors that influence how potential events may affect strategy implementation and achievement of objectives;
- (4) risk assessment - which requires an analysis of identified risks in order to form a basis for determining how they should be managed;
- (5) risk response - which requires management to select an approach or set of actions to mitigate risks where appropriate taking into account the Company's risk profile;
- (6) control activities - which includes the establishment and execution of policies and procedures to help ensure that the risk responses management selected are effectively carried out;
- (7) information and communication - which requires relevant information to be identified, captured and communicated in a form and timeframe that enables people to carry out their responsibilities; and
- (8) monitoring - which requires that the Risk Management Process be monitored, and modifications made as necessary, to ensure the system can react dynamically and change as conditions warrant.



**5. Implementation of Risk Management Process**

The CEO and CFO are jointly responsible for implementing the Risk Management Process in a manner which is appropriate for the Company. This process is reviewed and monitored across the group by the CFO in conjunction with the Company's Internal Control Auditor.

Responsibilities of the CFO include:

- (1) providing a centralized coordinating point for the promotion and facilitation of risk management;
- (2) promoting risk management competence and helping managers align risk definition and responses; and
- (3) reporting to the CEO on the progress and effectiveness of risk management.

In addition, the following Committees shall be established to assist the Board in internal control and business risk management:

**i. Audit and Corporate Governance Committee**

The Board has established an Audit and Corporate Governance Committee, which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with the effectiveness and efficiency of significant business processes. This also includes the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information. The Board has delegated this responsibility for the establishment of a framework of internal control and ethical standards for the management of the consolidated entity to the Audit and Corporate Governance Committee. The Committee also provides the Board with additional assurance regarding the reliability of the financial information for the inclusion in the financial reports.

**ii. Nomination and Remuneration Committee**

This Committee is responsible for determining and reviewing the compensation arrangements for the Directors, the CEO and the person having the highest position in (a) Finance & Accounting Department, (b) Business Development Department, (c) Asset Management Department and (d) Human Resources Department. Further, they are responsible for assisting the Board in appointing and terminating (if necessary) members of the Board.

The above Committees are responsible for reporting to the Board.

During the year the Board is responsible for reviewing the effectiveness of the Company's system of internal control for the financial year. This review is to include financial, operational, 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.

**6. Risk Report**

The requirement for quarterly report to be submitted to the Board shall be prepared in advance by the CEO and the CFO and presented to the Audit and Corporate Governance Committee for further submission to the Board. The segment of risks shall include strategic risk, market risk, operational risk, liquidity risk, reputational risk and international country risk (if any).



## 7. Risk Profile

The operation of the Risk Management Process results in the identification of a number of industry risks which may impact on the Company's business as a property development (Build-Operate-Sell). These risks include but are not limited to those as listed in Appendix 1: Risk Profile and Risk Factors.

These risks may change over time as the Company expands its operations. The Risk Management Process requires regular reviews of the Company's existing risks and the identification of any new and emerging risks facing the Company, including financial and non-financial matters. It also requires the management (including mitigation where appropriate) of these risks.

## 8. Guidelines to implement the Risk Management Policy

Implementation of the Risk Management Policy shall pursue the following guidelines:

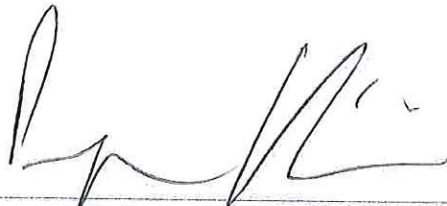
- (1) To apply the Risk Management Process as strategy so as to support the implementation of the Company's objective;
- (2) To make the Risk Management Process to be in line with and included in current operational procedures of the Company, including put in the Risk Management Process to the procedures of the business planning, budgeting, investing, and project managing;
- (3) To ensure that the Company's directors and executives support and give importance utility deriving from the Risk Management Process, including be responsible for and participate in the Risk Management;
- (4) To use any comprehensive and practicable terms relating to the Risk Management Process in the Company;
- (5) To constantly and practicably have the identification, analysis, management, following-up, and reporting in the Company;
- (6) To strongly strive and endeavor to identify and manage risk arisen from practicing the Risk Management in the Company;
- (7) To regularly disseminate information in relation to risk by giving importance to the Risk Management, urgent issues of risk, and development of necessary operating plan;
- (8) To assess risk in field of quality such as reputation, or lack of operational personnel; and in field of quantity such as loss, value of revenue, or increasing or decreasing expenditure, by taking into account potential of occurrence of the risk, and effect of the risk;
- (9) To organize training session and human resource management so as to disseminate information in relation to the Risk Management Process, individual responsibility, and to promote appropriate practice;
- (10) To arrange a sector or a responsible person with respect to the Risk Management Process who has the duty of assisting in the operation, support of the Risk Management Process practice, and development of competency of the Company's employees, but has no direct duty of assessing and managing in occurring risk;



9. **Policy Review**

The Board will, at least annually, conduct a review of this policy and the effectiveness of the Company's system of internal controls and will report to shareholders.

Approved by:



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Mr. Permpoon Krairiksh  
Chairman of Board of Directors

Date: May 24, 2016

