

RUNIT INVESTMENTS CO. LTD.

Risk Management Policy

Introduction

The Board recognizes that a sound framework of risk review, risk management and internal control is fundamental to good corporate governance.

The Audit Committee has the ongoing responsibility for determining the Company's risk management policies and procedures and reporting them to the Board for approval. It is recognised that these risk management policies and procedures need to be designed to ensure that the Company's operations are run efficiently and potential exposures to risk are appropriately managed.

The Company also has to consider the expectations of its shareholders and to ensure that the Company's reputation and the success of its operations are not threatened. The risk management policies have been designed after considering factors which bear upon the Company's continued good standing with its shareholders.

This policy defines a risk as a chance of something happening that will have a significant impact upon the achievement of the Company's business objectives. Risks are threats or hazards, uncertainty or exposure and lost opportunity that could have a material adverse effect on the Company.

Material business risks faced by the Company are required to be identified and, where possible, internal controls and procedures implemented to ensure that risk exposures are appropriately managed.

Material business risks faced by the Company are required to be continually reassessed with policies and internal control procedures modified as appropriate.

Risk Management Framework

The following procedures summaries the risk management framework adopted by the Company.

Identification and analysis of risks

Risks are identified taking into account equity investment and economic risk history, forecast economic conditions, changing trends, legal and regulatory requirements and the Company's operational structure.

The likelihood of a material risk materialising and the Company's ability to reduce the impact of that risk is then analyzed.

Areas of risk addressed by the Company cover:

- strategic;
- reputation;
- investment;
- operational;
- technology , including accounting systems;
- staff, including knowledge transfer on the change of a key staff members;
- legal and compliance; and
- financial and other reporting requirements.

Maintenance of a risk register

Where a significant risk is identified within the areas listed above it is recorded in a Material Risk Register.

These risks are subject to ongoing reassessment by the Company Secretary / Chief Financial Officer, who is responsible for maintaining the Material Risk Register, and the Audit and Risk Committee. New risks identified are also required to be reported to the Audit and Risk Committee.

Documentation and assessment of controls to mitigate risks

For each risk listed in the Material Risk Register, a summary of policies, internal controls and other processes and procedures, designed to manage or mitigate the risk, are required to be listed.

It is recognized that, for policies, procedures and internal control processes to be effective in managing or mitigating risks, they must be communicated, correctly implemented and monitored. It is the responsibility of the Company Secretary/Chief Financial Officer to maintain the Company's Policies, Procedures and Controls Manual.

Monitoring of risk management policies and procedures

The Company Secretary/Chief Financial Officer is also responsible to the Board for monitoring compliance with risk management policies and procedures. The Board requires the Company Secretary/ Chief Financial Officer to report to it whether operational, financial and compliance risks are being managed effectively.

Other monitoring of financial control systems

A Compliance Manager reports to each Board meeting on his/her review of the key controls of the company.

The Company's external auditors also assess the internal financial control systems as part of their audit of the Company's financial statements and reports any weaknesses identified to the Audit Committee.