

Shining Building Business Co., Ltd

Risk Management Policies

(The English Version is Based on Traditional Chinese Version for September 30, 2020)

1. Purpose: In order to ensure the Company's steady operation and sustainable development, and to strengthen the Company's governance, establish sound risk management operations, and reasonably ensure the achievement of the Company's goals, this Policies is hereby formulated.

This Policies defines various risks in accordance with the Company's overall operating policy, and prevents possible losses within the tolerable risk range, so as to increase shareholder value and achieve the optimal principle of the Company's resource allocation

2. Scope: The scope of application of this Policies includes the overall risk management operations of the Company and its subsidiaries.

3. Responsibilities:

3-1. Handling: Business Management Division in General Supervisory Office.

3-2. Approved: Board of Directors.

4. Operating Contents:

4-1. Organization Structure

The Company has established a cross-departmental risk management team. The management team of the general supervisory office coordinates and drafts the Company's risk management policies and implementation guidelines. It reviews and improves measures for various risk management projects, and tracks, reviews and closes cases. The implementation status should be regular report to the Board of Directors

4-2. Procedures of Risk Management

4-2-1. Identify the scope of risk.

In accordance with the principle of materiality, the Company conducts the identification and assessment of environment, society and corporate governance risks related to the Company's operations, and divides the risks faced by the Company into the following types, which are described as follows:

A. Environment Issue

(1). Risk of environment:

Refer to the risk arising from changes in the general environment, government policies, price index, etc.

(2). Risk of climate change:

As the extreme weather intensifies year by year, facing more severe typhoons and flood threats than before, which may affect the operating conditions and cause financial burdens.

B. Society Issue

(1). Risk of operation and privacy:

Risk of leakage of confidential information within the Company and personal information of company customers, suppliers or employees.

(2). Risk of construction design:

During the construction planning period, the risk arising from compliance with relevant laws and regulations and various reviews.

(3). Risk of raw materials:

Various construction materials are subject to the risk of material outages or price surges due to changes in international conditions.

C. Corporate Governance Issue

(1). Risk of finance:

Various unpredictable and uncontrollable factors that may occur in various financial activities, which may cause the Company to suffer economic losses or greater profits.

(2). Risk of human resource management:

Human fault risk, personnel health risk, employee attendance rate, salary situation, whether there are potential labor disputes, department leadership and employee communication, and employee equality issues may all be human resources management risk.

(3). Risk of information safety:

Information assets of important value to the Company may be interrupted or paralyzed due to damage, which may affect the Company's business operations.

4-2-2. Risk measurement

After each functional department of the Company has identified the risk factors it may face, it should formulate appropriate measurement methods to serve as the basis for risk management.

A. The measurement of risk includes risk analysis and assessment. It is through the analysis of the possibility of risk events and the degree of negative impact once they occur, to assess the impact of risks on the Company, as a follow-up draft of risk control priorities and reference basis for the selection of response measures.

B. For quantifiable risks, rigorous statistical analysis methods and techniques should be adopted for analysis and management.

C. For other risk that are currently difficult to quantify, they are measured in a qualitative way. The qualitative measurement of risk refers to the description of words to express the possibility of the occurrence of the risk and the extent of its impact.

4-2-3. Risk monitoring

Each functional department should monitor the risks of its business, the relevant departments should propose countermeasures, and provide the risk and countermeasures to the risk management team.

4-2-4. Risk report and disclosure

In order to fully record the risk management procedures and their implementation results, the risk management team should regularly report the risk status to the Board of Directors for management reference.

4-2-5. Risk reaction

After assessing and summarizing the risks, each functional department shall take appropriate

response measures to the risk faced.

4-3. Implementation and Amendment

This Policies will be implemented after the Board of Directors approves it, and the amendment is also the same.

5. Related Information / Documents: None.

6. Table Used: None.