First Abacus Financial Holdings Group

RISK MANAGEMENT OBJECTIVES AND POLICIES

Introduction

This statement provides an overview of the Company's risk management policies and its compliance and control systems. Recognizing that there are inherent risks associated with most of its investment and management activities of our holding Company. The Board of Directors are responsible for overseeing the risk management activities of the Company.

The management of risk is necessary to protect the Company's personnel, assets and reputation as well as the environment. It is also vital for effective business operation, achievement of objectives, reliable reporting and compliance with laws and regulations.

The implementation of the risk management controls and their effectiveness is the ultimate responsibility of the Board of the Directors. The BOD has implemented a combination of internal policies and procedures and engages external auditors to achieve an appropriate level of risk management and monitor developments in this regard.

The various policies implemented by the board include mechanisms to ensure compliance, identification and regular reporting to the board of significant business risks and the management of those risks.

Financial Statements

Management shall ensure transparency and accuracy in all financial information for internal and external use.

Management shall ensure that financial information is timely, complies with statutory requirements and in particular, provides a true and fair view of the Company's financial status and performance.

The integrity of the Company's financial reporting relies upon a sound system of risk Management and control. Accordingly, the Chairman and President is required to provide a statement in writing to the board that the Company's financial reports are based upon a sound risk management policy to ensure management accountability.

The Company's financial statements are audited/reviewed by external auditors on an annual basis.

The board seeks to achieve the purposes of this policy by:

- fostering in management personnel a culture of risk control and management, particularly on internal control and compliance;

- overseeing the planning, implementation, establishment, monitoring, management, assessment and review of risk control management and information systems; providing recommendations to the board on the appointment and replacement or rotation of auditors; and meeting and liaising with external auditors.

The Group is exposed to a variety of financial risks which result from both its operating, financing and investing activities. The risk management activities at the level of each company in the Group is coordinated with the Parent Company, in close cooperation with the BOD, and focuses on actively securing the Group's short-to-medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The most significant financial risks to which the Group is exposed to are described below.

Interest Rate Risk

Interest rate exposure is managed by using a mix fixed and variable rate debt.

Foreign Currency Risk

Foreign currency risk arises mainly from potential losses from the changes in the exchange rates of the Group's foreign currency denominated assets. The Group seeks to mitigate the effect of its foreign currency exposure by limiting its foreign currency transactions to the extent possible. The Group does not enter into forward contracts or hedging transactions.

The Group's exposures to changes in foreign exchange rates may differ at various periods each year, depending on the volume of foreign currency transactions. Hence, the foregoing effects should not be construed to be representative of the Group's foreign currency exposure at any particular point in time.

Credit Risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group.

The Group is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers and placing deposits.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of sales, advance payments are received to mitigate credit risk.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the consolidated statements of financial position (or in the detailed analysis provided in the notes to the consolidated financial statements)

The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Liquidity Risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly.

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash are invested in time deposits, mutual funds or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by the Group's ability to sell long-term financial assets.

Other Market Price Risk

The Group's market price risk arises from its investments carried at fair value (financial assets at FVTPL and AFS financial assets). It manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.