

Risk Management Evaluation Matrix

We conduct risk and opportunity matrix analysis to identify the possibility, and the influence degree. We divide probability of risk and opportunity occurrence, and give them a score of 3 (very likely), 2 (likely), 1 (unlikely). In addition, we divide different degree of influence into three levels, and give them a score of 3 (very severe), 2 (severe) and 1 (moderate).

The probability multiplied by the influence degree will become the risk level. And we will confirm that can it be controlled or reduced under the existing risk control mechanism in such situations.

According to the matrix analysis, the strategic impact of risks is identified to 4 levels depending on its score (occurrence x impact):

High	3	6	9
Medium	2	4	6
Low	1	2	3
	Low	Medium	High

- High (score 9): Immediate action is required**
- Medium-High (score 3 to 6): Develop plans and provide resources input**
- Medium (score 2): Specify the scope of management's responsibilities
- Low (score 1): Follow general procedures

After assessing the level of risks and opportunities, we will conduct risks and opportunities prioritizing. We set up different management procedures for short, medium and long-term risks and opportunities, prioritize acute and severe risks, and set long-term observation targets for chronic or minor risks.