



TIMELESS SOFTWARE LIMITED

天時軟件有限公司

(incorporated in Hong Kong with limited liability)

(Stock code: 8028)

RISK MANAGEMENT POLICY

(Adopted by the Company on 20 June 2022 with retrospective effect from 1 January 2022)

INTRODUCTION

This Policy is to assist Timeless Software Limited (the “**Company**”) and its subsidiaries (collectively “**Group**”) to comply with Appendix 15 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited. The purpose of this Policy is to establish a consistent basis for identifying, analyzing, evaluating, treating, monitoring and reporting risks across the Group at all levels to support the achievement of the organization's overall strategic objectives.

GENERAL POLICY

1. The board of director of the Company (the “**Board**”), with the assistance of the Audit Committee, oversees the Group’s risks and is overall accountable for the system implementation and continuous improvement.
2. The Group’s risks are rigorously identified, assessed and managed. Each risk is evaluated on the basis of the likelihood of the identified risk and the consequence of the risk event, taking into consideration the control measures in place. A risk matrix is used to determine risk ratings (E1-E4), with E1 being very high risk and E4 being low risk. The risk ratings reflect the required management attention and risk treatment effort, and take into account the Company’s risk appetite. The highest category of risks, “E1”, is subject to the Board’s oversight.
3. While risk taking is inevitable in the course of business, the Group’s appetite for risk varies, but is particularly low in certain areas, such as the following:
 - (a) material risks in a fast-changing business environment ultimately impacting the relevancy and competitiveness of our business position in the long run;
 - (b) major hazardous conditions affecting the health and safety of stakeholders, employees, partners and/or the community;
 - (c) material financial loss impacting the financial viability and stability of the Group;
 - (d) material breach of legislative and regulatory requirements resulting in substantial non-compliance penalties;
 - (e) major incidents triggering profound damage to the Group’s reputation and image; and
 - (f) material circumstances leading to severe impact on the environment or the Group’s sustainability strategy.

RISK MANAGEMENT PROCESS

4. The risk management process involves the following procedures:

<p>(a) <u>Identify Risk</u></p> <ul style="list-style-type: none">• Existing businesses• Changing external environment• New projects or business ventures• New and emerging issues or trends which may pose significant risks• List of running issues and risk drivers for brainstorming• Change in laws and regulations• Others
<p>(b) <u>Evaluate Risk</u></p> <ul style="list-style-type: none">• Evaluate risk by estimating likelihood• Determine risk rating using the risk matrix (E1-E4)
<p>(c) <u>Treat Risk</u></p> <ul style="list-style-type: none">• Take into account risk appetite• Avoid risks where no appetite and possible to do so• Mitigate – review the controls in place to evaluate their adequacy and effectiveness and to ensure their implementation• Transfer – take out insurance to transfer risks where cost effective and efficient• Accept the risk once it is mitigated to an appropriate level• Others
<p>(d) <u>Report and Monitor Risk</u></p> <ul style="list-style-type: none">• Capture risks in risk registers• Periodic risk management reports to the Audit Committee and the Board

REVIEW OF THIS POLICY

5. The Board will review this Policy at least annually to ensure its continued effectiveness.

Note: If there is any inconsistency between the English and Chinese versions of this document, the English version shall prevail.