

RISK MANAGEMENT POLICY

I-STAY HOUSING LTD.

Policy Owner: Internal Audit / Finance / Risk Management Function

Approved By: Management

1. PURPOSE AND OBJECTIVE

I-Stay Housing Ltd. (hereinafter referred to as the “**Company**”) recognises that effective identification and management of risk is essential for protecting the Company’s assets, reputation, financial position and long-term business objectives.

As a real estate development company, the Company is exposed to a variety of risks arising from its projects, investments, financing arrangements, regulatory environment, construction activities, contractual obligations, market conditions, operations and relationships with various stakeholders.

The purpose of this **Risk Management Policy** (“Policy”) is to establish a structured and systematic framework for identifying, evaluating, managing, monitoring and reporting risks that may affect the Company’s business.

The Company’s approach shall be proactive rather than reactive. Potential risks should be identified at an early stage so that appropriate preventive, corrective and mitigating measures can be implemented.

The Policy is intended to provide reasonable assurance that significant risks are appropriately understood, assigned to responsible persons, monitored and addressed in a timely manner.

2. OBJECTIVES OF THE POLICY

The principal objectives of this Policy are to:

- a. Establish a consistent framework for identifying and assessing risks across the Company’s operations;
- b. Identify significant risks that may adversely affect the Company’s strategic, financial, operational or project objectives;
- c. Assess the potential likelihood and impact of identified risks;
- d. Establish appropriate measures for controlling and mitigating identified risks;

- e. Assign responsibility for managing individual risks to appropriate departments or personnel;
 - f. Maintain an appropriate **Risk Register** for recording and monitoring material risks;
 - g. Promote risk-conscious decision-making at all levels of the organisation;
 - h. Protect the Company's assets, financial resources, people, projects and reputation;
 - i. Monitor the effectiveness of risk mitigation measures; and
 - j. Provide appropriate information and reports to senior management and the Board for informed decision-making.
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3. APPLICABILITY

This Policy shall apply across all business activities, projects, departments, functions and offices of the Company.

The Policy shall cover, as appropriate:

- Real estate development and redevelopment projects;
- Land acquisition and development-related activities;
- Project approvals and statutory compliances;
- Construction and project execution;
- Financial and treasury activities;
- Sales and marketing;
- Contracts and procurement;
- Legal and litigation matters;
- Human resources and administration;
- Information technology and data security;
- Health and safety;
- Vendor and contractor relationships;
- Customer and stakeholder relationships;
- Business continuity; and
- Other activities which may materially affect the Company's objectives.

Every department and function shall be responsible for identifying and escalating risks arising within its area of responsibility.

4. DEFINITIONS

4.1 “Company”

Means **I-Stay Housing Ltd.**

4.2 “Risk”

Means the possibility of an event, circumstance or condition occurring which may adversely affect the Company’s objectives, operations, financial position, projects, assets, reputation or stakeholders.

Risk may arise from internal or external circumstances and may be foreseeable or unforeseen.

4.3 “Risk Management”

Means the systematic process of identifying, assessing, prioritising, mitigating, monitoring and reporting risks which may affect the achievement of the Company’s objectives.

4.4 “Risk Assessment”

Means the process of analysing an identified risk by evaluating its potential impact and likelihood of occurrence and determining the resulting level of exposure.

4.5 “Risk Register”

Means the Company’s documented record of identified risks, including their classification, assessment, responsible person or department, existing controls, proposed mitigation measures and current status.

4.6 “Risk Owner”

Means the person or function assigned responsibility for monitoring and managing a particular risk and ensuring that appropriate mitigation measures are implemented.

4.7 “Risk Management Committee”

Means the Committee constituted by the Board, where required or considered appropriate, to oversee the Company’s risk management framework.

5. RISK MANAGEMENT PHILOSOPHY

The Company shall adopt a structured and proportionate approach to risk management.

Risk management shall not be viewed solely as a control or compliance exercise. It shall form part of the Company’s decision-making and business planning processes.

The Company shall seek to:

- a. Identify risks before they materialise wherever reasonably possible;
- b. Understand the potential consequences of significant risks;
- c. Establish appropriate controls and mitigation measures;
- d. Assign clear responsibility for managing risks;
- e. Monitor changes in the Company's risk environment;
- f. Escalate significant or emerging risks promptly; and
- g. Continuously improve the Company's risk management practices.

The objective is not necessarily to eliminate every risk, but to ensure that risks are understood, appropriately controlled and consciously accepted where necessary.

6. PRINCIPAL RISK CATEGORIES

Depending upon the Company's activities and circumstances, risks may include, without limitation:

6.1 Strategic Risk

Risk arising from decisions relating to the Company's business strategy, investments, development plans, expansion, project selection or changing market conditions.

6.2 Project and Construction Risk

Risks relating to delays, cost overruns, contractor performance, quality, safety, availability of materials, construction productivity, site conditions and project execution.

6.3 Land and Development Risk

Risks associated with land title, acquisition, development rights, encumbrances, rehabilitation obligations, approvals, planning permissions, development potential and project feasibility.

6.4 Legal and Regulatory Risk

Risk arising from non-compliance with applicable laws, regulations, approvals, contractual obligations, litigation or changes in the regulatory environment.

6.5 Financial Risk

Risks relating to liquidity, interest rates, financing, cash flows, receivables, cost escalation, credit exposure, investment and financial commitments.

6.6 Market Risk

Risks arising from changes in property demand, pricing, competition, customer preferences, economic conditions and other market factors.

6.7 Operational Risk

Risk arising from inadequate processes, systems, controls, human error, fraud, disruption or failure of internal operations.

6.8 Information Technology and Cyber Risk

Risks relating to loss of data, cyber incidents, system failures, unauthorised access, information security and technology dependency.

6.9 Human Resource Risk

Risks arising from inadequate manpower, attrition, skill gaps, succession issues, misconduct or failure to maintain appropriate organisational capabilities.

6.10 Health and Safety Risk

Risks relating to the health, safety and welfare of employees, contractors, workers, visitors and other persons at Company premises or project sites.

6.11 Reputation Risk

Risk of damage to the Company's reputation arising from adverse events, poor quality, customer disputes, regulatory action, unethical conduct, litigation or other incidents.

6.12 Business Continuity Risk

Risks arising from events that may materially disrupt the Company's operations, projects, systems or critical business functions.

The above categories are illustrative and may be expanded or modified depending upon the Company's business requirements.

7. RISK MANAGEMENT PROCESS

The Company's risk management process shall broadly comprise the following stages:

Risk Identification → Risk Assessment → Risk Prioritisation → Risk Mitigation → Monitoring → Reporting and Review

Each stage shall be appropriately documented and reviewed.

8. RISK IDENTIFICATION

The first step in the risk management process shall be to identify events or circumstances which may adversely affect the Company's objectives.

Risks may be identified through:

- Business and project planning;
- Periodic management reviews;
- Project reviews;
- Financial analysis;
- Legal and compliance reviews;
- Internal audits;
- Construction and safety inspections;
- Contract reviews;
- Management discussions;
- Incident reporting;
- Historical experience;
- Changes in laws or regulations;
- Market developments; and
- Any other appropriate source.

Each significant identified risk should be recorded in the Risk Register.

The Risk Register should, as appropriate, include:

- Description of the risk;
- Risk category;
- Cause or source of the risk;
- Potential consequences;
- Existing controls;
- Likelihood;
- Potential impact;
- Overall risk rating;
- Risk Owner;

- Mitigation plan;
 - Target completion date;
 - Current status; and
 - Residual risk after mitigation.
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9. RISK ASSESSMENT

Once a risk has been identified, it shall be evaluated to determine its significance.

The assessment should principally consider two factors:

A. Likelihood

The probability or possibility that the identified risk may occur.

B. Impact

The potential extent of financial, operational, legal, regulatory, project, safety, reputational or other consequences if the risk materialises.

The Company may adopt a suitable numerical or qualitative rating system for assessing these factors.

The combined assessment of likelihood and impact shall determine the overall level of risk.

10. RISK CLASSIFICATION

Based on the assessment, risks may be classified as:

Low Risk

Risks having relatively limited potential consequences and which can generally be managed through existing controls and routine monitoring.

Medium Risk

Risks requiring defined mitigation measures, periodic monitoring and management attention.

High / Critical Risk

Risks capable of materially affecting the Company's business, projects, financial position, legal position, safety, reputation or strategic objectives and requiring immediate or enhanced management attention.

The Company may introduce additional risk categories or rating levels where considered appropriate.

11. EXISTING CONTROLS AND RESIDUAL RISK

Risk assessment shall take into account controls and safeguards already implemented by the Company.

The assessment should distinguish between:

Inherent Risk – the level of exposure before considering existing controls.

and

Residual Risk – the level of exposure remaining after taking existing controls and mitigation measures into account.

The purpose of this approach is to ensure that management understands both the original exposure and the effectiveness of measures already implemented.

12. RISK MITIGATION

Identified risks shall be addressed through appropriate mitigation measures based on their nature and severity.

The Company may adopt one or more of the following approaches:

12.1 Risk Avoidance

The Company may decide not to undertake an activity where the associated risk is considered unacceptable or cannot reasonably be controlled.

12.2 Risk Reduction

The Company may introduce controls, procedures, technology, contractual safeguards, training or other measures to reduce either the likelihood or impact of the risk.

12.3 Risk Transfer

Where appropriate, the Company may transfer or share the financial or operational consequences of a risk through insurance, contractual arrangements, guarantees, indemnities or other appropriate mechanisms.

12.4 Risk Acceptance / Retention

Where the cost of mitigation is disproportionate to the potential impact, or where the risk falls within an acceptable level, the Company may consciously retain the risk subject to appropriate monitoring.

Risk acceptance should be documented for material risks and approved at an appropriate level.

13. RISK OWNERSHIP

Every significant risk shall, wherever appropriate, have an identified **Risk Owner**.

The Risk Owner shall be responsible for:

- a. Understanding the nature and potential consequences of the risk;
- b. Maintaining appropriate controls;
- c. Implementing agreed mitigation measures;
- d. Monitoring the risk and changes in its exposure;
- e. Updating the Risk Register;
- f. Escalating significant developments or changes in risk exposure; and
- g. Reporting the status of mitigation actions within the prescribed review mechanism.

Responsibility for a risk may be assigned to a department head, project head, functional head or other appropriate senior employee depending upon the nature of the risk.

14. PROJECT AND DEVELOPMENT RISK MANAGEMENT

Given the nature of the Company's business, project-related risks shall receive particular attention.

For each significant project, appropriate risk assessment should consider, among other matters:

- Land title and ownership;
- Development rights;
- Statutory and regulatory approvals;
- Rehabilitation and redevelopment obligations;

- Project feasibility;
- Construction programme;
- Contractor capability;
- Material availability;
- Cost escalation;
- Funding and cash-flow requirements;
- Sales and collection assumptions;
- Customer obligations;
- Quality and safety;
- Environmental considerations;
- Litigation and contractual disputes; and
- Other project-specific risks.

Project teams shall periodically review the status of identified risks and update mitigation plans as circumstances change.

15. FINANCIAL RISK MANAGEMENT

The Company shall identify and monitor significant financial risks, including:

- Liquidity and cash-flow risk;
- Interest-rate exposure;
- Funding and refinancing requirements;
- Cost overruns;
- Receivables and credit exposure;
- Project funding gaps;
- Vendor and contractor financial exposure;
- Financial fraud and misappropriation; and
- Other material financial commitments.

Appropriate financial controls, budgeting, forecasting, approval procedures and monitoring mechanisms shall be maintained to manage such risks.

16. LEGAL AND COMPLIANCE RISK

The Company shall endeavour to identify and manage risks arising from non-compliance with applicable laws, regulations, contractual commitments, approvals and statutory obligations.

Relevant departments shall monitor material changes in laws and regulations affecting the Company's business.

Significant litigation, regulatory notices, statutory breaches or other legal exposures that may materially affect the Company shall be escalated to senior management and, where appropriate, the Board.

17. FRAUD AND ETHICAL RISK

The Company shall maintain appropriate internal controls designed to prevent and detect fraud, corruption, misappropriation and other unethical practices.

Any suspected material fraud, financial irregularity or serious misconduct shall be reported through the appropriate internal mechanism, including the Company's Whistle Blower mechanism where applicable.

The Company may undertake investigation and corrective action in accordance with applicable policies and law.

18. RISK MONITORING

Risk management shall be an ongoing process.

Identified risks shall be periodically reviewed to determine:

- a. Whether the risk has changed;
- b. Whether its likelihood or impact has increased or decreased;
- c. Whether existing controls remain effective;
- d. Whether mitigation measures have been completed;
- e. Whether additional measures are necessary;
- f. Whether new risks have emerged; and
- g. Whether the risk rating requires revision.

High and critical risks should be monitored more frequently than lower-level risks.

19. RISK REGISTER

The Company shall maintain an appropriate Risk Register for material and significant risks.

The Risk Register should provide management with a consolidated view of:

- Current significant risks;
- Risk ratings;
- Risk Owners;
- Existing controls;
- Mitigation actions;
- Target dates;
- Status of implementation;
- Residual exposure; and
- Escalation requirements.

The Risk Register shall be updated periodically and whenever there is a material change in the Company's risk environment.

20. RISK REPORTING

Material risks and significant changes in risk exposure shall be reported to the appropriate level of management.

Periodic risk reports may include:

- Newly identified material risks;
- Changes in existing risks;
- High and critical risks;
- Status of mitigation measures;
- Overdue mitigation actions;
- Emerging risks;
- Significant incidents; and
- Matters requiring management or Board intervention.

The Board shall be provided with appropriate information regarding material risks and the effectiveness of the Company's risk management framework at such intervals as considered appropriate or required by law.

21. RISK MANAGEMENT COMMITTEE

Where required by applicable law or constituted by the Board, the Company shall have a **Risk Management Committee** to oversee the Company's risk management framework.

The Committee shall function within the authority delegated to it by the Board.

Its responsibilities may include:

- a. Reviewing the Company's overall risk management framework;
- b. Monitoring significant business and operational risks;
- c. Reviewing the Risk Register;
- d. Assessing the adequacy of mitigation measures;
- e. Reviewing emerging and material risks;
- f. Monitoring the implementation of risk mitigation plans;
- g. Reviewing reports submitted by management or Risk Owners; and
- h. Making appropriate recommendations to the Board.

The Board may determine or modify the composition, authority and responsibilities of the Committee in accordance with applicable law and the Company's requirements.

22. ROLE OF THE BOARD OF DIRECTORS

The Board shall have overall oversight of the Company's risk management framework.

The Board shall, as appropriate:

- Review material business risks;
- Ensure that appropriate risk management systems are established;
- Consider the adequacy of mitigation measures;
- Review significant emerging risks;
- Ensure that appropriate accountability is assigned; and
- Provide strategic direction on matters involving material risk.

The Board may require management to undertake additional risk assessment or mitigation measures whenever considered necessary.

23. ROLE OF SENIOR MANAGEMENT

Senior Management shall be responsible for implementing the Company's risk management framework within their respective areas of responsibility.

They shall ensure that:

- a. Significant risks are identified;
 - b. Appropriate controls are established;
 - c. Risk mitigation plans are implemented;
 - d. Risk Owners are clearly identified;
 - e. Material changes are promptly escalated; and
 - f. Risk-related information provided to management and the Board is accurate and timely.
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24. INTERNAL AUDIT

Where applicable, the Internal Audit function shall independently review the adequacy and effectiveness of risk-related controls and processes.

Internal Audit may assess:

- Effectiveness of internal controls;
- Compliance with approved procedures;
- Implementation of mitigation measures;
- Accuracy and completeness of risk reporting; and
- Areas where additional controls may be required.

Internal Audit findings relating to material risk exposures shall be reported through the appropriate governance mechanism.

25. BUSINESS CONTINUITY AND EMERGING RISKS

The Company shall endeavour to identify risks that could materially disrupt critical business functions.

Where appropriate, business continuity and contingency measures shall be developed for significant areas of exposure.

The Company shall also remain alert to emerging risks arising from changes in:

- Economic conditions;
 - Real estate markets;
 - Government policies;
 - Laws and regulations;
 - Technology;
 - Cybersecurity;
 - Climate and environmental factors;
 - Financing conditions; and
 - Other external circumstances.
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26. RISK CULTURE

Risk management shall be regarded as a shared responsibility across the organisation.

Employees and managers are expected to:

- Remain alert to risks within their areas of work;
- Report material concerns promptly;
- Follow established controls and procedures;
- Participate in risk assessments when required; and
- Avoid knowingly exposing the Company to unnecessary or unacceptable risks.

The Company shall encourage an environment in which legitimate risks can be reported without fear of retaliation.

27. ESCALATION OF MATERIAL RISKS

Where a risk is assessed as High or Critical, or where a risk has the potential to cause material financial, legal, operational, project, safety or reputational consequences, it shall be escalated promptly to the appropriate senior management authority.

Where appropriate, such matters shall also be placed before the Risk Management Committee and/or Board.

Immediate escalation may be required where:

- A major project is likely to be materially delayed;
- There is a significant cost overrun;
- There is a serious regulatory or legal issue;

- A material financial loss is anticipated;
 - A significant safety incident occurs;
 - There is suspected major fraud;
 - Critical systems or data are compromised; or
 - Any other event may materially affect the Company's interests.
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28. DOCUMENTATION AND RECORD RETENTION

The Company shall maintain appropriate records relating to material risks, assessments, mitigation plans, reviews and reports.

Risk-related records shall be maintained in accordance with the Company's record-retention requirements and applicable law.

Access to sensitive risk information shall be restricted to authorised persons on a need-to-know basis.

29. POLICY GOVERNANCE

The Risk Management function, Internal Audit, Finance Department or such other function as may be designated by the Board shall coordinate the administration of this Policy.

The responsible function shall assist in:

- Maintaining the Risk Register;
 - Coordinating periodic risk assessments;
 - Collecting reports from Risk Owners;
 - Consolidating risk information;
 - Coordinating reporting to the appropriate Committee and Board; and
 - Facilitating periodic review of the risk management framework.
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30. REVIEW AND AMENDMENT OF THE POLICY

This Policy shall be reviewed periodically to ensure that it remains appropriate to the Company's business activities, risk profile and applicable legal requirements.

The Policy may also be reviewed earlier where:

- a. There is a material change in the Company's business;
- b. Significant new risks emerge;

- c. Applicable laws or regulations change;
- d. There is a material change in the Company's organisational structure; or
- e. The Board considers amendment necessary or desirable.

Any amendment or modification to this Policy shall require approval of the Board or such authority as may be authorised by the Board.

Any subsequent amendment to applicable law or regulatory requirements shall prevail over the corresponding provisions of this Policy.

31. COMMUNICATION OF THE POLICY

The Company shall communicate this Policy to relevant Directors, Senior Management and employees whose functions involve material risk management responsibilities.

Where required by applicable law, the Policy shall also be made available on the Company's website or through such other public disclosure mechanism as may be prescribed.
