

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

THE BOARD IS PLEASED TO PRESENT THE STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL PURSUANT TO PARAGRAPH 15.26(b) OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA AND THE CG CODE, GUIDED BY THE STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL: GUIDELINES FOR DIRECTORS OF LISTED COMPANIES (“SORMIC GUIDE 2025”). ESSENTIALLY, THIS STATEMENT OUTLINES THE NATURE AND KEY COMPONENTS OF THE GROUP’S RISK MANAGEMENT AND INTERNAL CONTROLS, AS WELL AS HOW THESE ARE EMBEDDED WITHIN THE GROUP’S BUSINESS OPERATIONS TO SUPPORT THE ACHIEVEMENT OF ITS STRATEGIC OBJECTIVES.

BOARD RESPONSIBILITIES & ACKNOWLEDGEMENT

The Board of the Company in discharging its responsibilities, is fully committed to implementing an effective risk management and internal control system. The Board is responsible for determining the Group’s risk appetite and identifying, assessing and monitoring key business risks, including sustainability risks and opportunities, in order to safeguard shareholders’ investments and the Group’s assets.

The risk management and internal control systems are specifically designed to manage as opposed to eliminate, risks that may impede the achievement of the Group’s overall business objectives and strategies. However, due to inherent limitations in the risk management and internal control systems, the Board recognises that these systems can only provide reasonable but not absolute assurance against fraud, material misstatement or loss. Nonetheless, all efforts have been taken to provide reasonable assurance that significant risks which impact the Group’s strategies and objectives are within levels appropriate to the Group’s business.

The Board acknowledges its responsibility to review and monitor the adequacy, effectiveness and integrity of the Group’s internal control systems and risk management framework, including systems for compliance with applicable laws, regulations, rules, directives and guidelines. In achieving the above, the Board has delegated these responsibilities to the Risk Management and Sustainability Committee and Audit Committee, to ensure oversight of risk management and internal control systems respectively.

1) Risk Management and Sustainability Committee (RMSC)

The RMSC provides oversight, direction and counsel over the key risk areas of the Group. The RMSC assists the Board to, among others:

- Oversee the establishment and implementation of a risk management framework and assess the effectiveness of risk reporting structure;
- Review the effectiveness of the risk management framework in identifying, assessing and managing risks, including sustainability risks and opportunities;
- Review and recommend risk management strategies and policies for the Board’s approval; and
- Assess significant investments of the Group and recommend appropriate risk response strategies to the Board for approval.

2) Audit Committee (AC)

The AC supports the Board in monitoring the Group’s risk exposures, as well as the design and operating effectiveness of the underlying risk management and internal controls systems.

The AC assists the Board to, among others:

- Review reports of any control issues identified during their audit-related and non-audit related works and discuss with the external auditors on the scope of their respective reviews and findings;
- Fulfil its responsibilities, particularly in the areas relating to the accounting and management controls, and financial reporting of the Group; and
- Periodic reviews of the strengths and weaknesses of the overall internal controls system and action plans to address the risk arising from the identified weaknesses or to improve the assessment process.

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MANAGEMENT'S RESPONSIBILITIES

Management is accountable to the Board and is responsible for effective implementation of risk management and control mechanisms, including:

- providing executive leadership in the management of risk within their work responsibilities
- identifying and evaluating risks faced by the Group
- formulating and implementing internal control and risk management actions and mechanisms
- implementing remedial actions in response to significant risks, and addressing compliance and control issues
- monitoring the overall achievement of business objectives and strategies

Management is committed to operating a sound system of internal control which will be continuously reviewed, updated and improved upon in line with changes in the operating environment. Key to this is to identify significant threats and opportunities, evaluate the risk profile and drive mitigation strategies on a regular basis. All heads of departments, managers and senior executives are required to assume responsibility for risk management within their areas of responsibility and ensure that risk management is embedded in day-to-day business and decision-making processes.

RISK MANAGEMENT FRAMEWORK

The Board recognises that risk management is an integral part of the Group's business operations and is important for the achievement of its business objectives. The Group has established a Risk Management and Sustainability Committee ("RMSC") that is chaired by the Managing Director and its members comprising the Executive Directors, Heads of Divisions & Departments ("HODS") and staff from key operations. Members of the RMSC are tasked with the role to identify risks relating to their areas; likelihood of these risks occurring; consequences if they do occur; and actions being and/or to be taken to manage these risks to an acceptable level. The risk profiles and risk treatment measures determined from this process are documented in risk registers with each business or operations area having its respective risk register. The risk registers are eventually compiled to form the Group Risk Profile for reporting to the RMSC and the Audit Committee (as the case may be).

Ongoing risk management education and training is provided at Management and staff level by members of the RMSC.

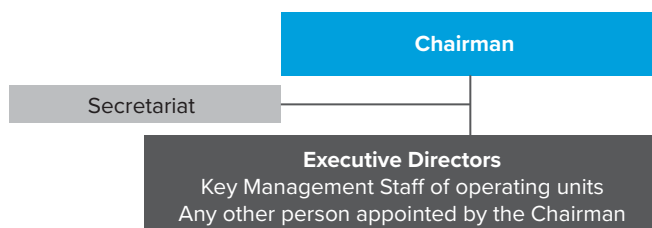
Risk Management & Sustainability Committee



Key Roles of the RMSC in the area of risk management:

- Develop Group strategies and policies
- Monitoring sustainable performance

Risk Management & Sustainability Committee - Working Group



Key roles of Working Group in the area of risk management:

- To monitor the implementation of sustainability practices and standards
- Raising sustainability practices awareness amongst employees
- Continuous stakeholders engagement efforts

Note:

The Chairman of the Working Group can be a member of the Risk Management & Sustainability Committee or appointed by the Risk Management & Sustainability Committee

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ENTERPRISE RISK MANAGEMENT (“ERM”) FRAMEWORK METHODOLOGY & OBJECTIVES

The primary objective of the ERM framework is to support the achievement of the Group’s strategic objectives, safeguard the Group’s resources, people, finances, property, knowledge and reputation. In realising this primary objective, the ERM framework is designed to:

- Provide a structured and consistent approach in risk identification, assessment, mitigation, monitoring and reporting;
- Assist decision makers in making informed management decisions, taking risk exposures into account, as well as leveraging opportunities;
- Generate risk profiles and reports that will be used to support and substantiate strategic decisions;
- Create an environment where staff are assigned specific roles and assume responsibilities for managing risks they are responsible for as well as carrying out mitigation plans as agreed;
- Provide relevant and timely information across clear reporting structures and level of authority; and
- Provide feedback to the Management on the adequacy and effectiveness of controls in place through the conduct of independent audit activities.

Risk Rating Matrix used by the Group.

		IMPACT				
		Insignificant	Minor	Moderate	Major	Catastrophic
LIKELIHOOD	Almost certain	Low Medium	Medium	Mid high	High	High
	Likely	Low	Low Medium	Medium	Mid high	High
	Possible	Low	Low Medium	Medium	Mid high	Mid high
	Unlikely	Low	Low Medium	Low Medium	Medium	Mid high
	Very unlikely	Low	Low	Low Medium	Medium	Medium

The RMSC conducts annual reviews on the adequacy and effectiveness of the Group’s ERM framework and policies, particularly in relation to the approach for risk identification, assessment, mitigation, monitoring and reporting.

Inherently, the Group’s business activities expose the Group to a variety of risks, including but not limited to operational and financial risks. The Group’s overall risk management objective is to ensure that the Group creates and protects value for its stakeholders and is able to link risk mitigation or opportunity enhancement towards achieving the Group’s performance targets. The Group operates within an established ERM framework with clearly defined policies and guidelines that are approved by the Board.

THREE-TIER DEFENCE MODEL

Under the Group’s Three-Tier Defence model, the Group protects itself from threats with relevant guidelines on risk reporting and disclosure.

1st Line of Defence

Each Head of Business and Supporting Unit is responsible for the ownership and management of their respective risks. They are responsible for managing the risks and maintaining effective internal controls on a day-to-day basis. Each Business and Supporting Unit naturally serves as the 1st Line of Defence because controls are specifically incorporated into their processes and systems to manage risk exposures. In addition, adequate managerial and supervisory controls are put in place to ensure compliance and highlight any deficiencies

2nd Line of Defence

RMSC is responsible for establishing the ERM framework, a structured and consistent risk management process and approach to be applied systematically across the Group, and to ensure that the ERM framework is operational and embedded throughout the Group. As part of monitoring and reporting processes, the RMSC helps to ensure that risks are being effectively managed by the 1st Line of Defence and adequate risk-related information is reported throughout the Group.

3rd Line of Defence

The Assurance & Governance Department (AGD) provides independent assurance to the Board and Senior Management on the effectiveness of governance, risk management and internal controls, including the manner in which the 1st and 2nd Lines of Defence achieve the Group’s objectives.

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KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The responsibility for reviewing the adequacy and integrity of the risk management and internal control system has been delegated by the Board to the Audit Committee.

On a periodic basis, the Audit Committee assesses the adequacy and integrity of the risk management and internal control system through independent reviews conducted and reports it received from the Internal Auditors, the External Auditors and Management. Significant risk management and internal control matters (if any) will be brought to the attention of the Audit Committee by the Internal Auditors and the Management.

The Audit Committee then in turn reports such matters to the Board, if the Audit Committee deems such matters warrant the Board's attention.

Key elements of the Group's risk management and internal control system that have been established to facilitate the proper conduct of the Group's businesses are described below:

1. CONTROL ENVIRONMENT

- **Policies and Procedures**

Clearly defined policies and procedures are in place and periodically reviewed to support the Group's business activities as the Group continues to grow.

- **Operations Review and Monitoring**

Operations of the Group are constantly monitored with up-to-date reports being presented by the Management. Variances are analysed, and corrective actions taken where necessary. Detailed reports on performance review with steps to be taken are presented to Executive Directors periodically.

The Executive Directors, Project Director, Contract Director, Operation Director and General Manager regularly visit the Group's business units. During the visits, the respective head of business unit reports on progress and performance, followed with discussions to resolve the business unit's key operational and management issues, if any.

- **Organisation Structure and Authorisation Procedures**

The Group maintains a formal organisational structure with clear lines of reporting to the Board, Committees and Senior Management with defined roles and responsibilities, authority limits, review and approval procedures and proper segregation of duties which supports the maintenance of a strong control environment.

Specific responsibilities have been delegated to relevant Committees authorised to examine matters within their scope and report to the Executive Chairman & Managing Director and Executive Directors with their recommendations.

- **Human Capital Policy**

Comprehensive and rigorous guidelines on the employment, performance appraisal, human capital training and retention initiatives are in place, to build and maintain a team of employees who are equipped with the necessary knowledge, skills and abilities to carry out their responsibilities effectively.

Emphasis is being placed on enhancing the skills and competencies of employees through a process of continuous learning. Employees' competencies are assessed annually through the annual appraisal system. Skill development and training requirements are highlighted to Heads of Departments and business units for approval and implementation.

- **Management Style**

The Board entrusted the responsibility of the day-to-day management of the Group's operation to the Executive Chairman and Managing Director, Executive Directors and key management team; all of whom are highly experienced individuals with proven performance record.

The Executive Chairman and Managing Director and management adopt a "hands on" approach in managing the businesses of the Group and steering the Group towards the strategic direction set by the Board. This enables timely and effective identification and resolution of any significant issue and serve as an effective internal control feature.

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- **Other Key Elements of Internal Control**

Other key elements of internal control established by the Board include amongst others:

- The Finance Department monitors the activities and performance of the subsidiaries through the monthly management accounts and ensures control accounts are reconciled with the subsidiary's records.
- Adequate insurance and physical safeguarding of major assets are in place to protect the Group from any potential financial losses in the event of any unforeseen circumstances (such as fire damage, theft etc).
- Proposals for major capital expenditure of the Group are reviewed and approved by the Executive Directors.
- Regular Board and management meetings to assess performance of business units.
- All recurrent related party transactions are dealt with in accordance with the MMLR. The Audit Committee and the Board review the recurrent related party transactions at the respective meetings of the Audit Committee and the Board.
- Cost estimates are prepared and compared with the actual expenditure. Explanations are sought for departures.
- Reporting mechanism whereby Executive Directors receive monthly performance and production statistics with explanations and justifications.
- Training and development programs are identified and scheduled for employees to acquire the necessary knowledge and competency to meet their performance and job expectations.

- **Code of Ethics and Conduct and other related Policies**

Among the policies and procedures established and embedded in the CG Manual to assist the Board in maintaining a sound internal control system are:

- The Code of Ethics and Conduct: The code defines acceptable behaviour for staff in dealing with key stakeholders and is made available to all staff.

- Corporate Integrity Policy – Anti Fraud Policy: The policy sets out the framework for the prevention, detection and management of any fraudulent act within the Group (including any irregularity, or suspected irregularity, involving employees, shareholders, consultants, vendors, contractors, and external parties).
- Whistle-Blowing Policy: The policy is formulated to provide a channel for employees to report in good faith and in confidence, without fear of reprisals, any concerns about possible improprieties within the Group. Allegations of improprieties reported via the whistle-blowing channel are appropriately followed up upon and the outcome(s) reported to the Audit Committee.
- Employee Handbook: The Group has in place the Employee Handbook to set the ethical standards for all employees and directors in their dealings with fellow employees, customers, shareholders, suppliers, authorities and the community.

- **Anti-Bribery and Anti-Corruption Policy**

With the enforcement of Section 17A of the Malaysian Anti-Corruption Commission Act 2007, it has been established that a commercial organisation has a criminal liability ("Corporate Liability") for the corrupt activities of its employees and/or persons associated with the commercial organisation where such corrupt activities are carried out for the commercial organisation's benefits or advantages. In connection to this, the Group adopts a zero-tolerance policy against all forms of bribery and corruption.

The Group is committed to conduct its businesses professionally, fairly and with integrity and transparency in compliance with all applicable anti-bribery and corruption laws. Any breach of the Anti-Bribery and Corruption Policy or applicable local law could result in disciplinary action being taken and ultimately could result in dismissal and/or termination of the affected business dealing. Further legal action may also be taken as a result of non-compliance and/or misconduct.

The Group's policies and procedures are periodically reviewed and updated by the Management to factor in any changes in business, operational, statutory and regulatory requirements.

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2. CONTROL ACTIVITIES

The Group ensures that there are adequate financial and operational policies and procedures to govern the operations of the Group.

Business plans and expenditures are prepared for subsidiaries, which are discussed through management meetings with the Executive Director.

The Group adopts several approaches to its control activities to ensure that a holistic coverage of threats and mitigation strategies is carried out accordingly. The approaches are summarised below

- Directive Controls are designed to establish desired outcomes.
- Preventive Controls are designed to discourage errors or irregularities from occurring.
- Detective Controls are designed to find errors or irregularities after they have occurred.
- Corrective Controls are intended to limit the extent of any damage caused by an incident.
- Risk Transfer strategy may be considered to enable transferring of identified risks to a third party in order to reduce the impact. The Management may choose to transfer all or part of a certain risk to other parties via:-
 - (i) Transferring an entire business process to another party as is the case with sub-contracting and outsourcing arrangements;
 - (ii) Sharing the business process with another party as is the case with partnerships and joint venture arrangements; and
 - (iii) Retaining the process and transferring the legal and financial risks as is the case with insurance arrangements and the use of certain treasury/financial products.
- Risk Elimination strategy may be considered when a risk is deemed to be reducible to an acceptable level if the activity is terminated. The Group may choose this route for risks that could have major or catastrophic impact on its businesses.
- Risk Acceptance strategy may be considered when the residual risk is low. Factors to consider for risks of such nature would be:-
 - (i) Adequacy of current controls;
 - (ii) Quality and quantity of information on the controls;
 - (iii) Likelihood and consequences of the risk occurring; and
 - (iv) The cost of additional controls.

To understand the extent to which the likelihood and impact of a risk occurring is being mitigated, the full set of controls currently in place is documented and assessed for effectiveness in terms of design and operating effectiveness.

Where controls are operated by an external third party, discussions and assessments are performed to ensure that appropriate reviews are conducted.

INFORMATION AND COMMUNICATION PROCESSES

Communication and consultation with internal as well as external stakeholders are important elements of the risk management process. Effective communication is essential to ensure that all stakeholders are well-informed on any decisions or actions taken, including the justifications for such actions.

The Management and the Board receive timely, relevant and reliable reports which are reviewed on a regular basis:

- The Group has put in place an information system that captures, compiles, analyses and reports relevant data, which enables management to make sound business decisions in a timely manner.
- The Group takes a serious view of its legal and ethical responsibilities. It has taken steps to ensure compliance with internal controls, as well as relevant laws and regulations that govern the business and operations of the Group.
- A Whistleblowing Policy provides clear and confidential channels for communication and feedback. It outlines the Group's commitment to encourage its staff and stakeholders to raise genuine concerns about possible improprieties relating to financial reporting, compliance or suspected violations of the Group's Code of Ethics and Conduct, and to disclose any improper conduct or other malpractices within the Group in an appropriate way.
- The Group practices a zero-tolerance approach against all forms of bribery and corruption. In line with this, the Group has introduced its Anti-Bribery and Anti-Corruption Policy which comprises a set of key policies, procedures, standards and guidelines to address the bribery and corruption risks. The Policy is designed to help recognise potential bribery and corruption issues and to serve as a guide for acceptable and unacceptable behaviours regarding bribery and corruption.

MONITORING AND REPORTING

The Group's Policies and Procedures are reviewed and revised periodically to meet changing business environment needs as well as complying with regulatory requirements.

Board meetings are held at least once in a quarter with a formal agenda on matters for discussion. In addition, regular management and operation meetings are conducted by Executive Leadership, comprising the Group Managing Director, Executive Directors and Heads of Business Units.

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The Head AGD reports to the Audit Committee and is guided by an Internal Audit Charter that is approved by the Board. The AGD function is responsible for monitoring compliance with the Group's Policies and Procedures, operational needs and regulatory requirements, which provides independent assurance on the effectiveness of risk management and internal control systems through regular audits and continuous assessments.

The Group's annual internal audit plan is reviewed and approved by the Audit Committee and subsequently endorsed by the Board. The execution of the planned internal audits' achievement is monitored every quarter. Audit findings are presented to the Audit Committee every quarter for their review and deliberation before it is tabled at Board meetings.

Significant audit findings and recommendations for improvements are highlighted to senior management and the Audit Committee, with periodic follow-up reviews of the implementation of corrective action plans.

RISK MANAGEMENT FRAMEWORK

The Group adopts an Enterprise Risk Management ("ERM") framework which is consistent with the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers.

The Group's ERM framework was last revised and approved by the Board on 17 May 2018. Since then, the AGD has reviewed the framework periodically to ensure its continued relevance and effectiveness. As at the date of this Statement, the ERM framework remains aligned with the Group's evolving needs and objectives.

The ERM framework is a structured and disciplined approach aligning strategy, process, people, technology and knowledge with the purpose of evaluating and managing the risks the Group faces as it seeks to create value. In essence, every employee is an integral part of the Group's risk management framework. Every employee from the on-site staff to the Executive Directors play an important role in the Group's ERM framework.

The Group is committed to promoting an organisational culture where risk management is embedded in all activities and business processes. A good understanding of the strategic and operational risks as well as opportunities, also allows the management to make informed decisions in order to achieve organisational and strategic goals.

KEY RISKS AND MITIGATION

To manage and minimise our risks, we identify them, rate their potential severity, and put in place actions as well as mitigating plans. In no order of priority, we summarise below the Group's key risk profile.

<p>Risk Type Market</p> <p>Risk Tolerance Moderate</p> <p>Key Risk COST ESCALATION AND DISRUPTION OF SUPPLY CHAIN</p>	<p>Effect</p> <p>The Iran war has triggered significant volatility in global energy markets, with oil prices rising and supply chains disrupted. Blockades in the Strait of Hormuz have affected global shipping routes for petroleum and petroleum-based supplies. This volatile geopolitical situation in the Middle East has led to heightened inflationary pressure on fuel and construction material cost. The near-to-mid term outlook for restoration to status quo (prior to Iran war) is not optimistic.</p> <p>The risk that the Group may face due to the volatility includes amongst others:</p> <ul style="list-style-type: none"> • Increased construction costs (materials, logistics, subcontracting cost) • Increased transportation costs for construction materials • Margin compression • Potential project delays or cost overruns (due to increase in cost and/or delay in delivery of key materials, like cement, steel, imported fittings, etc) • Reduced profitability of ongoing developments
	<p>Response And Mitigating Actions</p> <ul style="list-style-type: none"> • Strategic participation in selected tenders with equitable risk allocation • Close examination of trends in materials and labour pricing • Review and enlarge network of suppliers for materials and labour • Seek alternative supply options • Regular budget reviews and variance analysis
	<p>Results</p> <p>We have prioritised development projects that have a cascading effect on economic growth. Coupled with a strategy to improve operational efficiencies and cost competitiveness via close engagement with local suppliers.</p>

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<p>Risk Type Market</p> <p>Risk Tolerance Moderate</p> <p>Key Risk WEAKENING OVERALL MARKET CONDITIONS</p>	<p>Effect</p> <p>The geopolitical instability has impacted both global and regional economic confidence. This has a direct impact of dampening the local property demand, in particular for investment-driven segments. This may, in turn, affect the Group's sales performance, profit margin and liquidity.</p> <p>However, news of the government's intention to revitalise the state of Johor coupled with the encouraging progress of the Johor Bahru-Singapore Transit System (RTS), may improve economic prospect in select-pockets of land in Johor.</p> <p>The risk that the Group may face due to the volatility includes amongst others:</p> <ul style="list-style-type: none"> • Slower property sales and take-up rates • Increased inventory (unsold units) • Pressure on pricing and margins • Weakening of foreign buyer demand (especially buyers from Singapore) <p>Response And Mitigating Actions</p> <ul style="list-style-type: none"> • Exercise vigilance in monitoring factors that influence market sentiments such as economic indicators, geopolitical events, government policies, investors' behaviour, etc. • Research shows a shift to purchase for own occupation rather than speculative investment. This will reduce market size in the residential segment and affect home buying requirement. In response to this, we have incorporated sustainable housing features (i.e. energy and water savings, improved ventilation and natural lighting) to enhance the features of our products. In addition, we are trying to broaden our collaboration with an expanded pool of reputable estate agents for a wider market reach. • Continue to be on the look-out for land with favourable development potentials and near to our existing projects. 	<p>Results</p> <p>The Group's prudently planned project launches (for residential units and industrial land) over the financial year have achieved satisfactory sales.</p>
<p>Risk Type Financial</p> <p>Risk Tolerance High</p> <p>Key Risk CAPITAL AND LIQUIDITY RISK</p>	<p>Effect</p> <p>The Group's capital and liquidity requirements are mainly fulfilled with funds generated from property sales and borrowings. Any deficit in the Group's capital and liquidity position may have adverse impact on its ongoing developments and may cause deferment of its future project launches. From a longer-term perspective, any deficiency in liquidity may also impede the Group's ability to pursue its strategic business plans (such as acquisition of new land bank).</p> <p>Response And Mitigating Actions</p> <ul style="list-style-type: none"> • Regularly review our debts, cashflow and liquidity • Maintain an adequate level of cash/cash equivalents through constant monitoring of financial risks. • Review and monitor credit facilities while maintaining a healthy gearing ratio at all time • Diversify sources of funds to increase the pool of capital providers • Intensify efforts to monetise our assets by selling completed property units or data center lands. • Adjusting its mix of property launches to match the market demand 	<p>Results</p> <p>The Group records a positive overall net cashflow and low gearing ratio, with good loan service track record and favourable credit rating. The Group maintains good rapport with supportive capital providers, enhancing its ability to raise funding in the future if the need arises.</p>

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<p>Risk Type Regulatory</p> <p>Risk Tolerance Moderate to High</p> <p>Key Risk CHANGES IN GOVERNMENT POLICY</p>	<p>Effect</p> <p>As a publicly listed organisation, we are regulated by various policies on governance, health and safety, employee relations and financial management, among others – all of which serve to protect our shareholders and other stakeholders. In addition, our two core businesses – construction and property development – are subject to environmental-related regulations. These policies change according to various factors in our operating environment. It is important to comply with these policies to maintain our licence to operate.</p> <hr/> <p>Response And Mitigating Actions</p> <ul style="list-style-type: none"> • Close monitoring of changes in government policies • Compliance with changes in policies or additional policies (e.g. keeping abreast of and aligning with the amendments of the Malaysia's Employment Act, Workers Minimum Housing Act) <p>In addition, the relevant Departments carry out the following measures:</p> <ul style="list-style-type: none"> • Liaising closely with government officials and external institutions; • Maintaining close working relationships with financial institutions to counter the cooling policies; and • Adopting methods that are less dependent on labour, whilst improving the productivity and quality of construction work. 	<p>Results</p> <p>Management actively monitors changes in the legal and regulatory requirements to ensure compliance.</p> <p>Maintaining regular communication with the Authorities.</p>
<p>Risk Type Operational</p> <p>Risk Tolerance Moderate</p> <p>Key Risk SAFETY AT THE WORKPLACE</p>	<p>Effect</p> <p>Serious workplace accidents may result in stop work orders, causing project delays. In addition, any non-compliance with environmental and safety regulations will result in the imposition of penalties and cause reputational damage.</p> <hr/> <p>Response And Mitigating Actions</p> <ul style="list-style-type: none"> • Train and engage personnel to develop and enforce procedures in accordance with regulations and standards • Regular Safety, Health and Environment meetings with employees and subcontractors to monitor and ensure compliance with regulations • Prioritise the health and safety of employees by setting target to achieve zero fatality and reduce recordable work-related injuries 	<p>Results</p> <p>The Group continues to elevate its safety and health performance through risk assessments.</p>
<p>Risk Type Environment</p> <p>Risk Tolerance Moderate</p> <p>Key Risk CLIMATE CHANGE IMPACTING OPERATION & REGULATORY COMPLIANCE RISKS</p>	<p>Effect</p> <p>Climate change</p> <p>Climate change presents both physical and transition risks to the Group. Physical risks include increased frequency and severity of extreme weather events such as flooding, prolonged rainfall, heatwaves and vector borne diseases, which are particularly relevant in Malaysia and may affect construction sites and completed developments.</p> <p>Transition risks arise from evolving regulatory requirements, stakeholder expectations and market shifts towards sustainable and low-carbon developments.</p> <hr/> <p>Response And Mitigating Actions</p> <ul style="list-style-type: none"> • The results from climate change vulnerability studies would enable better understanding of climate change related risks and impacts, which would then potentially fuel an improved mitigation response to identified physical and transition risks. • With the identification of potential vulnerabilities and based on future projections, the Group would look into design and planning of future development as well as improve developed townships e.g. on drainage and landscaping to enable a higher degree of climate resilience. • The opportunities of addressing physical risks include the conservation of urban parks for community recreational purpose, which also function to mitigate flood and alleviate heat island effect. 	<p>Results</p> <p>Environmental footprint and product responsibility</p>

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CONFIDENTIAL REPORTING

The Group's Whistleblowing Policy enables staff to raise concerns about possible improprieties in financial and other matters and to do so in confidence without fear of reprisal. Details of the policy are set out on the Company's website at www.crescendo.com.my.

The Audit Committee receives reports on whistleblowing incidents and remains satisfied that the procedures in place are satisfactory to enable independent investigation and follow up action of all matters reported. No major issues have been reported in financial year 2026 (major issues being defined for this purpose as matters having a financial impact greater than RM10,000).

ASSURANCE PROVIDED BY THE EXECUTIVE CHAIRMAN & MANAGING DIRECTOR AND GROUP FINANCIAL CONTROLLER

In line with the Guidelines, the Executive Chairman & Managing Director and the Group Financial Controller have provided assurance to the Board that the Group's risk management and internal control systems have been operated adequately and effectively, in all material aspects, to meet the Group's business objectives during the financial year under review. The Executive Chairman & Managing Director and the Group Financial Controller have in turn obtained relevant assurance from the business heads in the Group.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3, issued by the Malaysian Institute of Accountants ("MIA").

AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Company.

CONCLUSION

The Board is of the view that the system of internal control in place throughout the year under review is sound and sufficient to safeguard the shareholders' investment, the interests of customers, regulators, employees and the Group and to facilitate the expansion of its operations.

The Board recognises that the current geopolitical landscape introduces heightened uncertainty and risk. The Group will continue to enhance its risk management practices and internal control systems to ensure resilience and sustainability of its operations. While the system of risk management and internal control is designed to manage rather than eliminate risks, it provides reasonable, but not absolute, assurance against material misstatement or loss.

There were no material losses or fraud during the current financial year as a result of internal control failures and the Board and Management are continuously taking measures to improve and strengthen the internal control framework and environment of the Group.

This Statement is made in accordance with a resolution of the Board of Directors dated 15 May 2026.