

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 0109  
**COMPANY NAME** : SC Estate Builder Berhad  
**FINANCIAL YEAR** : 31 January 2023

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board of Directors ("<b>the Board</b>") is responsible for the leadership, oversight and the long-term success of the Company and its subsidiaries ("<b>the Group</b>").</p> <p>Certain responsibilities of the Board are delegated to other Board Committees, which operate within clearly defined Terms of Reference ("<b>TOR</b>"). Standing committees of the Board include the Audit Committee ("<b>AC</b>"), Nomination Committee ("<b>NC</b>"), Remuneration Committee ("<b>RC</b>") and Risk Management Committee ("<b>RMC</b>").</p> <p>Although specific powers are delegated to the Board Committees, the Board keeps itself abreast of the key issues and/or decisions made by each Board Committee through the reports and/or presentations made by Chairman or representative of each Committee and the tabling of Board Committee Minutes of the applicable period for notation by the Board.</p> <p>It is the general policy of the Company that all major decisions be considered by the Board as a whole.</p> <p><b>(a) <u>Promote Good Governance Culture</u></b></p> <p>The Board and the Management Team fully understand their collective duties and responsibilities in guiding the business activities of the Group in reaching an optimum balance of a sound and sustainable business operation with an optimal corporate governance framework in order to safeguard shareholders' value.</p> <p><b>(b) <u>Review of Management's Proposals and Business/Strategic Plan</u></b></p> <p>It is the practice of the Board to deliberate, review and approve the business proposals and strategic initiatives proposed by the Management. The Board monitors the implementation of the strategic initiatives regularly, through reporting updates by the Management Team, to ensure that the Group is aligned with its objectives set.</p>

For the financial year ended 31 January 2023 ("FYE 2023"), the Management had presented to the Board the following proposals and strategic initiatives:-

**i. Investments Opportunities**

With the aim to expand the Group's sources of revenue while at the same time, potentially to provide an alternative source of income, the Management had presented several potential investment proposals for the Board's consideration during FYE 2023, and these proposals were mainly construction and solar power related businesses.

At the Board Meetings, the background information, business activities, advantages and disadvantages of the investment proposals, projected cash flow of the investment proposals and other related information were tabled to the Board for deliberation.

By analysing the pros and cons of the investment proposals, the Board provided feedback to the Management and made decisions whether to proceed or abort the investment proposals.

**ii. Annual Budget Plan**

As a financial activity tracking initiative, the Management had tabled to the Board, the annual budget plan of the Group for FYE 2024 for review and approval.

The Board reviewed and deliberated the basis and assumptions made by the Management when preparing the annual budget plan of the Group for FYE 2024 and provided guidance to ensure that the assumptions made were realistic and applicable to the Group.

**(c) Oversee of Business Operations and Performance Tracking**

The Management Team which consists of the following management personnel, headed by the Chairman and Managing Director, Mr. Loh Boon Ginn, are responsible for the day-to-day management and operations of the Group:-

<b>Name</b>	<b>Designation</b>
Mr. Loh Boon Ginn	Chairman and Managing Director/Chief Executive Officer
Kuay Jeaneve	Executive Deputy Chairperson

The principal responsibilities of the Management Team are as follows:-

- Developing, co-ordinating and implementing business and corporate strategies for the approval of the Board.
- Implementing the policies and decisions of the Board.
- Overseeing the day-to-day operations of the Group.
- To participate in various management committees or working committees for the effective discharge of duties and functions.

The Board monitors the performance of Management on a regular basis vide insertion of relevant agenda item in the Board Meetings and/or Board Committees Meetings, where necessary.

Relevant member(s) of the Management Team will be invited to attend the Board and/or Board Committees Meetings, where necessary, to advise and update the Board and/or Board Committees with information, reports, clarifications on the relevant agenda items to be tabled to the Board and/or Board Committees, to enable the Board and/or Board Committees to keep abreast of the latest business activities and development of the Group.

The Management Team is required to brief the Board on the operational performance of the Group which include key strategic initiatives, significant operational issues and challenges faced by the Management.

**(d) Framework for Internal Controls and Risk Management**

The Board has a risk management framework of the Group established to facilitate proper conduct of the Group's businesses and has established key control processes to ensure that there is a sound framework for reporting on internal controls and regulatory compliance.

The key features of the risk management framework and internal control system of the Group are disclosed in the ***Statement on Risk Management and Internal Control*** in the 2023 Annual Report.

**(e) Identification of principal risks and implementation of appropriate internal control and mitigation measures**

Mindful of its duties in terms of identification of principal risks as well as the need to institute risk management and internal control measures, the Company has adopted an Enterprise Risk Management ("ERM") Framework to manage its risk and opportunities.

**(f) Succession Planning and Continuing Development**

The Board recognises that succession planning is an ongoing process designed to ensure that the Group identifies and develops a talent pool of employees through mentoring and training for high level management positions that become vacant due to retirement, resignation, death or disability and/or new business opportunity.

The Board, through the NC, is responsible for the succession planning of the Directors of the Company and Group.

The Management Team personnel are expected to attend continuing development programmes to ensure that they are equipped with necessary skills and knowledge which are relevant to perform their work.

**(g) Procedures for Effective Communication with Stakeholders**

The Board is aware of commitment to enhance long term

	<p>shareholders' value through regular communication with all its stakeholders.</p> <p>In ensuring the effective communication with the Company's shareholders and stakeholders, the Corporate Disclosure Policy includes an Investor Relations ("IR") section which serves as a guide for the Board to oversee the development of an effective IR programme and strategy to communicate the Corporate vision and mission, strategies, development, financial plans and prospects to investors, the financial community and other stakeholders and accurately and to obtain feedback from the stakeholders.</p> <p><b>(h) <u>Integrity of Financial and Non-Financial Reporting</u></b></p> <p>The Board ensures that shareholders are presented with a quality, clear, balanced, meaningful assessment of the Company's financial performance and prospects through the issuance of the audited financial statements and quarterly announcements of financial results and vide corporate announcements on significant development in accordance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("<b>Bursa Securities</b>") ("<b>ACE LR</b>") on a timely basis and in compliance with the applicable financial reporting standards and corporate law.</p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Mr. Loh Boon Ginn is the Chairman of the Board, and his key responsibilities as a Chairman, include but not limited to the following:-</p> <ul style="list-style-type: none"> <li>(a) Demonstrates leadership for the Board in discharging its duties and responsibilities effectively.</li> <li>(b) Ensures that the Notice of the Board Meeting is issued at least seven (7) days prior to the Meeting unless consent by all Directors on the shorter notice.</li> <li>(c) Leads the conduct of the Board Meetings and initiates discussion within the Board.</li> <li>(d) Stimulates participation and sharing of views and ideas from different perspectives by the Directors and ensures all views will be taken into consideration during the decision-making process by the Board.</li> <li>(e) Acts as the intermediary between the Board and the Management by coordinating smooth communication flow between both parties.</li> <li>(f) Chairs the general meetings of the Company and commits to answering the queries from the shareholders.</li> <li>(g) Communicates the views from the stakeholders to the Board as a whole, for consideration or improvement, if any.</li> <li>(h) Leads the Board to ensure compliance with all relevant laws and regulations, and to the best of their effort, promote and implement good governance practices within the organisation.</li> </ul>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.3

The positions of Chairman and CEO are held by different individuals.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board is mindful of the dual role of Chairman and Managing Director (“MD”)/Chief Executive Officer held by Mr. Loh Boon Ginn. Nevertheless, the Board is of the view that there are sufficient experienced and independent-minded Directors included those newly appointed on the Board to provide sufficient check and balance. This allows for effective oversight of the Management as well as to support objective and independent deliberation, review and decision making.</p> <p>The Board noted the combination of the positions of the Chairman and the MD is essential for the commercial environment that the Group is currently operating. Such combination of roles renders creditability and confidence to third party(ies) on the authority of the Chairman and MD for successful conclusion of commercial deals/ transactions.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

**Practice 1.4**

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	The Chairman of the Board is not a member of the Audit Committee, Nomination Committee or Remuneration Committee.
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	



## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board is supported by a suitably qualified and competent Company Secretary, Mr. Tan Tong Lang who is a qualified Chartered Secretary under Section 235(2)(a) of the Companies Act, 2016 with broad knowledge and experience from being in public practice and is supported by a dedicated team of company secretarial personnel.</p> <p>The Company Secretary have participated in various training programs, conferences, seminars, and forums organized by Companies Commission of Malaysia ("CCM"), Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"), and Bursa Securities.</p> <p>All Directors have unrestricted access to the advice and support of the Company Secretary in relation to Board policies and procedures, compliance of applicable rules and regulations by the Group and corporate governance related practices.</p> <p>The main roles and responsibilities of the Company Secretaries, include but not limited to the following:-</p> <ul style="list-style-type: none"><li>a) Co-ordinate with Management on the logistics of all Board and Committee Meetings, attend the Board and Committee Meetings and record the Minutes of the Meetings accordingly.</li><li>b) Ensure timely communication of the decision of the Board or Committee to be conveyed to the relevant parties and whether any follow-up actions are required.</li><li>c) Advise the Board on its roles and responsibilities, particularly the additional or changes in obligations arising from the implementation of the new laws and regulations or any amendments thereof.</li><li>d) Provide advisory assistance to the new Director(s) appointed to the Board.</li><li>e) Identify relevant training and development programmes for the Directors, based on the training needs determined by the NC for the particular financial year.</li><li>f) Advise the Board on the requirements of corporate disclosures in accordance with the ACE LR for various corporate proposal, as well as compliance with the ACE LR.</li><li>g) Ensure that all the proceedings of the general meetings are in order and the general meetings are properly called and convened,</li></ul>

	<p>record the Minutes of the general meetings, as well as the discussion during the Questions and Answers session.</p> <p>h) Identify the corporate governance initiatives which are applicable to the Group and highlighted the same to the Board for consideration. Monitor the corporate governance practices, by proposing relevant agenda items to be included as recurring meeting agenda.</p> <p>i) Advise the Board on corporate governance related matters.</p> <p>j) Facilitate the conduct of the assessments to be undertaken by the Board and/or Board Committees as well as to compile the results of the assessments for the Board and/or Board Committee's review.</p>	
<b>Explanation for departure</b> :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

**Practice 1.6**

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board fixes the forthcoming year annual meeting schedule by the end of every year. The annual meeting schedule, as soon as it has been confirmed by the Board, will be disseminated to the Management, for planning of work schedule a year ahead.</p> <p>The Notice of the scheduled Board Meeting is served to the Directors atleast seven (7) days prior to the Board Meeting. Unless there is exceptional case for convening of Special Meeting of the Board to address emergency issue, waiver of notice and shorter notice are allowed with the consent of all Directors.</p> <p>For FYE 2023, the Board papers were circulated to the Directors via e- mail prior to the Board Meeting, to allow ample time for Directors to review the Board papers and seek clarifications or additional details from the Management or Company Secretary.</p> <p>A comprehensive meeting papers comprising background, matters arising, research, analysis, findings/updates, results, presentations, recommendations and any other relevant information is prepared and circulated in advance to enable the Board to make considerations, deliberations and decisions.</p> <p>Subsequent to the Board Meeting, the Minutes will be circulated to the Board for confirmation to ensure that deliberations and decisions of the Board are accurately recorded.</p> <p>The Company Secretaries would ensure that a statement of declaration of interest or abstention from voting and deliberation is recorded in the Minutes.</p> <p>The Chairman of the Board Meeting signs the Minutes as a correct record of the proceedings and thereafter, the said minutes of all proceedings are kept in the statutory book at the registered office of the Company to be made available for inspection under the CA 2016.</p>
<b>Explanation for departure</b>	:
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

### Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has a Board Charter outlining the authority, responsibilities, membership and operation of the Board of the Group's, adopting principles of good corporate governance and practice, in accordance with applicable laws in Malaysia. The Board Charter entails, inter alia, the following main items:-</p> <ul style="list-style-type: none"><li>• Role of Board;</li><li>• Relationship with Management;</li><li>• Responsibilities of the Board;</li><li>• Matters reserved for the Board; and</li><li>• Structure of the Board.</li></ul> <p>The Board Charter is applicable to all Directors of the Company and, amongst other things, provides that all Directors must avoid conflicts of interest between their private financial activities and their part in the conduct of Company's business.</p> <p>The Board Committees in performing their responsibilities delegated by the Board would be guided by the TOR of each of the Committees as approved by the Board.</p> <p>The Board Charter is to be regularly reviewed by the Board as and when required.</p> <p>The updated Board Charter is available for viewing under the "Investor Relation" section of the Company's corporate website at <a href="http://www.scestatebuilder.com.my">www.scestatebuilder.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board has established a Code of Ethics and Conduct ("<b>the Code</b>") in order to maintain the highest level of integrity and ethical conduct of the Board, Management and employees of the Group and to provide guidance to ensure that upholding the ethical conduct in the Board and/or employees' daily work.</p> <p>The Code sets forth the values, expectations and standards of businessethics and conduct to guide the Board, the Management and employees of the Group.</p> <p>The guiding principles of the Code are as follows:-</p> <p>(i) Show respect in the workplace:-</p> <ul style="list-style-type: none"><li>• Equal Opportunity</li><li>• Anti-Harassment</li><li>• Human Rights</li><li>• Ensuring Workplace Health and Safety</li><li>• Protection of Privacy</li><li>• Use of Company's Assets with Due Care</li><li>• Leading by Example</li><li>• Continuous Training and Development</li></ul> <p>(ii) Act with integrity in the marketplace:-</p> <ul style="list-style-type: none"><li>• Ensuring Products' Quality, Safety and Reliability</li><li>• Responsible Sales and Marketing Practices</li><li>• SCBUILD's Customers</li><li>• SCBUILD's Suppliers</li><li>• Community Involvement</li><li>• Environmental-Friendly Practices</li></ul> <p>(iii) Ensure ethics in business relationships:-</p> <ul style="list-style-type: none"><li>• Conflict of Interest</li><li>• Anti-Corruption</li><li>• Anti-Money Laundering</li><li>• Insider Trading</li></ul> <p>(iv) Ensure effective communication:-</p> <ul style="list-style-type: none"><li>• Corporate Disclosure</li></ul>

	<ul style="list-style-type: none"> <li>• Spokesman</li> <li>• Whistleblowing</li> </ul> <p>The Code will be reviewed as and when it is required to ensure the information remains relevant and appropriate.</p> <p><b>Handling of Reported Allegation(s)</b></p> <p>The AC is responsible for the interpretation and supervision of the enforcement of the Code. The action to be taken by the Group in response to a report of concern under the Code will depend on the nature of the concern. The AC upon receiving the information on each report of concern shall ensure that follow-up actions be taken accordingly.</p> <p>The Code is available for viewing under the “Investor Relations” section of the Company’s corporate website at <a href="http://www.scestatebuilder.com.my">www.scestatebuilder.com.my</a>.</p> <p>The Code is further supplemented with the institution of an Anti-Bribery Policy. The Anti-Bribery Policy covers areas pertaining to gifts, donations and sponsorships; support letters; facilitation payments; conflict of interest; and sanctions for non-compliance. The Anti-Bribery Policy is premised on a supply-chain wide perspective covering dealings with third parties such as agents, suppliers and vendors, contractors, sub-contractors and distributors. Any breaches to the Anti-Bribery Policy shall be treated as a serious misconduct or offence leading to disciplinary actions taken against the offender.</p> <p>The Government of Malaysia had announced the implementation of the Corporate Liability Provision involving commercial organisations under Section 17A of the Malaysian Anti-Corruption Act 2009, effective 1 June 2020. This new provision encourages commercial organisations to take appropriate and parallel steps to ensure businesses are conducted with integrity and without corruption. The Board had on 30 May 2020 adopted an Anti-Bribery and Corruption Policy which provides principles, guidelines and requirements on how to deal with corrupt and bribery practices that may arise in the course of daily business and operation activities within the Group.</p> <p>The Group conducts all its business in an honest and ethical manner and takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships. The Group is also committed in upholding all laws relevant to countering bribery and corruption in Malaysia and all other jurisdictions in which it operates.</p> <p>The aforesaid Anti-Bribery and Corruption Policy is available for viewing under the “Investor Relations” section of the Company’s corporate website at <a href="http://www.scestatebuilder.com.my">www.scestatebuilder.com.my</a>.</p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	



<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has adopted a Whistleblowing Policy on 25 March 2019.</p> <p>The Board recognises whistleblowing as a specific means by which an employee/officer or stakeholder can reports or discloses through established channels, the concerns about any violations of the Code, unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements that is taking place/has taken place/may take place in the future.</p> <p>The AC has been tasked with the review of whistleblowing reports either made through the Company following established communication and feedback channels or through any other means.</p> <p>Anyone with genuine concerns in relation to financial reporting, unethical or illegal conduct, employment-related concerns, or any concerns from the shareholders/stakeholders, one may report directly to the designated email address at <a href="mailto:info@scestatebuilder.com.my">info@scestatebuilder.com.my</a>.</p> <p>For FYE 2023, the Board did not receive any report or concerns of the above.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

<b>Application</b>	:	Applied																																	
<b>Explanation on application of the practice</b>	:	<p>For FYE 2023, the Board comprises twelve (12) members, Six (6) of whom are Independent Non-Executive Directors ("<b>INEDs</b>"), One (1) of whom is Non-Independent Non-Executive Director ("<b>NINED</b>"), Four (4) of whom are Executive Directors and one (1) Chairman of the Board and Managing Director/ Chief Executive Officer.</p> <p>The following Directors were appointed within the FYE 2023:</p> <table border="1"><thead><tr><th>Name</th><th>Designation</th><th>Date</th></tr></thead><tbody><tr><td>Loh Boon Ginn</td><td>Chairman and Managing Director / Chief Executive Officer</td><td>31.12.2021</td></tr><tr><td>Kuay Jeaneve</td><td>Executive Deputy Chairman</td><td>31.12.2021</td></tr><tr><td>Chee Jun Ann</td><td>Executive Director</td><td>31.12.2021</td></tr><tr><td>Kuay Jen Nie</td><td>Executive Director</td><td>31.12.2021</td></tr><tr><td>Josipinna Binti Pudun</td><td>INED</td><td>31.12.2021</td></tr><tr><td>Loo Tze Ming</td><td>INED</td><td>31.12.2021</td></tr><tr><td>Chan Wei Xi</td><td>INED</td><td>31.12.2021</td></tr><tr><td>Soo Ting Hooi</td><td>INED</td><td>31.12.2021</td></tr><tr><td>Dato' Bijaya Indera Dato' Paduka Haji Syed Unan Mashri Syed Abdullah</td><td>INED</td><td>04.01.2022</td></tr><tr><td>Chu Wooi Siong</td><td>INED</td><td>17.03.2023</td></tr></tbody></table> <p>The Board understands that the roles of the Independent Directors are particularly important in ensuring that the strategies proposed by the Executive Director and Management are deliberated on and have taken into account the interest, not only of the Company, but also that of the shareholders, employees, customers, suppliers and the community.</p> <p>The current Board structure ensures that no individual or group of</p>	Name	Designation	Date	Loh Boon Ginn	Chairman and Managing Director / Chief Executive Officer	31.12.2021	Kuay Jeaneve	Executive Deputy Chairman	31.12.2021	Chee Jun Ann	Executive Director	31.12.2021	Kuay Jen Nie	Executive Director	31.12.2021	Josipinna Binti Pudun	INED	31.12.2021	Loo Tze Ming	INED	31.12.2021	Chan Wei Xi	INED	31.12.2021	Soo Ting Hooi	INED	31.12.2021	Dato' Bijaya Indera Dato' Paduka Haji Syed Unan Mashri Syed Abdullah	INED	04.01.2022	Chu Wooi Siong	INED	17.03.2023
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Chu Wooi Siong	INED	17.03.2023																																	

	<p>individuals dominates the Board's decision-making process. The composition of the Board provides an effective blend of entrepreneurship, business and professional expertise in general management, finance, corporate affairs, legal and technical areas of the industry in which the Group operates. The individuality and vast experience of the Directors in arriving at collective decisions at Board level will ensure impartiality.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.2**

The board ensures that the company’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board always engage with their stakeholders actively throughout the financial year as part as their sustainability assessment process. Engagement with stakeholders allows the Board to gain more complete understanding on their materiality issues and matters.</p> <p>The stakeholders’ engagements are set out in Sustainability Statement on pages 26 to 28 of the 2023 Annual Report.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.3**

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board is aware and understand the sustainability issues relevant to the Group's business. Asides, the company has always practicing the Sustainability Strategies and these are the efforts from the Board together with the management who are well versed on sustainability issues relevant to the Company and business.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.4**

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company’s material sustainability risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Nomination Committee reviews and assesses the Board composition on yearly basis to ensure that it has balance mixed skills and business experience to contribute to the success of the Group. The assessment in on merit based. Annual performance appraisal will be conducted for senior management based on operational competency, core values and soft skill.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.5- Step Up**

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

*Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.*

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	



**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.1**

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Nomination Committee reviews and assesses the Board composition on yearly basis to ensure that it has balance mixed skills and business experience to contribute to the success of the Group. The assessment in on merit based.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.2**

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>For FYE 2023, the Board comprises twelve (12) members, Six (6) of whom are Independent Non-Executive Directors (“<b>INEDs</b>”), One (1) of whom is Non-Independent Non-Executive Director (“<b>NINED</b>”), Four (4) of whom are Executive Directors and one (1) Chairman of the Board and MD.</p> <p>The Board understands that the roles of the Independent Directors are particularly important in ensuring that the strategies proposed by the Executive Director and Management are deliberated on and have taken into account the interest, not only of the Company, but also that of the shareholders, employees, customers, suppliers and the community.</p> <p>The current Board structure ensures that no individual or group of individuals dominates the Board’s decision-making process. The composition of the Board provides an effective blend of entrepreneurship, business and professional expertise in general management, finance, corporate affairs, legal and technical areas of the industry in which the Group operates. The individuality and vast experience of the Directors in arriving at collective decisions at Board level will ensure impartiality.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.3**

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	No independent director(s) serving beyond 9 years during the FYE2023	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.4 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

*Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.*

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.5**

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

<p><b>Application</b> :</p>	<p>Applied</p>
<p><b>Explanation on application of the practice</b> :</p>	<p>The NC has adopted the following protocol for appointment of Directors in order to ensure that the Board has the right mix and skill to meet its needs and objectives:-</p> <div style="text-align: center;"> <pre> graph LR     S1[Stage 1 Review of the potential candidate based on the following criteria:- • qualifications; • skills and competence; • functional knowledge; • experience; • character; • gender diversity; • integrity and professionalism; and • time commitment.] --&gt; S2[Stage 2 Board Gaps Review • the overall composition of the Board; • combination of skills of existing Directors; and • any regulatory requirements and/or best practices available.]     S2 --&gt; S3[Stage 3 Recommendation to the Board • Recommendation to be submitted to the Board for consideration and approval]             </pre> </div> <p>Identification of candidates for the appointment of Directors is facilitated through recommendations from the Directors, Management or external parties including the Company's contacts in related industries, finance, legal and accounting professions.</p> <p>The Board affirms its commitment to boardroom diversity as a truly diversified Board can enhance the Board's effectiveness and capacity with diversity of thoughts and perspectives.</p> <p>Bearing in mind that an appointment to the Board is a long-term commitment to the Company, the Board has not set any short-term target or measure for boardroom diversity, but nevertheless works to ensure that there is no discrimination on the basis of, but not limited to, ethnicity, race, age, gender, nationality, political affiliation, religious affiliation, sexual orientation, marital status, education, physical ability or geographic region, during the recruitment of new Board members.</p>

	<p>Despite the Board not having any formalised Board Diversity Policy or Gender Diversity Policy, the Board has indicated its commitment to boardroom diversity by the following appointments:-</p> <p><b>Age Diversity</b></p> <p>The Board believes that the Directors with diverse age profile will be able to provide a different perspective and bring vibrancy to the Group's strategy making process.</p> <p>The age profile of the Directors is ranging from twenties to even seventies years of age, which underlies the Board's commitment to age diversity at the Board level appointment.</p> <p><b>Gender Diversity</b></p> <p>For FYE 2023, the Board comprises six (6) female Directors, equivalent to 50% which is half women representation on Board, which had exceeded the 30% target as envisaged by the government.</p>	
<p><b>Explanation for departure</b> :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b> :</p>		
<p><b>Timeframe</b> :</p>		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.6**

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The identification of potential candidates for director appointments relies on range of sources, including recommendations from the current board, management, and significant shareholders, among others.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Directors' profile is published in the Annual Report contained the age, gender, tenure of service, qualification, working experience, directorship in the other companies and any conflict of interest as well as their shareholdings in the Company, if any. The reappointment of retired Directors has been discussed and agreed upon in the NC Meeting.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.8**

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The NC is chaired by Mr. Soo Ting Hooi an INED.</p> <p>The Chairman of the NC is responsible to lead the NC to carry out annual review of effectiveness of the Board as a whole, and the Board Committees, as well as the contribution and performance of each individual Director.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Despite the Board not having any formalised Board Diversity Policy or Gender Diversity Policy, the Board had achieved the 30% target as envisaged by the former Malaysian government.</p> <p>For FYE 2023, the Board comprises six (6) female Directors, equivalent to 50% women representation on Board.</p> <p>Alternate Practices:</p> <ol style="list-style-type: none"> <li>1) Substance over form, the Board has 50% of women Directors, despite the lack of Board Diversity Policy.</li> <li>2) At the juncture, the Board affirmed that in the event any Board seat becomes available, gender diversity shall be one of the criteria to be considered by the NC during their evaluation process on potential candidate(s) for Board's membership.</li> <li>3) Majority of the Board consist of INEDs and any decision by the Board would require the consent of the majority of the Board members, taking into account the best interest of the Company. In addition, the INEDs are of diverse background i.e. of accounting background, of legal background and of civil engineering background whom are able to provide diverse insights and perspectives during board deliberation and decision-making process.</li> </ol> <p>The Board noted that the above practices have already met the above Intended Outcome.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.10**

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board is in favor of adhering to the recommendation set forth by the Malaysian Code on Corporate Governance 2021 ("MCCG"), which encourages the implementation of policies promoting gender diversity in both the boardroom and the workforce.	
		The Group shall endeavour to formulate the gender diversity policy in due course.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

## Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <b><u>Annual Assessment on Effectiveness of Board and Individual Directors</u></b>  The Board has delegated to the NC to carry out annual assessment on effectiveness of the Board, its Committees and each individual Director.  The Board, through the NC, has conducted the following annual assessments to determine the effectiveness of the Board, its Committees and each individual Director in respect of the FYE 2023:-  (i) <u>Directors' self and peer performance evaluation</u>  The evaluation forms were circulated to each and every Director for completion. The Directors are required to assess his/her own performance, as well as the performance of his/her peers based on the questionnaire provided. The evaluation results were compiled by the Company Secretaries and tabulated at the NC Meeting held in May 2023, for the NC's review.  In conducting the evaluation, the NC had assessed the performance of each individual Directors based on the following main criteria:-  (i) Fit and proper; (ii) Contribution and performance; and (iii) Calibre and personality.  Based on the outcome of the evaluation conducted, the NC has suggested area of improvement for the Directors, particularly to enhance skillset by attending trainings in relation to ACE LR, CA 2016 or corporate governance in order to contribute positively to the Board.  In overall, the NC is satisfied with the performance of the individual Directors for FYE 2023.

(ii) Evaluation on the effectiveness of the Board and Committees

The evaluation forms were completed by the members of the NC on individual basis. The evaluation results were compiled by the Company Secretaries and tabulated at the NC Meeting held in May 2023, for the NC's review.

In conducting the evaluation, the NC had assessed the performance and effectiveness of the Board and the Committees based on the following main criteria:-

Board as a whole

- (i) Board mix and composition;
- (ii) Quality of information and decision making;
- (iii) Boardroom Activities;

Board Committees' Performance

- (i) Mix and composition;
- (ii) Roles and responsibilities;
- (iii) Contribution to Board's decision making; and
- (iv) Communication.

The NC is satisfied with the effectiveness of the Board and the Committees for FYE 2023.

**Annual Assessment on Independence of Directors**

The Board, through the NC, carried out an annual assessment of the independence of the INEDs during FYE 2023.

The criteria used in assessing the independence of the INEDs are based on the definition in Rule 1.01 of the ACE LR and whether the INEDs are able to provide objective and independent views on various issues dealt with at Board and Board Committee level.

The NC has received assurance from the following INEDs vide their Letters of Declaration, confirming their independence and have undertaken to inform the Company immediately should there be any change which could interfere with the exercise of their independent judgement or ability to act in the best interest of the Company:-

- Ms. Josipinna Binti Pudun
- Mr. Loo Tze Ming
- Ms. Chan Wei Xi
- Mr. Soo Ting Hooi
- Dato' Bijaya Indera Dato' Paduka Haji Syed Unan Mashri Syed Abdullah; and
- Mr. Chu Wooi Siong.

Based on the outcome of the abovementioned assessment conducted by the NC, the Board is satisfied with the level of independence demonstrated by the INEDs and their ability to act in the best interest of the Company.

The Board considers that its Independent Directors provide objective and independent views on various issues dealt with at the Board and Board Committee level. All INEDs are independent of management and free

from any relationship. The Board is of the view that the current composition of Independent Directors fairly reflects the interest of minority shareholders in the Company through the Board representation.

#### **Review of profile and recommendation for appointment**

The NC has reviewed the profile of the following Directors, with the established three (3) stage review process as mentioned in Practice 4.4 prior to the recommendation of appointment as Director to the Board for approval:-

- i) Mr. Loh Boon Ginn
- ii) Ms. Kuay Jeaneve;
- iii) Ms. Kuay Jen Nie;
- iv) Mr. Chee Jun Ann;
- v) Ms. Josipinna Binti Pudun;
- vi) Mr. Loo Tze Ming;
- vii) Ms. Chan Wei Xi;
- viii) Mr. Soo Ting Hooi;
- ix) Dato' Bijaya Indera Dato' Paduka Haji Syed Unan Mashri Syed Abdullah; and
- x) Mr. Chu Wooi Siong.

(Collectively referred as “**New Directors**”)

#### **Assessment on Retiring Directors**

The NC is responsible for making recommendation to the Board on the eligibility of the Directors to stand for re-election at the Annual General Meeting (“**AGM**”).

For the forthcoming 18<sup>th</sup> AGM, the NC had considered the requirements under Rule 2.20A of the ACE LR and conducted assessment on Ms. Loh Shy Ming who shall retire at the 18<sup>th</sup> AGM of the Company pursuant to Clause 123 of the Company's Constitution based on the following criteria:-

- Character
- Experience
- Integrity and professionalism
- Time commitment to discharge his roles
- Results from evaluation of individual director performance
- Supply of relevant and timely information to the Board
- Conduct of Board meetings and Contribution to the Board
- Satisfactory independence test (*for INEDs*)

Upon review, the NC is satisfied with the performance of Ms. Loh Shy Ming and recommended to the Board on his re-election at the 18<sup>th</sup> AGM.

For the forthcoming 18<sup>th</sup> AGM, the NC had considered the requirements under Rule 2.20A of the ACE LR and conducted assessment on the New Directors who shall retire at the 18<sup>th</sup> AGM of the Company pursuant to Clause 106 of the Company's Constitution based on the following criteria:-

- Character
- Experience

	<ul style="list-style-type: none"> <li>• Integrity and professionalism</li> <li>• Time commitment to discharge his roles</li> </ul> <p>Upon review, the NC is satisfied with the assessment of the New Directors and recommended to the Board on their re-election at the 18<sup>th</sup> AGM.</p>	
<b>Explanation for departure</b> :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

The level and composition of remuneration of directors and senior management take into account the company’s desire to attract and retain the right talent in the board and senior management to drive the company’s long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

**Practice 7.1**

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company’s website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has adopted a Directors’ Remuneration Policy which sets out the criteria to be used in recommending the remuneration package of Executive Directors and Management Team and designed to ensure that the Directors and Management Team are paid a remuneration commensurate with the responsibilities of their positions.</p> <p>The RC, when recommending the remuneration package of the Executive Director and Management Team, shall be guided by the main components and procedures provided in the Directors’ Remuneration Policy.</p> <p>A copy of the updated Directors’ Remuneration Policy is available for viewing under the “Investor Relation” section of the Company’s corporate website at <a href="http://www.scestatebuilder.com.my">www.scestatebuilder.com.my</a>.</p> <p>It is the existing practice of the Company that all the Directors to abstain from deliberation and voting on fixing their own remuneration package or Directors’ fee.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



## Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

## Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b>	:	Applied															
<b>Explanation on application of the practice</b>	:	<p>The members of the Remuneration Committee comprises of all INEDs and the composition of the RC is as follows:-</p> <table border="1"><thead><tr><th>Name</th><th>Designation</th><th>Directorate</th></tr></thead><tbody><tr><td>Loo Tze Ming</td><td>Chairman</td><td>INED</td></tr><tr><td>Josipinna Binti Pudun</td><td>Member</td><td>INED</td></tr><tr><td>Chan Wei Xi</td><td>Member</td><td>INED</td></tr><tr><td>Soo Ting Hooi</td><td>Member</td><td>INED</td></tr></tbody></table> <p>The RC is governed by its TOR of RC which outlines its remit, duties and responsibilities and the same is available for viewing under the "Investor Relations" section of the Company's corporate website at <a href="http://www.scestatebuilder.com.my">www.scestatebuilder.com.my</a>.</p> <p><b>Summary of Works</b></p> <p>The following works were undertaken by the RC during the financial year under review:-</p> <ul style="list-style-type: none"><li>(i) Reviewed and confirmed the Minutes of the RC Meeting;</li><li>(ii) Deliberated on the remuneration packages of the Managing Director for FYE 2023 and recommended the same to the Board for approval;</li><li>(iii) Reviewed the Directors' fees payable to the Directors of the Company and the Group for the FYE 2023 and recommended the same for the Board for consideration; and</li><li>(iv) Reviewed the benefits payable to the Directors of the Company for the period from the day after the Eighteenth Annual General Meeting of the Company in year 2022-2023 until the next Annual General Meeting of the Company to be held in year 2024 and recommended the estimated quantum to the Board for consideration.</li></ul>	Name	Designation	Directorate	Loo Tze Ming	Chairman	INED	Josipinna Binti Pudun	Member	INED	Chan Wei Xi	Member	INED	Soo Ting Hooi	Member	INED
Name	Designation	Directorate															
Loo Tze Ming	Chairman	INED															
Josipinna Binti Pudun	Member	INED															
Chan Wei Xi	Member	INED															
Soo Ting Hooi	Member	INED															
<b>Explanation for departure</b>	:																

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 8.1**

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	For the FYE 2023, the aggregate of remuneration received and receivable by the Executive Director and Non-Executive Directors of the Company and the Group categorised into appropriate components are as follows:-

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Loh Boon Ginn	Executive Director	-	-	584,345	-	-	412,490	996,835	-	-	847,800	-	-	412,952	1,260,752
2	Kuay Jeanvee	Executive Director	-	-	97,555	-	-	36,280	133,835	-	-	170,100	-	-	36,280	206,380
3	Chee Jun Ann	Executive Director	-	-	-	-	-	6,000	6,000	-	-	-	-	-	6,000	6,000
4	Kuay Jen Nie	Executive Director	-	-	-	-	-	6,000	6,000	-	-	-	-	-	6,000	6,000
5	Loh Shy Tyug	Executive Director	-	-	-	-	-	6,000	6,000	-	-	-	-	-	6,000	6,000
6	Loh Shy Ming	Non-Executive Non-Independent Director	-	-	-	-	-	6,000	6,000	-	-	-	-	-	6,000	6,000
7	Josipinna Binti Pudun	Independent Director	-	-	-	-	-	6,000	6,000	-	-	-	-	-	6,000	6,000
8	Loo Tze Ming	Independent Director	-	-	-	-	-	6,000	6,000	-	-	-	-	-	6,000	6,000
9	Soo Ting Hooi	Independent Director	-	-	-	-	-	6,000	6,000	-	-	-	-	-	6,000	6,000
10	Chan Wei Xi	Independent Director	-	-	-	-	-	6,000	6,000	-	-	-	-	-	6,000	6,000
11	Dato' Bijaya Indera Dato' Paduka Haji Syed Unan Mashri	Independent Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Chu Wooi Siong	Independent Director	-	-	-	-	-	-	-	-	-	*	-	-	-	-
13	Loh Boon Zheng (Resigned w.e.f 21.12.2021)	Independent Director	-	-	-	-	-	6,000	6,000	-	-	-	-	-	6,000	6,000

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 8.2**

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	As disclosed under Practice 1.1 of this Report, in view of the lean management structure adopted by the Company, the Management Team consists of two (2) management personnel including the Chairman and Managing Director/Chief Executive Officer of the Group (of which his detailed remuneration has been disclosed under Practice 7.1 of this Report).
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Mr. Loh Boon Ginn	Managing Director/Chief Executive Officer	1,250,001-1,300,000	Choose an item.	Choose an item.	Choose an item.	Choose an item.	1,250,001-1,300,000
2	Ms. Kuay Jeaneve	Executive Director	200,001-250,000	Choose an item.	Choose an item.	Choose an item.	Choose an item.	200,001-250,000

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 8.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

**Practice 9.1**

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The AC is chaired by Ms. Josipinna Binti Pudun, who is not the Chairman of the Board.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations. The company’s financial statement is a reliable source of information.

**Practice 9.2**

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>For FYE 2023, all the newly appointed Board members are not former key audit partners.</p> <p>As a matter of practice, the AC has recommended to the NC not to consider any former key audit partner as a potential candidate for Board Directorship/Audit Committee ship to affirm the AC’s stand on such policy.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC has policies and procedures to assess the suitability, objectivity and independence of external auditors and that such assessment would be carried out annually. The outcome of the assessment would form a basis for the AC in making recommendation to the Board on the re- appointment of the external auditors for the ensuing year at the AGM.</p> <p>During FYE 2023, the AC has carried out the annual assessment and inits assessment, the AC considered, inter alia, the following factors:-</p> <p>For "<b>suitability</b>" assessment:-</p> <ul style="list-style-type: none"><li>• The external auditors have the adequate resources, skills, knowledge and experience to perform their duties with professional competence and due care in accordance with approved professional auditing standards and applicable regulatory and legal requirements;</li><li>• To the knowledge of the AC, the external auditors do not have any record of disciplinary actions taken against them for unprofessional conduct by the Malaysian Institute of Accountants ("<b>MIA</b>") which hasnot been reserved by the Disciplinary Board of MIA;</li><li>• The external auditors firm has the geographical coverage required to audit the Group;</li><li>• The external auditors firm advises the AC on significant issues and new developments pertaining to risk management, corporate governance, financial reporting standards and internal controls on a timely basis;</li><li>• The external auditors firm consistently meets the deadlines set by the Group;</li><li>• The level of quality control procedures in the external audit firm, including the audit review procedures; and</li><li>• The external auditors' scope is adequate to cover the key financial and operational risks of the Group.</li></ul> <p>For "<b>objectivity</b>" assessment:-</p> <ul style="list-style-type: none"><li>• The nature and extent of the non-audit services rendered and the appropriateness of the level of fees.</li></ul> <p>For "<b>independence</b>" assessment:-</p> <ul style="list-style-type: none"><li>• The engagement partner has not served for a continuous period</li></ul>

	<p>of more than five (5) years with the Company;</p> <ul style="list-style-type: none"> <li>• The AC receives written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and</li> <li>• Tenure of the current auditors.</li> </ul> <p>The AC noted that for the FYE 2023, Messrs. ChengCo PLT had confirmed in writing that the engagement quality control reviewer and members of the engagement team in the course of their audits were and had been independent for the purpose of the audit in accordance with the terms of relevant professional and regulatory requirements.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Applied
<b>Explanation on adoption of the practice</b>	:	The AC comprises four (4) members, all of whom are Independent Directors.

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC conducts self and peer evaluation annually to assess the performance and skill sets of the individual AC members and their peers.</p> <p>During FYE 2023, the AC members had completed the assessment on individual basis and the results were compiled by the Company Secretaries and tabled for the AC's review.</p> <p>Based on the results of the assessment, it was agreed that the AC members are financially literate and could understand the Group's business. The AC as a whole, has necessary skills and knowledge to discharge their duties.</p> <p>The members of the AC have attended various continuous trainings and development programmes as detailed in <b>Corporate Governance Overview Statement</b> in the 2023 Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

## Practice 10.1

The board should establish an effective risk management and internal control framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a framework for risk management and internal control. Further details on the features of the risk management and internal control framework, and the adequacy and effectiveness of this framework have been disclosed in the <b>Statement of Risk Management and Internal Control</b> of the 2023 Annual Report.</p> <p>During FYE 2023, the risk management and internal control functions were assumed and overseen by the RMC and the AC respectively.</p> <p><b>Risk Management</b></p> <p>The Risk Officer is responsible for implementing processes in identifying, evaluating, monitoring and reporting of risks and internal controls which arise from daily business activities of the Group. The risk profile covering risk assessment, classification and risk ranking followed by action plans taken to mitigate the risks identified are then presented to the RMC for review on a quarterly basis. The Risk Officer together with the Management ensure timely resolution of outstanding issues and implementation of action plans that are to be carried out and completed within the reasonable timeframe to mitigate the risks level.</p> <p><b>Risk Management Committee</b></p> <p>In adopting the Step-Up Practice 9.3 of the new MCCG, the composition of RMC comprises a majority of Independent Directors, to oversee the company's risk management framework and policies.</p> <p>The memberships of the RMC are stated in the <b>Statement on Risk Management and Internal Control</b> of the 2023 Annual Report.</p> <p><b>Internal Controls</b></p> <p>The internal controls are tested for effectiveness and efficiency two (2) cycles per financial year by an independent outsourced internal audit function following risk-based approaches. The report of the internal audit is tabled for the AC's review and deliberations, and the audit findings will then be communicated to the Board.</p> <p>For the FYE 2023, the Board opined that the risk management and internal controls of the Group were effective and adequate.</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

**Practice 10.2**

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The <b>Statement on Risk Management and Internal Control</b> as set out in 2023 Annual Report provides an overview of the state and features of risk management framework and internal control processes within the Group.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 10.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

<b>Application</b>	:	Applied
<b>Explanation on adoption of the practice</b>	:	<p>The Board has formed a RMC to oversee the Company's risk management framework and policies, which would subsequently take over the duties in relation to oversight of risk management function, previously assumed by the AC with the assistance of the Risk Officer and the Management.</p> <p>The RMC comprises majority of Independent Directors, to oversee the Company's risk management framework and policies.</p> <p>The memberships of the RMC are stated in the <b><i>Statement on Risk Management and Internal Control</i></b> of the 2023 Annual Report.</p>

### Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The internal audit function of the Group is carried out by an external service provider, Vaersa Advisory Services Sdn. Bhd. (“<b>Vaersa</b>”). The outsourced internal auditors report directly to the AC and provide the Board with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function.</p> <p>The internal audit function is independent and performs audit assignments with impartiality, proficiency and due professional care.</p> <p>The internal audit review of the Group’s operations encompasses an independent assessment of the Company’s compliance with its internal controls and recommendations are made for further improvement.</p> <p>The following matters (non-exhaustive), in relation to the internal audit function of the Group, are reserved matters for the AC:-</p> <ul style="list-style-type: none"> <li>(a) Consider the appointment of the internal auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person(s) as auditors.</li> <li>(b) Review the internal audit plan, consider the internal audit reports and findings of the internal auditors, fraud investigations and actions and steps taken by Management in response to audit findings.</li> <li>(c) Review any appraisal or assessment of the performance of members of the internal audit function.</li> </ul> <p>During FYE 2023, the AC had reviewed and assessed the adequacy of the scope, functions, competency and resources of the outsourced internal auditors and that they have the necessary authority to carry out their work.</p> <p>Further details of the Internal Audit Function have been disclosed under the <b>AC Report</b> of the 2023 Annual Report.</p>
<b>Explanation for departure</b>	:
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

## Practice 11.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b>	:	Applied									
<b>Explanation on application of the practice</b>	:	<p>The Group has appointed an outsourced internal audit service provider, Vaersa Advisory Sdn. Bhd. (“<b>Vaersa</b>”) to carry out the internal audit function.</p> <p>The purpose of the internal audit function is to provide the Board, through the AC, reasonable assurance of the effectiveness of the system of internal control in the Group.</p> <p>The internal audit function is independent and performs audit assignments with impartiality, proficiency and due professional care.</p> <p>The profile of Vaersa is set out as follows:-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;"><b>Date of Appointment</b></td> <td style="width: 5%;">:</td> <td>31 July 2020</td> </tr> <tr> <td><b>Principal Engagement Lead</b></td> <td>:</td> <td>Mr. Quincy Gan <i>Executive Director</i></td> </tr> <tr> <td><b>Qualifications and Experiences</b></td> <td>:</td> <td>Mr. Quincy began his career in Deloitte Malaysia’s Assurance and Advisory Division. He has accumulated a total of over 13 years of working experiences in the professional practice in both Deloitte Malaysia and BDO Malaysia which includes mixture of audit and advisory. He was involved in various advisory engagements including internal audit reviews, enterprise risk management reviews, corporate governance reviews, corporate recovery and restructuring, financial due diligence assistance and forensic reviews. These assignments cover an extensive portfolio of clients in wide range of industries from property developer, construction, oil and gas, hospitality, manufacturing and as well as general trading.</td> </tr> </table>	<b>Date of Appointment</b>	:	31 July 2020	<b>Principal Engagement Lead</b>	:	Mr. Quincy Gan <i>Executive Director</i>	<b>Qualifications and Experiences</b>	:	Mr. Quincy began his career in Deloitte Malaysia’s Assurance and Advisory Division. He has accumulated a total of over 13 years of working experiences in the professional practice in both Deloitte Malaysia and BDO Malaysia which includes mixture of audit and advisory. He was involved in various advisory engagements including internal audit reviews, enterprise risk management reviews, corporate governance reviews, corporate recovery and restructuring, financial due diligence assistance and forensic reviews. These assignments cover an extensive portfolio of clients in wide range of industries from property developer, construction, oil and gas, hospitality, manufacturing and as well as general trading.
<b>Date of Appointment</b>	:	31 July 2020									
<b>Principal Engagement Lead</b>	:	Mr. Quincy Gan <i>Executive Director</i>									
<b>Qualifications and Experiences</b>	:	Mr. Quincy began his career in Deloitte Malaysia’s Assurance and Advisory Division. He has accumulated a total of over 13 years of working experiences in the professional practice in both Deloitte Malaysia and BDO Malaysia which includes mixture of audit and advisory. He was involved in various advisory engagements including internal audit reviews, enterprise risk management reviews, corporate governance reviews, corporate recovery and restructuring, financial due diligence assistance and forensic reviews. These assignments cover an extensive portfolio of clients in wide range of industries from property developer, construction, oil and gas, hospitality, manufacturing and as well as general trading.									

		<p>He manages a portfolio of listed and non-listed statutory audit clients globally and locally. He was also involved in special assignments which include preparation of accountants' report, review of prospective financial information and proforma financial information for IPO propose and other corporate exercise, including US GAAP, and GAAS, and IFRS Convergence.</p> <p>He has also undertaken numerous valuations, financial due diligence and other corporate finance assignments locally and overseas including water, roads, motor, construction, manufacturing, retail and property. He also led teams in completing many large scale international and local advisory engagements. He works extensively with organisation advising them difference issues around including system evaluation, risk management, corporate governance and internal control system for business performance improvement. He has also been involved forensic and expert witness engagements.</p> <p>Mr. Quincy is a member of the Association of Chartered Certified Accountants (UK). He graduated with a Bachelor of Accounting.</p>
	<p><b>Number of resources</b></p>	<p>: The engagement team consisted of six (6) personnel, including the principal engagement lead, while the fieldwork for the audited areas were conducted by three (3) personnel.</p>
	<p>For FYE 2023, Vaersa's engagement team personnel have affirmed to the AC that in relation to the Company/Group, they were free from any relationships or conflicts of interest, which could impair their objectivity and independency.</p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

## Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has developed internal corporate disclosure practices to ensure effective communications to the investing public regarding the business, operations and financial performance of the Group are accurate, timely, factual, informative, consistent, broadly disseminated and where necessary, information filed with regulators is in accordance with applicable legal and regulatory requirements.</p> <p>The Board has a Corporate Disclosure Policy in place to ensure only designated spokesmen will be authorised to disseminate information to ensure consistent and accurate flow of information disclosure to the stakeholders.</p> <p>The Board has designated a limited number of spokespersons who responsible for communication with investment community, regulators and media.</p> <p><b>Primary Spokesmen:-</b></p> <p>(i) Chairman of the Board and Managing Director; or failing which, (ii) Executive Deputy Chairperson.</p> <p>The Board ensures that there is effective, transparent and regular communication with its stakeholders through a variety of communication channels as follows:-</p> <p><b>(a) Announcements to Bursa Securities</b></p> <p>Material information, updates and periodic financial reports are published on a timely basis through announcements to Bursa Securities.</p> <p>Shareholders and investors can obtain the Company's latest announcements such as quarterly financial results in the dedicated website of Bursa Securities at <a href="http://www.bursamalaysia.com.my">www.bursamalaysia.com.my</a>.</p> <p><b>(b) Annual Reports</b></p> <p>The Company's Annual Reports to the shareholders remain the central means of communicating to the shareholders, amongst others, the Company's operations, activities and performance for the past financial year end as well as the status of compliance with applicable rules and regulations.</p>

	<p><b>(c) AGM/General Meetings</b></p> <p>The AGM/General Meetings which are used as the main forum of dialogue for shareholders to raise any issues pertaining to the Company.</p> <p><b>(d) Corporate Website</b></p> <p>The Company's corporate website provides a myriad of relevant information on the Company and is accessible by the public.</p> <p>The Company has created dedicated sections to ensure more effective dissemination of information:-</p> <ul style="list-style-type: none"> <li>• A dedicated "<b>Investor Relations</b>" section which provides all relevant information on the Company and is accessible by the public. It includes the announcements made by the Company, Annual Reports, TOR and corporate policies of the Company.</li> <li>• A dedicated "<b>Corporate Events</b>" section which provides access to the press releases made by the Company, for ease of reference by the shareholders.</li> </ul> <p>The Company's corporate website is accessible at <a href="http://www.scestatebuilder.com.my">www.scestatebuilder.com.my</a>.</p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

**Intended Outcome**

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other’s objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

**Practice 12.2**

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Not applicable – Not a Large Company	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.1**

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Notice of 17<sup>th</sup> AGM which appended together with the 2021 Annual Report, were sent to shareholders at least 28 days prior to the date of the meeting.</p> <p>The Notice of 18<sup>th</sup> AGM which appended together with the 2023 Annual Report, are also sent to shareholders at least 28 days prior to the date of the meeting to give sufficient time to shareholders to consider the resolutions that will be discussed and resolved at the AGM. The Notice of AGM, which sets out the businesses to be transacted at the meeting, was also published in a major local newspaper.</p> <p>The explanatory notes to the Notice of AGM also provide detailed explanation for better understanding on each resolution proposed to enable shareholders to make informed and proper decisions in exercising their voting rights.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All the Directors were present at the 17<sup>th</sup> AGM of the Company held in 2021 to engage with the shareholders personally and proactively.</p> <p>The proceedings of the AGM included the presentation of financial statements to the shareholders, and a question-and-answer session in which the Chairman of the AGM would invite shareholders to raise questions on the Company's financial statements and other items for adoption at the AGM, before putting a resolution to vote.</p> <p>Sufficient opportunities are given to shareholders to raise issues relating to the affairs of the Company and that adequate responses are given.</p> <p>The Chairmen of the Board Committees are also readily available to address the questions posted by the shareholders at the general meetings.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In accordance with its Constitution, the Company may convene a meeting of Members at more than one venue using any technology or method that enables the Members of the Company to participate and to exercise the Members' right to speak and vote at the meeting. The main venue of the meeting shall be in Malaysia and the Chairman shall be present at the main venue.</p> <p>In view of the COVID-19 pandemic, the Company took the necessary precautions and preventive measures in complying with the directives issued by the Malaysian Ministry of Health. These include the option of remote shareholders' participation at the AGM held on 31 December 2023 and forthcoming 18<sup>th</sup> AGM.</p> <p>The entire EGM proceedings were held live streaming and remote voting using the remote participation and voting facilities at <a href="http://www.swsb.com.my">www.swsb.com.my</a> provided ShareWorks Sdn. Bhd. The Administrative Details of the user guide with detailed registration and voting procedures were shared with the shareholders and the same were also published on the Company's website.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	The 18 <sup>th</sup> Annual General Meeting (AGM) was conducted virtually using remote participation and voting (RPV) technology. Shareholders had the option to electronically submit their questions through the online platform provided by ShareWorks Sdn. Bhd. or use the query box to transmit questions to the Board of Directors during the live streaming of the AGM.  Adequate opportunities were provided to shareholders to pose their questions both before and during the AGM. The Company took measures to ensure that all questions were addressed. Any questions received after the conclusion of the Q&A session were answered via email.
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.5**

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>Due to the rise in Covid-19 cases within the country and nationwide movement control order, the 17<sup>th</sup> Annual General Meeting (“AGM”) was held fully virtually. The fully virtual meeting was conducted on a fully virtual basis through live streaming and Remote Participation and Voting (“RPV”) facilities. All Directors and senior management were attended at broadcast venue.</p> <p>The broadcast of the AGM and the online poll voting went smoothly without any technical glitch or downtime.</p> <p>All questions raised were published live for shareholders and proxies’ reference throughout the AGM and were answered in real time by the Board.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.6**

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	:
<b>Explanation for departure</b>	: The minutes of the 17 <sup>th</sup> Annual General Meeting of the Company was published on the Company's website at <a href="http://www.scestatebuilder.com.my">www.scestatebuilder.com.my</a> within a month from the date of the meeting
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:
<b>Timeframe</b>	:

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT  
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

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