

CORPORATE GOVERNANCE REPORT

STOCK CODE : KSL 5038
COMPANY NAME : KSL Holdings Berhad
FINANCIAL YEAR : 31 December 2017

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 PERSUANT 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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is responsible for the oversight and overall management of the Company. The Board fully understands their responsibilities in the Group to optimum balance of a sound and sustainable operation with an optimal corporate governance framework in order to safeguard shareholders' value.</p> <p>The Board has reserved a formal schedule of matters for its decision making as encapsulated in its Board Charter to ensure that the direction and control of the Group is firmly in its hands including but not limiting to the following:-</p> <ul style="list-style-type: none">• approval of new ventures;• approval of corporate plans and programmes;• approval of annual financial and capital expenditure budgets;• approval of annual and interim financial results of the Group and release therefrom;• approval of interim dividend and the recommendation for final dividend;• approval of adoption of accounting policies;• review of the internal audit plans and major changes therefrom;• review of external audit plans;• acceptance of audit reports including management letters;• approval of material acquisitions and disposals of undertakings and properties;• approval of major investment in properties, plant and equipment;• approval of acquisition of lands for development;• approval of changes in the major activities of the Group;

- approval of major borrowing or giving of security over assets;
- approval of material agreements/contracts;
- approval of changes to the management and control structure within the Group, including key policies and procedures, limit of authority, etc;
- approval for major write-off and provision in excess of prescribed amount as may be determined from time to time;
- approval for granting of power of attorney and legal representative by the Company and its subsidiaries;
- approval for entering into of any indemnities or guarantees by the Company and its subsidiaries;
- review and recommend for the alteration of the Constitution of the Company;
- review and recommend for the proposed change of name;
- review and recommend for the proposed shares buy-back scheme and to implement shares buy-back scheme as approved by shareholders;
- To review and approve any other major/material business decision and to recommend the same to shareholders for approval, if applicable;
- Any matters requiring the convening of a general meeting of shareholders or any class of shareholders; and
- Any matters as may be required by the applicable laws and regulations.

The Board of Directors takes full responsibility for the overall performance of the Company and its Group and its obligations to the Company's shareholders and other shareholders.

There are established procedures to ensure the process for the Company's financial and non-financial reporting on various subjects such as cyber security, industry trends, operations, legal and regulatory matters, the Companies Act 2016 and MCCG 2017, with or without professional, that were held at the Meetings. All Directors attended these briefings. In addition, to keep themselves apprised and to assist in the discharge of their functions, all Directors regularly attend talks on operational, legal, regulatory and industry matters.

In order to ensure the effective discharge of the Board's functions and responsibilities, the Board has in place the Board Charter, and has established Board Committees (viz the Audit, Remuneration, Nomination and Risk Management Committees) with clear Terms of Reference.

The Board is the focal point of the Company's Corporate Governance system. The Board as a whole, led by the Chairman works together with Senior Management to promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour. This is demonstrated by the Board and Terms of References that are regularly reviewed.

	<p>The Board reviews and considers the strategy and proposals for the Company, and monitor its implementation by Management. In addition the Board ensures that the strategic plan of the Company supports long term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability. The Board also supervises and assess Management’s performance to determine whether the business is being properly managed.</p> <p>The Board via the Audit Committee (“AC”) ensures there is a sound framework for internal controls whereby the AC reviews the principal risks of the Company’s business and recognises that business decisions involve the taking of appropriate risks, set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks, that includes key risk indicators. The AC reviews all internal control matters. After each of its quarterly meetings, the AC reports its proceedings and deliberations to the Board.</p> <p>The Board shall ensure effective communication of the information on operations, activities and performance of the Group to the Shareholders and other stakeholders with the Company’s investor relations function oversee by Mr Lee Chye Tee.</p> <p>Note : The Board Charter is published on the Company’s website @ http://www.ksl.my.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of KSL Holdings Berhad, Mr. Ku Hwa Seng has been providing his strong but fair leadership whilst prioritizing the Board's objective when he is discharging his duties. He encourages greater participation of Directors in all deliberations of all issues in the meetings by giving them ample time to deliberate during the stipulated meeting time. He abstains for all deliberations issues which have conflict of interest as well as its decision making thereafter.</p> <p>The roles and responsibilities of the Chairman are as follows-</p> <ul style="list-style-type: none">(a) To provide leadership to the Board;(b) To provide governance in matters requiring corporate justice and integrity and to lead the Board in establishing and monitoring good corporate governance;(c) To oversee the Board in the effective discharge of its responsibilities;(d) To lead the Board in the oversight of the Management and ensure its effectiveness of all aspects of its role;(e) To set board agenda and ensuring directors receive complete and accurate information timely;(f) To ensure the efficient organisation and conduct of the Board's meetings;(g) To ensure that quality information to facilitate decision-making is delivered to Board members on a timely basis;(h) To facilitate the effective contribution of all Directors at Board meetings and encouraging active participation and allowing dissenting views freely expressed;(i) To promote constructive and respectful relations within the Board, and between the Board and Management;(j) To promote effective communication among the Board members and with shareholders and relevant stakeholders with their views are communicated to the Board;(k) To chair general meetings of shareholders; and(l) To maintain effective professional relationship with external parties, investing public, regulatory bodies and trade associations.
Explanation for departure	:	

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

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of Chairman and Group Managing Director are held by different individuals. Chairman is Mr Ku Hwa Seng whilst Group Managing Director is Mr Khoo Cheng Hai @ Ku Cheng Hai.</p> <p>The responsibilities of Managing Director are as follows:-</p> <ul style="list-style-type: none">(a) To develop corporate strategies for the Group for the Board's approval and to implement such corporate strategies for the Group so approved;(b) To implement other Board's decision effectively and efficiently;(c) To provide leadership in order to achieve the vision, management philosophy and business strategies;(d) To ensure the efficiency and effectiveness of the day-to-day operations of the Group in accordance with authorities and delegations authorised by the Board;(e) To safeguard the assets of the Group;(f) To ensure effective internal and external reporting of the Group;(g) To ensure compliance with applicable laws and regulations;(h) To assess business opportunities which are of potential benefit to the Group and to recommend major business opportunities for the Board's consideration;(i) To communicate material and relevant matters to the attention of the Board timely and accurately for decision making;(j) To execute and implement risk management policy and process approved by the Board throughout the Group;(k) To ensure adequacy and effectiveness of the internal control system of the Group;(l) To execute and implement sustainability management policy and process approved by the Board throughout the Group;(m) To execute and implement anti-bribery and corruption policy and process approved by the Board throughout the Group; and(n) To discharge the responsibilities delegated by the Board and to execute authorities delegated by the Board, effectively and efficiently. <p>Note : The Board Charter is published on the Company's website @ http://www.ksl.my</p>

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

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 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.

Application :	Applied.
Explanation on application of the practice :	<p>The present Company Secretary, Ms Leong Siew Foong has over 20 years of experience in corporate secretarial matters. The Company Secretary is an Associate of the Malaysian Institute of Chartered Secretaries and Administrations.</p> <p>The Secretary provides active support to the Chairman, Directors, the Board and Committees that includes (but not limited to) the following areas:-</p> <ul style="list-style-type: none">i. Advisory role to the Board with regards to the MCCG 2017, Main Market Listing Requirements ("Listing Requirements"), Companies Act 2016, Company's Constitution, Terms of Reference of the Committees, Board Charter and the consequential application, disclosure and compliance requirements and other applicable related matters;ii. Management and Minutes of Board and Committee Meetings that include the setting of the Agendas with the Chairman and Group Managing Director, dissemination of information and papers for the meetings, procedures for meetings, recording of decisions, and all related matters; andiii. Management of the Annual General Meeting (AGM) that includes the preparation of the Annual Report, Circulars to Shareholders, Notice of AGM, working with the Share Registrars and ensuring that the due processes and proceedings are in place for the effective conduct of the AGM. <p>The Secretary also undertakes the statutory duties as prescribed under the Companies Act 2016 and the Listing Requirements.</p> <p>Note : The Board Charter is published on the Company's website @ http://www.ksl.my</p>
Explanation for departure :	

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

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

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.

Application	:	Applied.
Explanation on application of the practice	:	<p>Board papers, with sufficient details of the information and reports, are circulated via email to the Directors at least 5 business days before the date of meeting to review prior to the Board meeting. All matters arising from the previous meetings forms part of the agenda of the succeeding meeting and are reported in the next meeting in both of the Board meeting and its board committees accordingly. Board committees' minutes are presented to the Board members in the subsequent meeting.</p> <p>Unless varied by any terms of reference, meetings and proceedings of the Board will be governed by the Company's Constitution.</p> <p>Chairman of the Board meeting shall be the Chairman to the Board and in the absence of the Chairman and/or an appointed deputy in any meeting, the remaining members present shall elect one of themselves to chair the meeting in accordance with the provisions set out in the Constitution.</p> <p>The quorum for meetings shall be two (2) members in accordance to Constitution. A duly convened meeting of a Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretion vested in or exercisable by the Board.</p> <p>The Board may invite external parties such as the Management, auditors, solicitors or consultants to brief and clear the Directors' doubt or concern as and when the need arises. External parties invited may attend part or all of the Board Meeting at the discretion of the Board.</p> <p>Questions or clarifications raised by the Board members are dealt with either before or during the meetings, and shared with the rest of the Board members. Each of the items presented to the Board during the year, for the Board's review, consideration and/or approval were deliberated upon and discussed extensively and where required, deliberation of specific Committee's recommendations prior to the Board's decision. Each of the Committee Chairpersons provide their</p>

	<p>reports of the respective Committees to the Board at the Meetings. Management were invited to attend and present at the Meetings to provide explanations or to engage in discussions with the Board. The Chairman encourages open discussions. The Secretary together with the Chairman and Group Managing Director schedule the Agenda and planning of Meetings to allow sufficient time for each item, and to allow questions, clarifications and discussions. The Secretary shall take minutes of the meetings which shall be with sufficient details of the deliberations and decisions made in the meeting and circulated to all members of the Board no less than one (1) month before the date of next meeting for review.</p> <p>All Directors have full access to the information within the Company and are entitled to obtain full disclosure of facts from the management and advice or services from the Company Secretary or independent professional adviser at the Company's expenses in carrying out their duties. This ensures that all the matters that are put forward to the Board for decision making will be discussed and examined in an impartial manner, taking into account the long term interests of shareholders, employees, suppliers and other public in which the Group conducts its business. Administrative matters such as change of bank signatories are carried out vide written circular resolutions to save time and enhance efficiency. In fact, salient information is encapsulated in the said written circular resolution. Relevant supporting document/information pertaining to the matter will be attached to the written circular resolution to enable the Directors to make an informed decision. Summary of written circular resolutions passed since the last board meeting is brought to the attention of the Board in the next board meeting for notation and minuted.</p> <p>The Secretary always prepared in advance an annual tentative calendar year to be approved in a Board of Directors' meeting held in the fourth quarter of each calendar year to enable the Directors to make themselves available for the meetings accordingly.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

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.

Application	:	Applied.
Explanation on application of the practice	:	The Board Charter as published on the Company's website @ http://www.ksl.my specifies the respective roles and responsibilities of the Board and Board Committees. Each of the Committees has detailed Terms of References that set out their scope and authority therein. The Board Charter was last updated on 28 February 2018 for consistency with the Malaysian Code of Corporate Governance 2017 and Companies Act 2016.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied.
Explanation on application of the practice	:	<p>A Code Of Conducts And Ethics ("Code") was put in place for managing conflicts of interest, preventing the abuse of power, corruption, insider trading, bribery and misconducts. The Code applies to all Directors and employees of the Group. The Code serves as a documentation of the Directors and employees' commitment to do business in a manner that is efficient, ethical, efficient and fair, and is meant to be a reference point for all Directors and all levels of employees as well as parties that engage with business dealings with the Group.</p> <p>The Code is periodically reviewed and approved by the AC and Board on 28 February 2018. The Code is published on the Company's website @ http://www.ksl.my</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied.
Explanation on application of the practice	:	<p>There are clear policies and procedures on whistleblowing that is made available on the Company's website and internal policies. The AC reviews the policies and reports from Management.</p> <p>In light of the requirements stipulated under the Capital Markets and Services Act 2007, the Bursa Malaysia's Corporate Governance Guide and the Companies Act 2016, the Board recognises the importance of whistle-blowing and is committed to maintaining the highest standards of ethical conduct within the Group.</p> <p>Audit Committee is entrusted the task to look into ethical practices and compliance of the Group in 2018. During the financial year, Audit Committee did not receive any complaint or any whistleblowing case. This indicate the strong leadership management spearheaded by the Group Managing Director. Audit Committee will always look into the effectiveness on Whistleblowing Policy regularly and is published on the Company's website @ http://www.ksl.my.</p> <p>The Board and the Management give their assurance that employees' and third parties' identities are kept confidential and that whistleblowers will not be at risk of any form of victimisation or retaliation from their superiors or any member of the Management provided that they act in good faith in their reporting. All concerns raised will be investigated and deliberated at the Audit Committee which meets regularly. A report will be provided to the AC on a quarterly basis.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.1

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

Application	:	Departure.
Explanation on application of the practice	:	
Explanation for departure	:	<p>During the financial year ended 31 December 2017, the Board has (7) members, comprising one (1) Executive Chairman, one (1) Group Managing Director, two (2) Executive Directors and three (3) Independent Non-Executive Directors. Thus, the requirement as set out the Main Market Listing Requirement of the Bursa Securities ("Listing Requirements"), which required that at least 2 directors of 1/3 of the board of director of a listed issuer, whichever is the higher, are independent directors, is fulfilled.</p> <p>However, this did not fulfilled this practice of Malaysian Code of Corporate Governance 2017.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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 justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Applied
Explanation on application of the practice	:	<p>The tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, the independent director may either retire or continue to serve on the Board subject to the director's re-designation as a non-independent director. Otherwise, the Board must satisfy itself with strong justification through rigorous review that the independency and objectivity of such Independent Director is not compromised by the passage of time and familiarity with the Executive Directors and senior management and to seek shareholders' approval, with sufficient information provided to the shareholders on the results of the review, in the event such director is to be retained as Independent Director.</p> <p>If the Board is to continue to retain the Independent Director for a tenure of more than twelve (12) years, the Board should seek annual shareholders' approval through a two-tier voting process, whereby the decision for the resolution is determined based on a simple majority of Tier 1 and a simple majority of Tier 2. Such process is included in the Company's Constitution which is part of the forthcoming Annual General Meeting's agenda requires shareholders' approval.</p> <p>The Board is seeking shareholders' approval through a two-tier voting process in this forthcoming Annual General Meeting.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Not applicable.
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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.

Application	:	Applied.
Explanation on application of the practice	:	<p>The NC reviews the recommendations and appointments of Directors with due regard to the In evaluating the suitability of candidates for the Board, the Nominating Committee shall ensure that the candidates possess the following criteria:-</p> <ul style="list-style-type: none"> • qualifications; • skills and competence; • functional knowledge; • experience; • background and character; • integrity and professionalism; and • time commitment <p>There was no new appointment to the Board during the year under review.</p> <p>Note: Senior Management as defined in Para 4A of Appendix 9C of the Listing Requirements</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Departure.	
Explanation on application of the practice	:		
Explanation for departure	:	The Board do not have a policy on gender diversity for the time being. However, the Board endeavours to appoint a female director provided the Board can find a suitable, competent and capable candidate with due regard for diversity in skills, experience, age, and cultural background.	
		The Company practices diversity at senior management level as it has 2 female senior managers of a total 14 senior management.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.6

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.

Application	:	Applied.
Explanation on application of the practice	:	<p>The Board endeavors not to solely rely on recommendations from existing board members, management or major shareholders for the nomination of new director and to expand the source to include recommendation by other professionals and open search within the next 5 years.</p> <p>The Board uses a variety of sources for the identification of suitable candidates. The NC reviews the composition, skill sets and Board requirements every year as part of the Board assessment. The Board may rely on recommendations from existing board members and other sources to meet the skill sets and requirements of the Board. The Board is open to utilising independent sources as well. However, the Board will review all recommendations within the criteria set out in Bursa Securities Listing Requirements before shortlist the selected candidate. The Board will use a myriad of resources to source for candidates based on recommendations and independent sources. The Board/NC is in the midst of reviewing the proposals from various sources including search firms</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

Application	:	Applied.
Explanation on application of the practice	:	<p>The Nominating Committee Chairman, Mr Goh Tyau Soon is an Independent Director as well as Senior Independent Director.</p> <p>In particular, the Senior Independent Director is:</p> <ul style="list-style-type: none">i. sounding board for Chairman (e.g. offer counsel to the chairman on matters such as board dynamics and concerns of stakeholders);ii. leads the annual review of the Chairman and board effectiveness, ensuring that the performance of each individual director is assessed objectively and holistically;iii. leads the succession planning and appointment of Board members, including the future Chairman and Chief Executive Officer;iv. provides leadership support and advice to the Board in the event that the board is undergoing a period of stress;v. serves as an intermediary for other directors when necessary;vi. to handle for complaints relating to directors and other senior management;vii. a conduit for other independent directors to voice their concerns; andviii. acts as point of contact for shareholders and other stakeholders particularly on concerns which cannot be resolved through the normal channels of the chairman and/or chief executive officer;ix. acts as independent channel for whistle blowers to direct reports/complaints, as identified in the Company's Whistle Blowing Policy;x. ensuring the effective implementation of the Company's Whistleblowing Policy.
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :		
Timeframe :		

Intended Outcome

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

Practice 5.1

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 and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied
Explanation on application of the practice	:	<p>A detailed self-assessment is undertaken every year to review the effectiveness of the Board, Committees and individual Directors. The forms and questions are reviewed in the detail by the NC and approved by the Board. The objective of the assessment is to track the Directors' discharge of their roles and responsibilities, areas for improvement, areas that need more attention, and to overall assess the effectiveness of the Board, Committee and Directors. The Chairman of the Nominating Committee ("NC") oversees this process and results are shared with the Board. The usual process for the annual evaluation ("Assessment") commenced at the second half of each year. The NC reviewed the results, and shared the outcome of the Assessment with the Board. The Board agreed on the action points moving forward including specific training needs of the Directors.</p> <p>The criteria included, inter alia, each Director's effectiveness, the Board's and Board Committees' mix of skills, composition, Board's roles and responsibilities, performance which comprises strategy planning and performance, risk and human capital management, regulatory requirements, Board communications, proposed identification of training areas and conduct of the Board and Board Committees that include procedures and decision making processes, and general feedback on any areas of improvement. Board Committees were, inter alia, assessed based on their roles and scope, frequency and length of meetings, supply of sufficient and timely information to the Board and also their overall effectiveness and efficiency in discharging their functions. During the year, the NC and Board, in accordance with Para 15.20 of the Listing Requirements, also reviewed the terms of office and performance of the AC and each of the members and was satisfied that the AC and members have carried out their duties in accordance with the AC's terms of reference. The individual Directors each undertook self-assessment of their individual performance during the financial year ended 31 December 2017 based on the criteria as prescribed under Para 2.20A of Listing Requirements of character, experience, integrity, competence and time in order to</p>

	discharge their respective roles as Directors of the Company.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

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 6.1

The board has in place 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 policies and procedures are periodically reviewed and made available on the company’s website.

Application	:	Departure.
Explanation on application of the practice	:	
Explanation for departure	:	<p>There is no formalised Directors Remuneration Framework, however, the Board will ensure that the Directors’ remuneration scheme is linked to their performance, service, seniority, experience and scope of responsibilities with full understanding of the complexities of the Company’s remuneration scheme.</p> <p>Remuneration for senior management is also subject to their performance and experience.</p>
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Measure	:	
Timeframe	:	

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 6.2

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.

Application	:	Applied
Explanation on application of the practice	:	The Board has establish a Remuneration Committee ("RC") to review matters relating to the remuneration of Board. The remuneration package for Directors is reviewed by the RC prior to making its recommendations to the Board for approval. Factors such as the Directors duties and responsibilities as directors and members of Committees, time commitment and other matters are considered. The level of remuneration reflects the experience, expertise and level of responsibilities undertaken by the Non-Executive Director concerned. Note : The Terms of Reference of RC is published on the Company's website @ http://www.ksl.my
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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 7.1

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.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board is of the view that the disclosures of Directors fees and benefits in the bands of RM50,000 with no named basis suffice in view of the industry's competitiveness and for security purpose.</p> <p>The Board will ensure their remuneration is sufficient to retain and motivates them.</p> <p>In accordance with Section 230 of the Companies Act 2016, the fees and benefits in kind of Directors are tabled to shareholders for approval at the Annual General Meeting ("AGM").</p> <p>The Company is requesting shareholders' approval for the payment of Remuneration to Non-Executive Directors at the forthcoming annual General Meeting ("AGM") up till the next AGM of the Company in 2019 as set out in the AGM's Notice. The Remuneration comprises fees and other benefits-in-kind ("BIK") payable to the Non-Executive Directors. If passed, it will allow the Company to make payment of the Remuneration to Payment of benefits to the NEDs will be made by the Company as and when incurred, after they have discharged their responsibilities and rendered their services to the Company till the next AGM of the Company to be held in 2019.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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 7.2

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.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board is of the view that the disclosures of senior management's remuneration in the bands of RM50,000 with no named basis suffice in view of the industry's competitiveness to stave off poaching by its competitors.</p> <p>The Board will ensure their remuneration is sufficient to retain and motivates them</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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 7.3 - Step Up

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

Application	:	Not applicable.
Explanation on adoption of the practice	:	

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 8.1

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

Application	:	Applied.	
Explanation on application of the practice	:	<p>The Audit Committee is chaired by Gow Kow who is an Independent Director is not the Chairman of the Board. The AC comprises majority independent directors, and has a detailed Terms of Reference to govern the activities of the AC. The Terms of Reference of the AC has been reviewed and revised on 28 February 2018 to reflect the requirements of Practices 8.1 and 8.2.</p> <p>The Terms of Reference of AC is published on the Company's website @ http://www.ksl.my</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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 8.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee is chaired by Gow Kow who is an Independent Director is not the Chairman of the Board. The AC comprises majority independent directors, and has a detailed Terms of Reference to govern the activities of the AC. The Terms of Reference of the AC has been reviewed and revised on 28 February 2018 to reflect the requirements of Practices 8.1 and 8.2.</p> <p>The Terms of Reference of AC is published on the Company's website @ http://www.ksl.my</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Departure.	
Explanation on application of the practice	:		
Explanation for departure	:	<p>Although the Company do not have a formalised policy on the external auditors, however the Company changed its external auditors in 2014. In addition, the Company's external auditors confirmed their independence at the closing meeting with the AC. AC's Terms of Reference is reviewed to include this function on 28 February 2018.</p> <p>The Board and Audit Committee of KSL Holdings Berhad are committed to ensuring the suitability and independence of external auditors in substance as well as in form although there is a lack of formal policy and procedure in relation thereto.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Applied
Explanation on adoption of the practice	:	All the Audit Committee members are Independent Directors and financially literate.

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 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate 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.

Application	:	Applied.
Explanation on application of the practice	:	All the Audit Committee members are Independent Directors and financially literate. All Audit Committee members undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. Details of their training are listed in the Annual Report.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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 9.1

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

Application	:	Applied.	
Explanation on application of the practice	:	The details of key features of the Risk Management Framework are set out in Statement of Risk Management which is available for viewing at the Company's website at http://www.ksl.my .	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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 9.2

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

Application	:	Applied.	
Explanation on application of the practice	:	The details of key features of the Risk Management Framework are set out in Statement of Risk Management is available for viewing at the Company's website at http://www.ksl.my .	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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 9.3 - 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.

Application	:	Applied.
Explanation on adoption of the practice	:	3 Independent Directors and a Group Managing Directors are the members of Risk Management Committee, hence it comprised a majority of independent directors. Risk Management Committee discharged its duties within its terms of reference which is available for viewing at the Company's website at http://www.ksl.my .

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 10.1

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

Application	:	Applied
Explanation on application of the practice	:	The Company's internal audit function is always undertaken by a professional firm and the Board changed its internal auditors in 2018. This showed that the AC is mindful of its oversight responsibilities in its Terms of Reference which is available for viewing at the Company's website at http://www.ksl.my .
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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 10.2

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.

Application	:	Applied	
Explanation on application of the practice	:	The Company's internal audit function is undertaken by Messrs Needsbridge Advisory Sdn. Bhd., spearheaded by Mr Pang Nam Ming which reports directly to the Audit Committee and its details are disclosed in the Company's Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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 11.1

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

Application	:	Applied.
Explanation on application of the practice	:	<p>The Board endeavours to provide timely disclosures to shareholders and all timely disclosure to shareholders and all required/ material announcements will be released immediately to Bursa Securities when matters are triggered in accordance with the Listing Requirements and applicable regulations. In addition the Company's website is up to date and that serves as a platform for communication for current and comprehensive information on the Company.</p> <p>The Board shall ensure effective communication of the information on operations, activities and performance of the Group to the Shareholders and other stakeholders via the following channel such as Annual report, Annual General Meeting, press conference and briefing, and lastly, social media.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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 11.2

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

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

Intended Outcome

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

Practice 12.1

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

Application	:	Applied.	
Explanation on application of the practice	:	The Notice of AGM with the detailed Agenda, Annual Report and Statements are announced to Bursa Securities, published on the Company's website and issued 28 days before AGM. Printed copies are dispatched to shareholders within the same timeframe Reports and Circular to Shareholders. The Notice of the AGM is advertised in one (1) widely circulated newspaper in Malaysia in the English language. Shareholders are encouraged to attend the AGM. The 28 days' notice allows shareholders to participate the AGM either in person or via their validly appointed proxies or corporate representatives as applicable. The notice period also allows shareholders to consider the resolutions for informed decision making and the exercise of their rights at the AGM.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Applied.	
Explanation on application of the practice	:	<p>All of the Company's Directors attend Annual General Meetings ("AGM"). In addition, members of Management, the Company Secretary and the external auditors always attend the AGM. The AGM of KSL Holdings Berhad is always well attended by shareholders, corporate representatives and proxies who are encouraged to attend the Meeting proceedings, and to raise questions.</p> <p>The Chairman explained the voting and procedures for the meeting. The Chairman invited shareholders, corporate representatives and proxies to raise questions for each of the resolution put forward for voting.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders’ participation at General Meetings.

Application	:	Departure.	
Explanation on application of the practice	:		
Explanation for departure	:	The Board has invested in electronic voting for shareholders in its Annual General Meeting. The Board has been proactive by carrying out voting for all resolutions by way of polling via polling station in last year Annual General Meeting with scrutineers being appointed as required by BMSB LR. However, the Board do not have the resources to leverage on technology to facilitate voting in absentia and remote shareholders’ participation at general meetings.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES
PERSUANT 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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