

KSL HOLDINGS BERHAD RELATED PARTY TRANSACTION AND CONFLICT OF INTEREST POLICY AND PROCEDURES

UPDATED ON : 28 February 2018
VERSION : Ver 1.0

The Board of Directors of KSL HOLDINGS BERHAD (“KSL” or “the Company”) hereby adopts the following policy and procedures on RELATED PARTY TRANSACTIONS and CONFLICT OF INTEREST, as defined below. The Policy and Procedures defined herein shall be reviewed and amended by the Board of Directors (“the Board”) from time to time at the recommendation of the Audit Committee.

DEFINITIONS

A “Chief Executive” means the principal executive officer of the Company for the time being, by whatever name called, and whether or not he is a director.

A “Director” has the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon –

- a director of the Company, its subsidiary or holding company; or
- a Chief Executive of the Company, its subsidiary or holding company.

A “Major Shareholder” means person who has an interest or interests in one or more voting shares in the Company and the nominal amount of that share or the aggregate of the nominal amounts of those shares is 5% or more of the aggregate of the nominal amounts of all the voting shares in the Company. It includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon.

A “Person Connected” means person connected as defined in Chapter 1.01 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements (“MMLR”).

A “Related Party” shall mean a related person as defined in Chapter 1.01 of the MMLR. It generally refers to a Director, Executive Chairman, Major Shareholder or Person Connected with such Director, Executive Chairman or Major Shareholder, who are interested in the Related Party Transactions.

A “Related Party Transaction” (“RPT”) is any transaction, arrangement, or relationship or series of similar transactions, arrangements or relationships required to be disclosed pursuant to Chapter 10 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements (“MMLR”).

A “Recurrent Related Party Transaction” (“RRPT”) means a related party transaction which is recurrent, of a revenue or trading nature and which is necessary for day-to-day operations of a listed issuer or its subsidiaries pursuant to Chapter 10 of the MMLR.

A “Transaction” means the acquisition or disposal of assets by the Company or its subsidiaries, including the provision of financial assistance, Chapter 10 of the MMLR.

A “Significant Transactions” means any transactions with annual transaction value (based on financial reporting period) amounting to more than RM 25,000.

POLICY

1. All Significant Transactions and conflict of interest situations that may arise within the Company are reviewed by management and checked against Chapter 10 of MMLR for RPT and RRPT. All RPTs and RRPTs or potential RPT and RRPTs, including RRPTs which the shareholders’ mandate obtained but expired at the date of transaction, must be reported to the Audit Committee and referred for approval or ratification by the Audit Committee in accordance with this policy and for Audit Committee to report to the Board of Directors for approval.
2. RRPTs with the shareholders’ mandate obtained and not expired shall be governed by the shareholders’ mandate obtained.

REVIEW AND APPROVAL OF RPTS AND RRPTS

IDENTIFICATION OF POTENTIAL RPTS, RRPTS AND CONFLICT OF INTEREST

3. This policy is in addition to the provisions dealing with conflicts of interest in the Company’s code of conduct.
4. All Related Parties of the Company/ies within KSL and its subsidiaries are responsible for providing written notice to the Audit Committee of any potential RPT and RRPT involving him/her or person connected to him/her, including any additional information about the transaction that the Audit Committee may reasonably request. The Audit Committee will determine whether the transaction does, in fact, constitute a RPT and RRPT, and may engage professional or third-party opinion on the matter as required.
5. At least once a year, during the annual evaluations, all Directors, Chief Executive and Major Shareholder (if practical) are required to complete a questionnaire disclosing names of companies in which he/she and/or their person connected hold directorships and /or substantial shareholding and any potential RPT and RRPT, if any.
6. Sales and Marketing and Purchasing Department personnel are required to submit new customer/supplier opening forms in which the owners/directors/shareholders of the new customers/suppliers will need to be disclosed. These forms need to be reviewed and approved by Finance Manager.
7. Prior to any provision of any financial assistance under Chapter 8 of MMLR, Chief Financial Officer to obtain the identity of the owners/directors/shareholders of the entity to which the financial assistance is to be provided.
8. The Finance Department, overseen by the Chief Financial Officer, to compile a listing of related parties, nature of RPTs and RRPTs, estimated value of annual transactions and control(s) put in place, subject to update from time to time based on clause 4, 5 and 6, and subject to review by the Chief Financial Officer (In the event the Chief Financial Officer is interested in the RPTs and RRPTs, other director not interested in the RPTs and RRPTs shall review the details of relevant RPTs and RRPTs as contained in the listing). Such acknowledged listing of RPTs and RRPTs will be disseminated to all Accounts personnel, Sales Department and Purchasing Department.

IDENTIFICATION OF POTENTIAL RPTS, RRPTS AND CONFLICT OF INTEREST(Cont'd)

9. It is the responsibility the Chief Financial Officer to notify the Audit Committee of the new RPTs and RRPTs with information per clause 12, through written approval and/or electronic communication (In the event the Chief Financial Officer is interested in the RPTs and RRPTs, other director not interested in the RPTs and RRPTs shall notify the Audit Committee). Significant Transaction involving Related Party for annual transaction value (based on financial reporting period) of more than RM 25,000.00 must subject to formal review and approval or ratification by the Audit Committee, supported by information and documentations per clause 12 and 13, prior to the commencement of the transaction.
10. All RPTs and RRPTs will be reviewed by management monthly, without the participation of the interested Related Party(ies), and reported by the management to the Audit committee for review and approval or ratification at least once every quarter, during the quarterly Audit Committee and Board of Directors' meetings.

Any member of the Audit Committee who has a potential interest in any RPT and RRPT will recuse himself or herself and abstain from voting on the approval or ratification of the RPT and RRPT and must not participate in the Audit Committee's discussions of the RPT and RRPT.

11. To review any RPT and RRPT, the Audit Committee shall be provided with all relevant material information of the RPT and RRPT, including:
 - a) the terms of the transaction and its commercial reasonableness;
 - b) the business purpose of the transaction;
 - c) the extent of the Related Party's interest in the Related Party Transaction; if applicable
 - d) the control(s) put in place;
 - e) the benefits to the Company and to the Related Party;
 - f) the materiality of the RPT and RRPT to the Company and percentage ratio per Chapter 10 of MMLR; and
 - g) any other relevant matters
12. In determining whether to approve or ratify a RPT and RRPT, the Audit Committee shall consider the following factors: -
 - i) Whether the terms of the RPT and RRPT are at arms-length, on terms not more favourable to related party(ies) than those generally available to the public, are not to the detriment of the minority shareholders and/or would apply on the same basis if the transaction did not involve a Related Party;
 - ii) Whether there are quotations provided by a non-Related Party/ies for comparison and if no, justification for no price comparison;
 - iii) Whether there are any compelling business reasons for the Company to enter into the RPT and RRPT and the nature of alternative transactions, if any;
 - iv) Whether the RPT and RRPT would impair the independence of an otherwise Independent Director, Director or Chief Executive;
 - v) Whether the Company was notified about the RPT and RRPT before its commencement and if not, why pre-approval was not sought and whether subsequent ratification would be detrimental to the Company; and

IDENTIFICATION OF POTENTIAL RPTS, RRPTS AND CONFLICT OF INTEREST(Cont'd)

- vi) Whether the RPT and RRPT would present an improper conflict of interest for any director, executive officer or major shareholder of the Company, taking into account the size of the transaction, the overall financial position of the director or executive officer or other Related Party, the direct or indirect nature of the director's, executive officer's or Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Audit Committee deems relevant.
13. If in any event, the Audit Committee decides not to ratify a RPT and RRPT that has been commenced without approval, the Audit Committee may direct additional actions, including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification. In connection with any review of a RPT and RRPT, the Audit Committee has authority to modify or waive any procedural requirements of this policy.
14. All RPTs and RRPTs reviewed and approved by the Audit Committee are to be reported to the Board for deliberation and approval, the considerations set forth above shall apply to the Board's review and approval of the matter, with such modifications as may be necessary or appropriate under the circumstances.
15. Any member of the Board of Directors who has a potential interest in any RPT and RRPT will recuse himself or herself and abstain from voting on the approval or ratification of the RPT and RRPT and must not participate in the Board's discussions of the RPT and RRPT.

DISCLOSURE OF RPTS, RRPTS AND CONFLICT OF INTEREST

16. The Chief Financial Officer is responsible to compile the percentage ratio of all RPTs and RRPTs in compliance of the Chapter 10 of MMLR. The Chief Financial Officer is to ensure that all disclosures on RPTs and RRPTs are to be in compliance with requirements per MMLR and Corporate Disclosure Policy.
17. Prior to announcement of the RPT and RRPT, draft announcement and draft circular of RPTs and shareholders' mandate for RRPT shall be subject to review and approval by the Audit Committee on the draft announcement and draft circular.

AUTHORITIES OF AUDIT COMMITTEE

18. As the Audit Committee is entrusted by the Board with the task of executing and managing this policy, the Audit Committee is vested with the following authorities:
- have the adequate resources which it needs to perform its duties;
 - have full access to any information which it requires in the course of performing its duties;
 - have direct communication channels with the Directors, Chief Executive, and major shareholder, the employees and any persons, as the case may be, to obtain information and feedback in performing its duties; and

AUTHORITIES OF AUDIT COMMITTEE (Cont'd)

- to obtain the services of the external professional at the expense of the Company in carrying out its duties

Adopted and Approved by the Board of Directors of KSL HOLDINGS BERHAD on

KU HWA SENG
Executive Chairman / Executive Director

KHOO CHENG HAI @ KU CHENG HAI
Group Managing Director

GOW KOW
Independent Non-Executive Director

GOH TYAU SOON
Independent Non-Executive Director

KU TIEN SEK
Executive Director

TEY PING CHENG
Independent Non-Executive Director

LEE CHYE TEE
Executive Director