

# **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 5038  
**COMPANY NAME** : KSL Holdings Berhad  
**FINANCIAL YEAR** : December 31, 2019

## **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 is responsible for the oversight and overall management of the Company. The Board fully understands their responsibilities in the Group to optimise balance of a sound and sustainable operation with an optimal corporate governance framework in order to safeguard shareholders' value.</p> <p>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 stakeholders. 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, Nominating and Risk Management Committees) with clear Terms of Reference.</p> <p>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.</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. Please refer to Practice 2.1 for details.</p> <p><b>1. Establishing and reviewing the strategic direction of the Group</b></p> <p>The values and aspirations of the Group form the foundation of the business strategies of the Group. The Board of Directors ("the Board") had put in place a strategy review process, whereby the Executive Directors presented to the Board the existing landbanks</p>

	<p>to be developed, available excess cash and capital commitments of the Group for review for strategies identification. The strategy planning and review process were also supported by reports and updates from Executive Directors focus on the planned development project progress and review as well as factors affecting the performance and strategies of the Group.</p> <p><b>2. Overseeing the conduct of the business of the Group and to evaluate whether the business is being properly managed</b></p> <p>On quarterly basis, the financial and non-financial performance is presented by the Executive Directors to the Board, including but not limited to, progress of end-user financing for sales not completed, planned development project progress, status of unsold completed units and occupancy rate of property investment division. In addition, the Finance Director presented the comparison of actual financial results against corresponding financial periods (including the major components of financial performance and position) on quarterly basis to the Audit Committee for their review and subsequent reporting to the Board. Upon identification of key business and financial issues by the Board members, such issues are deliberated by the Board to ensure that the issues in question are properly managed and adequately addressed.</p> <p><b>3. Tone from the Top</b></p> <p>The Board acknowledge that, as one of its fiduciary duty to the shareholders, high standards of integrity and accountability are required in the conduct of the Group's business and be embedded across the Group. To set the tune from the top, the Board had established the Group's Code of Conduct to govern the standards of ethics and good conduct expected of the employees, customers and vendors and the foundation for ethic rules within the Group. At operational level, integrity and ethical value expected from the employees are incorporated in the Employee Handbook by the Management based on the value promoted in the Code of Conduct. In order to promote the integrity and ethical value, formal Whistle-Blower Policy is established by the Board to create an environment where management and employees can whistle-blow on improper behaviour without being victimised for doing so.</p> <p>Please refer to Practice 3.1 for detailed disclosure on Code of Ethic and Whistle Blowing Policy.</p> <p><b>4. Identifying principal risks faced by the Group and ensuring the implementation of appropriate controls and systems to monitor and manage these risks</b></p> <p>The Board had put in place a formal Risk Management Framework for the structured management of the business risks faced by the</p>
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	<p>Group. Based on the Risk Management Framework established, the Board are kept informed on the emergence and changes of the key risks faced by the Group and the steps taken by the Management to manage these risks at predetermined interval or as the need arises. Risk assessment by the Sustainability and Risk Management Committee, at gross and residual level, are guided by the likelihood rating and impact rating established by the Board based on the risk tolerance acceptable by the Board.</p> <p>Further details on the risk management process are disclosed in the Statement of Risk Management and Internal Control in the Annual Report.</p> <p><b>5. Succession planning and performance appraisal of the Board</b></p> <p>The Board, through the Nominating and Remuneration Committee, are tasked with duty of the succession planning of the Group, which includes the appointment and determination of compensation of members of the Board and Senior Management. Furthermore, it is the duty of the Nominating Committee to assess the performance of the Board as a whole, Board Committees and individual Directors (including Finance Director).</p> <p>The succession planning of the Group is enhanced by the policies and standard operating procedures as well as job descriptions established for key business processes within the Group. In addition, during the review of the performance and strategies presented by the Executive Directors, at times, the Board reviews together with the Executive Directors on the adequacy of calibre and competent human resources that are put in place for daily management and control of operations as well as proper execution of approved strategies. The Management of the Group is subjected to annual performance appraisal based on the formal human resource policy established.</p> <p>Further details on the role and responsibilities of the Nominating and Remuneration Committee are disclosed in Corporate Governance Overview Statement.</p> <p><b>6. Overseeing the development and implementation of a shareholders' communication protocol for the Company</b></p> <p>The Board ensures the shareholders and stakeholders are kept informed on material events through the announcement made through Bursa Malaysia Securities Berhad. The principles adopted by the Board on corporate disclosure are transparency and accountability, compliance with relevant laws and regulations, confidential and timely disclosure as well as fair and equitable access to information. The Board shall ensure effective communication of the information on operations, activities and performance of the Group to the shareholders and other</p>
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	<p>stakeholders with the Company's investor relations function overseen by Mr Lee Chye Tee, the Finance Director.</p> <p><b>7. Reviewing the adequacy and the integrity of internal control systems and management information systems (including the integrity of the financial and non-financial reporting), including systems for ensuring compliance with applicable laws, regulations, rules, directives and guidelines</b></p> <p>The Internal Audit function of the Group is outsourced to independent professional firm that review the system of internal control (including the integrity of the financial and non-financial reporting, if applicable) for the Group based on approved internal audit plan and report its findings to the Audit Committee. The integrity of the financial reporting is also subjected to audits performed by the External Auditors during their audits on the financial statements of the Company and its subsidiaries.</p> <p>During quarterly meeting of Audit Committee, the draft financial statements are reviewed by the Audit Committee with the Management with key focuses on accounting policies used, analysis of major changes in components of financial statements, major judgmental and risk areas, significant adjustments, the going concern assumption, compliance with accounting standards, compliance with Main Market Listing Requirements ("MMLRs") and other legal requirements. For the annual audited financial statements, the Audit Committee reviews the annual statutory accounts, the Audit Report, issues and reservations arising from audits and the management letter, with the External Auditors.</p> <p>Further information on the Group's Internal Audit function and works performed by the Audit Committee on the financial reporting are disclosed in the Statement of Risk Management and Internal Control and Audit Committee Report respectively in the Annual Report.</p> <p><b>8. Reviewing Corporate Governance Compliance</b></p> <p>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 Charter and Terms of References that are regularly reviewed.</p> <p>The Board, through the review of the draft Corporate Governance Report and Corporate Governance Overview Statement by the Audit Committee and reported to the Board, assesses the current standings of the corporate governance practices. The Board</p>
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	formulate action plans from time to time to enhance and promote good and recommended corporate governance practices.	
	<b>9. Sustainability Management</b>	
	<p>The Board had established a formal Sustainability Framework, detailing the governance structure and processes to be employed by the Management for the identification, prioritisation, monitoring and reporting of material sustainability matters and stakeholder groups pursuant to MMLRs, in compliance with Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad in material aspects.</p> <p>As at the date of this report, the Management had identified the internal and external stakeholders in the context of the Group with such stakeholders prioritised based on criteria and rating system approved by the Board. In addition, the Management had identified sustainability matters for which they are assessed on their significance from the Group perspective and their degree of significance to influence the assessment and decision by internal and external stakeholders based on agreed upon criteria and rating system approved by the Board. The results of the assessments were presented to the Audit Committee for review and its subsequent reporting to the Board.</p> <p>Please refer to the Sustainability Statement on the management of material economic, environmental and social risks and opportunities.</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

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>The Executive Chairman of KSL Holdings Berhad, Mr. Ku Hwa Seng has been providing his strong and 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>As provided in the Board Charter and during the Board Meetings held during the financial year under review, the roles and responsibilities of the Chairman are as follows: -</p> <ul style="list-style-type: none"><li>a) To provide leadership to the Board;</li><li>b) To provide governance in matters requiring corporate justice and integrity and to lead the Board in establishing and monitoring good corporate governance;</li><li>c) To oversee the Board in the effective discharge of its responsibilities;</li><li>d) To lead the Board in the oversight of the Management and ensure its effectiveness of all aspects of its role;</li><li>e) To set board agenda and ensuring directors receive complete and accurate information timely;</li><li>f) To ensure the efficient organisation and conduct of the Board's meetings;</li><li>g) To ensure that quality information to facilitate decision-making is delivered to Board members on a timely basis;</li><li>h) To facilitate the effective contribution of all Directors at Board meetings and encouraging active participation and allowing dissenting views freely expressed;</li><li>i) To promote constructive and respectful relations within the Board, and between the Board and Management;</li><li>j) To promote effective communication among the Board members and with shareholders and relevant stakeholders with their views are communicated to the Board;</li><li>k) To chair general meetings of shareholders; and</li><li>l) To maintain effective professional relationship with external parties, investing public, regulatory bodies and trade associations.</li></ul> <p>Further details on the roles and responsibilities of the Chairman of the Board is stated in Paragraph 3.2 of the Board Charter, accessible through "Others" section of the "News" tab of the corporate website at <a href="http://www.ksl.my">www.ksl.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> :		



### 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>	:	<p>The position of the Chairman and the Group Managing Director is separated and held by different individual. There is a clear division of responsibilities between the Executive Chairman and the Group Managing Director. Executive Chairman is Mr Ku Hwa Seng whilst Group Managing Director is Mr Khoo Cheng Hai @ Ku Cheng Hai.</p> <p>The Chairman is responsible for the governance, orderly conduct and effectiveness of the Board while the Group Managing Director is responsible for managing the Group's business operations and implementation of policies and strategies approved by the Board.</p> <p>The responsibilities of Managing Director are as follows: -</p> <ul style="list-style-type: none"><li>a) To develop corporate strategies for the Group for the Board's approval and to implement such corporate strategies for the Group so approved;</li><li>b) To implement other Board's decision effectively and efficiently;</li><li>c) To provide leadership in order to achieve the vision, management philosophy and business strategies;</li><li>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;</li><li>e) To safeguard the assets of the Group;</li><li>f) To ensure effective internal and external reporting of the Group;</li><li>g) To ensure compliance with applicable laws and regulations;</li><li>h) To assess business opportunities which are of potential benefit to the Group and to recommend major business opportunities for the Board's consideration;</li><li>i) To communicate material and relevant matters to the attention of the Board timely and accurately for decision making;</li><li>j) To execute and implement risk management policy and process approved by the Board throughout the Group;</li><li>k) To ensure adequacy and effectiveness of the internal control system of the Group;</li><li>l) To execute and implement sustainability management policy and process approved by the Board throughout the Group;</li><li>m) To execute and implement anti-bribery and corruption policy and process approved by the Board throughout the Group; and</li><li>n) To discharge the responsibilities delegated by the Board and to execute authorities delegated by the Board, effectively and efficiently.</li></ul>

	The clear distinction of the roles and responsibilities of Chairman and Group Managing Director (including Executive Directors) are defined in paragraph 3.2 of the Board Charter which is available on “Others” section of the “News” tab of the corporate website at <a href="http://www.ksl.my">www.ksl.my</a>	
<b>Explanation for departure</b>	:	
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<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 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 present Company Secretary, Mr Lim Pei Cheng is experienced 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"><li>i. Advisory role to the Board with regards to the MCGG 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;</li><li>ii. Management of and preparation of 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 deliberations and decisions, and all related matters; and</li><li>iii. Management of the Annual General Meeting (AGM) that includes the collation 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.</li></ul> <p>The Secretary also undertakes the statutory duties as prescribed under the Companies Act 2016 and the Listing Requirements.</p> <p>The Board as a whole is responsible for appointment and removal of Company Secretary and all directors have direct access to the advice and services of the Company Secretary in discharging their duties effectively.</p> <p>The Company Secretary attended briefing and updates provided by relevant regulatory bodies or professional firms in order to keep abreast with the latest development in the relevant regulatory requirements, codes or guidance and legislations in order to ensure timely compliance with relevant laws and regulations.</p>

	Further details on the roles of the Company Secretary is stated in Paragraph 4 of the Board Charter, accessible through “Others” section of the “News” tab of the corporate website at <a href="http://www.ksl.my">www.ksl.my</a> .	
<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

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>Board papers (made up of the notice and agenda of meetings, minutes of the previous Board and committees' meeting, draft quarterly financial results (with comparisons), professionals' report, financial and operation reviews, proposed changes to the Board's policies and board committees' terms of reference, existing landbanks and unsold completed units, borrowings and gearing, planned capital commitment, relevant statements and reports to be made in Annual Report, draft circulars/statements, related party transactions, interest of directors in the Company, list of Directors' circular resolutions, list of announcements submitted to Bursa Securities, major operational and financial issues and other relevant documents), 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 Board meeting and its board committees accordingly. Board committees' minutes are presented to the Board members in the subsequent meeting. 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 whole 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 agendas presented to the Board during the</p>

	<p>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 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 enough 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.</p> <p>Administrative matters are carried out vide written circular resolutions to save time and enhance efficiency with salient information is encapsulated in the said written circular resolution supported by relevant supporting document/information pertaining to the matters to enable the Directors to make an informed decision.</p> <p>Annual tentative meeting time table for next calendar year is prepared by the Company Secretary in the fourth quarter of every calendar year for members of the Board to review and confirm so that time schedule of individual members of Board are coordinated in the manner to ensure their attendance to the relevant General Meetings, Board Committee Meetings and Board Meetings accordingly.</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

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 Charter was last updated on 28 February 2018 to bring in line with the Malaysian Code of Corporate Governance 2017 and Companies Act 2016. The Board Charter is subjected to review and update from time to time to ensure that they remain consistent with the Board's objective, current law and practices. A copy of the latest Board Charter is available for download at "Others" section of the "News" tab of the corporate website at <a href="http://www.ksl.my">www.ksl.my</a>.</p> <p>The Board Charter outlines the key value of the Company, duties and responsibilities of directors (including roles and responsibilities of the Board, the Chairman of the Board, the Group Managing Director and the Senior Independent Director), the role and duties of the Board Committees (governed by terms of reference approved by the Board) and the roles of Company Secretary. Such Charter sets out the purpose, the Board's strategic intent, authorities and terms of reference. The Charter further defines the specific responsibilities and matters reserved for the Board, delegation of authorities, commitment by the directors, independent directors, tenure of independent directors, governance structure of Board and Board Committee, board proceedings, financial reporting responsibilities, unrestricted rights to access to information and independent advice, board evaluation and performance, board remuneration, directors' training and continuing education, general meetings and attendance, financial reporting and investor relations.</p> <p>The respective roles and responsibilities and matters reserved for the Board are stated in Paragraph 3 of the Board Charter.</p> <p>Salient features of the Board Charter:</p> <ul style="list-style-type: none"><li>• <b>Matters reserved for the Board</b> - identifies matters for determination and/or approval by the Board, including but not limited to: -<ul style="list-style-type: none"><li>• approval of new ventures;</li><li>• approval of corporate plans and programmes;</li><li>• approval of annual financial and capital expenditure budgets;</li></ul></li></ul>



	<ul style="list-style-type: none"> <li>• approval of annual and interim financial results of the Group and release therefrom;</li> <li>• approval of interim dividend and the recommendation for final dividend;</li> <li>• approval of adoption of accounting policies;</li> <li>• review of the internal audit plans and major changes therefrom;</li> <li>• review of external audit plans;</li> <li>• acceptance of audit reports including management letters;</li> <li>• approval of material acquisitions and disposals of undertakings and properties;</li> <li>• approval of major investment in properties, plant and equipment;</li> <li>• approval of acquisition of lands for development;</li> <li>• approval of changes in the major activities of the Group;</li> <li>• approval of major borrowing or giving of security over assets;</li> <li>• approval of material agreements/contracts;</li> <li>• approval of changes to the management and control structure within the Group, including key policies and procedures, limit of authority, etc;</li> <li>• approval for major write-off and provision in excess of prescribed amount as may be determined from time to time;</li> <li>• approval for granting of power of attorney and legal representative by the Company and its subsidiaries;</li> <li>• approval for entering into of any indemnities or guarantees by the Company and its subsidiaries;</li> <li>• review and recommend for the alteration of the Constitution of the Company;</li> <li>• review and recommend for the proposed change of name;</li> <li>• review and recommend for the proposed shares buy-back scheme and to implement shares buy-back scheme as approved by shareholders;</li> <li>• review and approve any other major/material business decision and to recommend the same to shareholders for approval, if applicable;</li> <li>• Any matters requiring the convening of a general meeting of shareholders or any class of shareholders; and</li> <li>• Any matters as may be required by the applicable laws and regulations.</li> </ul> <p>• <b>Roles Profile</b> – defines and clearly separates the roles and responsibility of the Board, the Board Committees, the Chairman, the Group Managing Director and the Senior Independent Director.</p> <p>• <b>Board Committees</b> - terms of reference of respective Board Committee established to be approved by the Board with Chairman of respective Board Committee to report to the Board on the outcome of the Committee meetings and minutes to be made available to the Board. The Board had established Audit Committee, Nominating Committee, Remuneration Committee and Risk Management Committee.</p>
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	<ul style="list-style-type: none"> <li>• <b>Independent Director</b> – defines the annual independence assessment requirement on independent director and tenure of the independent director and approval requirements to remain as independent upon expiry of tenure.</li> <li>• <b>Authorities delegated to Management</b> – the Group Managing Director (including Executive Directors) is responsible for the observance of management authorities delegated by the Board, via Authority Limit Matrix.</li> <li>• <b>Directors Assessment/Board Evaluation</b> – sets out the requirement for the Board to assess the effectiveness of Individual Directors, the Board as a whole and its Committees on an annual basis, through Nominating Committee.</li> <li>• <b>Time commitments by Directors</b> – sets out the requirement for the Director to notify the Chairman of the Board before accepting any new directorship and indication of time that will be spent on the new appointment. The Chairman shall also notify the Board if he or she has any new significant commitments outside the Company.</li> <li>• <b>Access to information and Independent Advice</b> – Directors have unrestricted access to all information of the Company and the Company Secretary and may obtain independent professional advice at the cost of the Company.</li> <li>• <b>General Meetings and Attendance</b> - All directors are required to attend the general meetings except there is a valid reason accepted by the Board and notice for the Annual General Meetings is to be given to shareholders at least 28 clear days prior to the meeting.</li> </ul> <p>The Board had identified and appointed Mr. Goh Tyau Soon as Senior Independent Director from among its members whom the shareholders and other stakeholders can access fully and directly and concerns may be conveyed to. Mr. Goh can be contacted via email address <a href="mailto:sid@ksl.my">sid@ksl.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> :	

### 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 Code of Conduct ("The Code") was periodically reviewed and approved by the Audit Committee and Board on 28 February 2018 and is made available at "Others" section of the "News" tab of the corporate website at <a href="http://www.ksl.my">www.ksl.my</a>.</p> <p>The Board established the Code to set the standards of the business ethics and conduct of the Group that is applicable to all the Group's employee, customer and vendor so as to ensure that working environment and condition are safe and healthy, workers are treated with respect and dignity and business operation are conducted ethically.</p> <p>The fundamental in adopting the Code is to ensure that all business activities are in full compliance with the laws, rules and regulations of the country in which it is operating. If a law of the country conflicts with a rule or policy set out in this code, affected personnel should comply with the law.</p> <p>The Code sets out the value uphold by the Company for each stakeholder groups.</p> <p>The principles of the Code include:</p> <ul style="list-style-type: none"><li>I. <b>Respecting Others</b> – unlawful discrimination; working hours and benefits; humane treatment; communication; continuous development</li><li>II. <b>Serve Our Customers</b> – serving the customer with integrity; competency; handling and safeguarding of customers assets</li><li>III. <b>Avoiding Conflict of Interest</b> – business Integrity; no improper advantage; disclosure of information; fair business, advertising and competition</li><li>IV. <b>Preserve Confidentiality and Privacy</b></li><li>V. <b>Sustainable Business Practices</b></li></ul>

	<p>The Code forms the cornerstone for the establishment of the integrity and ethical value expected from the employees incorporated in the Employees Handbook, the establishment of formal Conflict of Interest Framework by the Board to effectively manage and mitigate conflict of interest situation and the establishment of Related Party Transactions and Conflict of Interest Policy and Procedure to manage related party transactions entered or to be entered in accordance with MMLRs and its reporting of related party transactions. A copy of the Conflict of Interest Framework and Related Party Transactions and Conflict of Interest Policy and Procedure are available for download at “Others” section of the “News” tab of the corporate website at <a href="http://www.ksl.my">www.ksl.my</a>.</p> <p>The Board established a formal Whistle-Blowing Policy whereby employees and other interested parties to confidentially bring to the attention of the Chairman of Audit Committee and Senior Independent Director genuine concerns relating to any malpractice or improper conduct of the Group’s businesses, including legal issues and accounting or audit matters.</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 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 Whistle-blowing policy was reviewed by Audit Committee and approved by the Board on 28 February 2018 and subjected to review by the Audit Committee and the Board from time to time.</p> <p>The Board encourages employees and other interested parties to disclose concerns about illegal, unethical or improper business conduct within the Company. The Whistle-Blowing Policy provides and facilitates a mechanism for any employee and other stakeholders to report any concern about possible improprieties in matters of financial reporting, compliance and other malpractices, in confidence, at the earliest opportunity, and in an appropriate manner. The identity of the whistle-blower will be kept confidential and such whistle-blower will also be protected against reprisal for disclosing any improper conduct committed or to be committed.</p> <p>The Whistle-Blowing Policy is administered by the Audit Committee and Senior Independent Director. The email address of the Chair of the Audit Committee (<a href="mailto:ac@ksl.my">ac@ksl.my</a>) and Senior Independent Director (<a href="mailto:sid@ksl.my">sid@ksl.my</a>) are provided for reporting malpractices. During the financial year, Audit Committee did not receive any complaint or any whistleblowing case.</p> <p>The Whistle-Blowing Policy is posted under the "Others" section of the "News" tab of the corporate website at <a href="http://www.ksl.my">www.ksl.my</a> for ease of access for reporting by employees and other stakeholders of the Group.</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 4.1

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board currently comprises 4 Executive Directors and 3 Independent Non-Executive Directors (i.e. 3/7) which satisfy the MMLR 15.02(1) which states that “a listed issuer must ensure that at least 2 directors or 1/3 of the board of directors of a listed issuer, whichever is the higher, are independent directors.”</p> <p>The Board consists of qualified individuals with diverse experience, background and knowledge to enable them to discharge their duties and responsibilities effectively. The independent directors are made up of individuals well-verse in the field of accounting, auditing, finance, taxation and legal. The independent directors are subjected to self-declaration of interests and independent and objectivity assessment annually while the Audit Committee, made up of exclusively of independent directors, and individual members of Audit Committee were subjected to assessment by the Nominating Committee on annual basis to ensure that their independence and objectivity were not diminished over times.</p> <p>The independent directors had demonstrated their independence and objectivity during the Board and Board committees’ proceedings whereby their genuine concerns were expressed during the meetings, and actions/transactions proposed or taken by the Management and the Executive Directors were subject to the scrutiny by the independent directors and challenged to assert their roles as independent element within the Board. In order to strengthen the independence elements within the Board, Senior Independent Director is identified to whom the directors (especially the Independent Director), shareholders and other stakeholders can access fully and directly, and concerns may be conveyed to.</p> <p>Based on the Board and Board Committees effectiveness evaluation conducted during Financial Year Ended 31 December 2019 by the Nominating Committee led by Senior Independent Director, the Nominating Committee was of the opinion that the Board and its Committees have the right mix of expertise, experience and skills and are able to discharge their responsibilities and duties well and efficiently. In particular, the Board concluded that the potential areas</p>

	<p>of conflict that may impair the independence of the independent directors had been resolved (if any) and the independent directors had asserted their independence and objectivity in the deliberations of the matters brought to the Board.</p> <p>With the above, despite the departure from Practice 4.1, the Board strongly believes that the independent elements within the Board is uphold and the independence and objectivity are asserted during the deliberation and decision making at the Board and the Board Committees’ meeting.</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>	:	The Board will continue to review the adequacy and effectiveness of the independent and objectivity element within the Board from time to time to ensure that its adequacy and effectiveness, including but not limited to, annual independence assessment of independent directors and assessments on Audit Committee and its members. The Board is considering establishing a timeline to fulfil the requirement of at least half of the Board is independent directors, in the context of the needs of the Group.
<b>Timeframe</b>	:	Choose an item.



### 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.

<b>Application</b>	:	Applied - Two Tier Voting
<b>Explanation on application of the practice</b>	:	<p>Based on the Board Charter, the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may either retire or continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. In the event such Director is to remain as Independent Director for a cumulative term of more than 9 years, 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 must obtain annual shareholders' approval. In line with the promoted practice under MCCG, shall the Board is to retain an independent director after the twelfth (12th) year, such director shall be subjected to 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. The policy on the tenure of Independent Directors is stated in Paragraph 1.2 of the Board Charter. A copy of the latest Board Charter is available for download at "Others" section of the "News" tab of the corporate website at <a href="http://www.ksl.my">www.ksl.my</a>.</p> <p>As at the date of this Report, all Independent Directors (i.e. Mr. Gow Kow, Mr. Goh Tyau Soon and Mr. Tey Ping Cheng) had served the Board of the Company for a tenure of more than twelve (12) years and are to be remained as independent director. They will be subjected to two-tier voting during forthcoming AGM to be held in 2020.</p> <p>During the year, based on the independent directors' self-assessment and self-declaration of interests in Group, any corporation, partnership, business transactions and/or services with the Group submitted to the Nominating Committee for review and recommendation to the Board for subsequent review and deliberation, the Board concluded that all Independent Directors meet the requirements of "Independent director" as defined under paragraph 1.01 of MMLRs and remain</p>

	<p>objective and independent in participating in the deliberations and decision making of the Board and Board Committees they are in. The length of their services does not impair their ability and exercise of independent judgement as Independent Director and they have devoted sufficient time and attention to their professional obligations and have carried out their professional duties always in the best interest to the Company and the shareholders. Furthermore, the Board is of the opinion that the Group benefits from these long serving Independent Directors who possess detailed knowledge of the Group's business and have proven commitment, experience, competence and wisdom to effectively advise and oversee the management and using their knowledge to participate actively in all deliberations of all issues by asking pertinent questions (including criticism or disagreement to management or professional advisers) and actively pursue unresolved matters till obtained favourable responses or it is resolved.</p> <p>Based on the above justification, the Board recommends and supports the continuity of the office of all Independent Directors (i.e. Mr. Gow Kow, Mr. Goh Tyau Soon and Mr. Tey Ping Cheng) as Independent Director of the Company.</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 4.3 - Step Up**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Appointment of new Director to the Board or Board Committee is recommended to the Nominating Committee for consideration and approved by the Board in accordance to the Board Charter last updated on 28 February 2018.</p> <p>As part of the nomination and selection process, the Nominating Committee reviews the recommendations and appointments of Directors with due regard to the suitability of the candidates for the Board in lights of the skillset and knowledge requirements and boardroom diversity in the context of the Group. In particular, the Nominating Committee shall ensure that the candidates possess the following criteria: -</p> <ul style="list-style-type: none"><li>• qualifications;</li><li>• skills and competence;</li><li>• functional knowledge;</li><li>• experience;</li><li>• background and character;</li><li>• integrity and professionalism; and</li><li>• time commitment.</li></ul> <p>The nomination/recruitment of new director process practiced by the Nominating Committee is as follows:</p> <ol style="list-style-type: none"><li>i. Identification of candidates by developing a pool of potential candidates for consideration;</li><li>ii. Evaluation on the suitability of candidates;</li><li>iii. Interview shortlisted candidates and background check;</li><li>iv. Final deliberation by Nominating Committee; and</li><li>v. Recommendation to Board.</li></ol> <p>As per Board Charter, the candidates for the new directorship are to be sourced from major shareholders, existing directors and external sources, such as, recommendations from external auditors and other professional service providers and open search.</p> <p>There was no new appointment to the Board during the year under review.</p> <p>The terms of reference of Nominating Committee is available at "Others" section of the "News" tab of the corporate website at <a href="http://www.ksl.my">www.ksl.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> :		

### 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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>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.</p> <p>The Company practices diversity at senior managerial level as it has 2 female senior managers of a total 14 senior managers in charge of critical processes.</p> <p>As at the date of this report, the Board is of the opinion that there is no requirement for additional member for the Board as the Board is satisfied that, through annual performance assessment of the Board, the Board Committees and individual directors by the Nominating Committee, the current board composition possesses mix of knowledge, skills and experience required to discharge the Board's duties and responsibilities effectively.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the 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>	:	The Board to consider to establish policy on gender diversity to have at least one female representative at the Board level, the target timeline and specific measures to achieve that.	
<b>Timeframe</b>	:	Choose an item.	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Based on the paragraph 1.3 of the Board Charter approved by the Board, the Board endeavours 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 with effect from 28 February 2018. A copy of the latest Board Charter is available for download at “Others” section of the “News” tab of the corporate website at <a href="http://www.ksl.my">www.ksl.my</a>.</p> <p>The Board uses a variety of sources for the identification of suitable candidates. The Nominating Committee 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, such as, external auditors and other professionals.</p> <p>The existing members of the Board of the Company were recommended by the Board members and existing shareholders of the Company previously before MCGG 2017 came into effect.</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 4.7

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 Nominating Committee Chairman, Mr Goh Tyau Soon, is an Independent Director as well as Senior Independent Director.</p> <p>In particular, as stated in the Board Charter of the Company, the Senior Independent Director is:</p> <ul style="list-style-type: none"><li>i. sounding board for Chairman (e.g. offer counsel to the chairman on matters such as board dynamics and concerns of stakeholders);</li><li>ii. leads the annual review of the Chairman and board effectiveness, ensuring that the performance of each individual director is assessed objectively and holistically;</li><li>iii. leads the succession planning and appointment of Board members, including the future Chairman and Chief Executive Officer;</li><li>iv. provides leadership support and advice to the Board in the event that the board is undergoing a period of stress;</li><li>v. serves as an intermediary for other directors when necessary;</li><li>vi. to handle for complaints relating to directors and other senior management;</li><li>vii. a conduit for other independent directors to voice their concerns; and</li><li>viii. 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;</li><li>ix. acts as independent channel for whistle blowers to direct reports/complaints, as identified in the Company's Whistle Blowing Policy; and</li><li>x. ensuring the effective implementation of the Company's Whistleblowing Policy.</li></ul> <p>The Board Charter and terms of reference of Nominating Committee and is available at "Others" section of the "News" tab of the corporate website at <a href="http://www.ksl.my">www.ksl.my</a>.</p> <p>The Chairman of the Nominating Committee reported to the Board on the outcome of the committee meeting.</p> <p>During the financial year ended 31 December 2019, the Nominating Committee, led by Chairman, conducted review on the performance of the Board, Board Committees, Audit Committee (including members), individual Directors, and the independence of Independent Directors</p>

	(the details of the assessment will be further disclosed in Practice 5.1 of this CG Report) and reported to the Board on the results of the review for the Board's consideration.	
<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 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In line with the Board Charter of the Company and terms of Reference of Nominating Committee, a detailed assessment is undertaken annually to review the effectiveness of the Board, Board Committee, the Audit Committee, the contribution of each individual Director and independence assessment of independent directors and facilitated by the Company Secretary. The forms and criteria are reviewed in the detail by the Nominating Committee 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 oversees this process and results are reported the Board. The usual process for the annual evaluation ("Assessment") commenced at the fourth quarter of each year. The Nominating Committee reviewed the results and reported the outcome of the Assessment to the Board.</p> <p>The following evaluations and assessments were carried out by the Nominating Committee during the financial year under review: -</p> <p>The Board and Board Committees' performance evaluation was conducted via Performance Evaluation for Board and Board Committee Form with criteria includes Board structure, Board operations, Board's roles and responsibilities, Board chairman's role and responsibilities as well as Board Committees' composition, contribution to the board's decision making, expertise, appointment as well as timeliness and quality of communication and minutes.</p> <p>In addition, review of the character, experience, integrity, competence and time commitment per Paragraph 2.20A of MMLRs was performed through Individual Directors and Chief Financial Officer Performance Appraisal Form, whereby the integrity, professionalism, business knowledge, industry knowledge, meeting attendance, meeting preparation, board participation, business planning contribution, relationship with board members, public relation and teamwork are assessed.</p>

	<p>As an important independent element within the Board, individual Independent Non-Executive Directors performed self-assessment of his independence via Independent Directors' Self-Assessment Checklist with criteria adopted from Corporate Governance Guide issued by Bursa Malaysia Berhad concentrating on independency and objectivity criteria. In addition, the Independent Non-Executive Directors were required to declare his interests in KSL Holdings Berhad (including its related companies), any corporation, partnership, business transactions and/or services with the Group, employment history, identity of person connected to him, nominee/representative and other considerations that may affect the independency as Independent Director via Declaration of Interest Form. The results of above self-assessment of Independent Director and declaration of interests by Independent Directors were submitted to the Nominating Committee to review and reporting to the Board.</p> <p>Apart from that, the Audit Committee and its members were subjected to assessments via Audit Committee Evaluation Form (for criteria, such as, quality and composition, skills and competencies, meeting administration and conduct) and Audit Committee Members Evaluation Form (for criteria, such as, trustworthiness, dynamic participation, integrity, capability, experience, ongoing education, analytic skills, understanding of financial risks, compliance process, statutory reporting requirements and significant accounting policies and accounting estimates) with criteria adopted from Corporate Governance Guide issued by Bursa Malaysia Berhad to ensure Audit Committee and its members have carried out their duties in accordance with their terms of reference pursuant to Paragraph 15.20 of the MMLRs. Please refer to Practice 8.5 of the Report for the details.</p> <p>The Company Secretary circulated to each director with the relevant evaluations and assessments forms/checklist in relation to the aforementioned evaluations and assessments with sufficient time for the relevant directors to complete in advance of the meeting of the Nominating Committee and the Board in order for the Company Secretary to collate the evaluations and assessments results for the Nominating Committee to review and report to the Board.</p> <p>With the above evaluation/review processes, the Board, through the Nominating Committee, reviewed and assessed its required mix of skills and experience and other qualities, including core competencies which directors should bring to the Board, and the size and composition of the Board to ensure that it has the appropriate mix of skills and competencies to lead the Group effectively.</p> <p>The above assessments and evaluations were conducted without engaging the services of independent third party.</p> <p>Based on the above assessments, the Board was satisfied with the existing board composition and was of the opinion that all directors and board committees of the Company had discharged their responsibilities</p>
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	<p>in a commendable manner and had performed competently and effectively. Other than that, the Board was of the opinion that its present size and composition is optimal based on the Group's operations and that it reflects a fair mix of financial, technical and business experiences that are important to the stewardship of the Group.</p> <p>In addition, based on the above assessments performed on Audit Committee and its members, the Board was of the opinion that the Audit Committee and its members had carried out their duties in accordance with their terms of reference in accordance with the MMLRs.</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 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Based on the Terms of Reference of the Remuneration Committee approved by the Board, the Remuneration Committee is tasked to recommend to the Board the remuneration package of the Executive Directors, among others.</p> <p>There is no formalised Directors and Senior Management Remuneration Framework established by the Board and published on the corporate website of the Company.</p> <p>It is the practice of the Board that the Executive Directors' remuneration is determined by their performance, service, seniority, experience and scope of responsibilities and shall not include commission on or percentage of sales. On the other hand, Non-Executive Directors shall be rewarded by director's fee based on his knowledge, skills, competency, responsibilities assigned to such director and his contributions to the Board and the Board Committees and shall not be paid in linear relationship solely based on financial performance of the Group. Interested directors shall abstain from deliberation and approval of his own compensation during the motion to deliberate and approval of his compensation by the Board.</p> <p>Remuneration for senior management is also subject to their performance and experience.</p> <p>In order to ensure Executive Directors and Senior Management are rewarded based on their performance, it is the requirement under the terms of reference of the Remuneration Committee that it is to meet with Nominating Committee on the performance of Directors and senior management with a view of integrating the information in</p>

	<p>recommending to the Board the proposed remuneration of Directors and senior management.</p> <p>Please refer to “Others” section of the “News” tab of the corporate website at <a href="http://www.ksl.my">www.ksl.my</a> for the terms of reference of the Remuneration Committee.</p> <p>The Remuneration Committee held a meeting during the financial year ended 31 December 2019 to review the proposed director fees for Non-Executive Directors and proposed remuneration package of Executive Directors and with such recommended director fees and remuneration packages were submitted to the Board for approval and/or recommendation to shareholders for approval, as applicable.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</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>The Board to establish formal Directors’ and Senior Management Remuneration Framework outlines the guiding principles for the remuneration components of the Executive Directors, Non-Executive Directors and Senior Management, to be in line with the risk strategy and corporate values of the Company.</p>
<p><b>Timeframe</b></p>	<p>:</p>	<p>Choose an item.</p>

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Remuneration Committee was formed to assist the Board in determining, developing and recommending an appropriate remuneration policy and remuneration package for Directors to attract, retain and motivate the Directors. The Remuneration Committee reviews the proposed remuneration package and proposed fees of the Directors (as applicable) annually.</p> <p>During the financial year ended 31 December 2019, the Executive Director (who was one of the members of the Remuneration Committee then) stepped down as a member of Remuneration Committee on 30 May 2019. As at financial year ended 31 December 2019, the Remuneration Committee comprised of three (3) Independent and Non-Executive Directors, which is in compliance with the requirement of MCCG whereby such committee should only consist of Non-Executive Directors and a majority of them must be Independent Directors. Such composition requirement had been updated in the terms of reference of the Remuneration Committee and approved by the Board.</p> <p>The Remuneration Committee is governed under clearly defined terms of reference which states the duties and authorities of the committee. The Terms of Reference of Remuneration Committee are published on "Others" section of the "News" tab of the corporate website at <a href="http://www.ksl.my">www.ksl.my</a>.</p> <p>It is the ultimate responsibility of the entire Board to approve the remunerations of the Executive Directors. The Executive Director concerned would be abstained from discussion and decision on his own remuneration. The Board as a whole determines the remuneration package of Non-Executive Directors based on their experience and level of responsibilities undertaken. All Non-Executive Directors are paid a</p>



	fixed fee which are subjected to the approval of shareholders at Annual General Meeting and Directors who are shareholders will be abstained from voting at General Meetings to approve their fees.	
<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 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.

<b>Application</b>	:	Departure																														
<b>Explanation on application of the practice</b>	:																															
<b>Explanation for departure</b>	:	<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. The Remuneration Committee had reviewed the proposed Directors' fees and benefits based on the performance and contribution of individual directors in the discharge of their respective duties and responsibilities before recommended to the Board for consideration and approval. The Board will ensure their remuneration is sufficient to retain and motivates individual directors.</p> <p>A summary of remuneration packages of the Directors of the Company who served during the Financial Year Ended 31 December 2019 was as follows:</p> <table><tr><th></th><th><b>Executive Directors (RM'000)</b></th><th><b>Non-Executive Directors (RM'000)</b></th></tr><tr><td>Directors' Fees</td><td>-</td><td>90</td></tr><tr><td>Salaries</td><td>16,618</td><td>-</td></tr><tr><td>Allowances</td><td>180</td><td>13</td></tr><tr><td>Bonuses</td><td>13,214</td><td>-</td></tr><tr><td><b>Total</b></td><td><b>30,012</b></td><td><b>103</b></td></tr></table> <p>Number of Directors whose remuneration falls into the following bands:</p> <table><tr><th><b>Range of Remuneration</b></th><th><b>Executive Directors</b></th><th><b>Non-Executive Directors</b></th></tr><tr><td>Below RM 50,000</td><td>-</td><td>3</td></tr><tr><td>RM 450,001 to RM 500,000</td><td>1</td><td>-</td></tr><tr><td>RM 9,500,001 to RM 10,000,000</td><td>3</td><td>-</td></tr></table> <p>The detailed disclosure on named basis for the remuneration of individual directors may jeopardize the personal security of the individual members of the Board. Careful assessment of the impact of the detailed disclosure on named basis for the remuneration of individual directors shall be performed by the Board to ensure that such disclosure will not pose significant risk to the personal security of the</p>		<b>Executive Directors (RM'000)</b>	<b>Non-Executive Directors (RM'000)</b>	Directors' Fees	-	90	Salaries	16,618	-	Allowances	180	13	Bonuses	13,214	-	<b>Total</b>	<b>30,012</b>	<b>103</b>	<b>Range of Remuneration</b>	<b>Executive Directors</b>	<b>Non-Executive Directors</b>	Below RM 50,000	-	3	RM 450,001 to RM 500,000	1	-	RM 9,500,001 to RM 10,000,000	3	-
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Bonuses	13,214	-																														
<b>Total</b>	<b>30,012</b>	<b>103</b>																														
<b>Range of Remuneration</b>	<b>Executive Directors</b>	<b>Non-Executive Directors</b>																														
Below RM 50,000	-	3																														
RM 450,001 to RM 500,000	1	-																														
RM 9,500,001 to RM 10,000,000	3	-																														

	<p>individual members of the Board before compliance with the requirement.</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 payment of Director’s benefits to Non-Executive Directors will be subject to the shareholders’ approval at the forthcoming annual General Meeting (“AGM”) until next AGM of the Company in 2021 as set out in the AGM’s Notice. The Director’s benefits comprise fees and other benefits-in-kind (“BIK”) payable to the Non-Executive Directors. If such ordinary resolution is passed, it will allow the Company to make payment of the Director’s benefits to the NEDs after they have discharged their responsibilities and rendered their services to the Company, until next AGM of the Company to be held in 2021.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</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>: The Board to consider the detailed disclosure on named basis of the remuneration of individual directors in the Corporate Governance Report after careful assessment of the impact of the detailed disclosure on the personal security of the individual members of the Board with mitigation plans implemented.</p>
<p><b>Timeframe</b></p>	<p>: Choose an item.</p>

### 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 opinion that the disclosure of the remuneration component in bands of RM50,000 on named basis of individual members of Senior Management may jeopardize the personal security of the individual members of Senior Management and increase the risk of loss of key personnel as their remuneration packages are published publicly. Careful assessment of the impact of the disclosure of the remuneration component in bands of RM50,000 on named basis of individual members of Senior Management shall be performed by the Board to ensure that such disclosure will not pose significant risk to the personal security of the individual members of Senior Management and increase the risk of loss of key personnel by formulating mitigation plans before compliance with the requirement.</p> <p>A summary of remuneration packages of the top Senior Management team of the Company during the FYE 31 December 2019 was as follows:</p> <table><tr><th>Range of Remuneration</th><th>No. of members of Senior Management</th></tr><tr><td>RM 250,001 to RM 300,000</td><td>1</td></tr><tr><td>RM 1,050,001 to RM 1,100,000</td><td>1</td></tr></table> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p>	Range of Remuneration	No. of members of Senior Management	RM 250,001 to RM 300,000	1	RM 1,050,001 to RM 1,100,000	1
Range of Remuneration	No. of members of Senior Management							
RM 250,001 to RM 300,000	1							
RM 1,050,001 to RM 1,100,000	1							
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.								
Measure	:	The Board to consider the disclosure of the remuneration component in bands of RM50,000 on named basis of individual members of Senior Management in the Corporate Governance Report after careful assessment of the impact of the detailed disclosure on the personal security of the individual members of Senior Management and the risk of loss of key personnel with mitigation plans implemented.						

<b>Timeframe</b>	:	Choose an item.	
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**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.

<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 8.1

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>	:	<p>The Company complied with the requirement that the Chairman of the Audit Committee is not the Chairman of the Board and such requirement is stated in the Board Charter of the Company and term of reference of the Audit Committee.</p> <p>During the financial year under review and up to the date of this Report, the Chairman of the Audit Committee is Mr. Gow Kow, an Independent Director and Non-Executive Director while the Chairman of the Board is Mr. Ku Hwa Seng.</p> <p>The Chairman of the Audit Committee, Mr. Gow, fulfils the requirement under paragraph 15.09(1)(c)(i) and paragraph 7.1 of Practice Note 13 of MMLRs and possesses strong financial literacy skills as he is a fellow member of the Association of Chartered Certified Accountants and the Malaysian Institute of Taxation as well as a member of the Malaysian Institute of Accountants, the Institute of Certified Public Accountants of Singapore and the Institute of Chartered Secretaries and Administrators and a managing partner of a Public Accounting Firm in Malaysia. Please refer to the Profile of Directors section of the Annual Report for further details on the qualification and experience of the Chairman of Audit Committee.</p> <p>An abstract of duties and responsibilities of the Audit Committee as stated in the Terms of Reference, led by the Chairman, includes the followings:</p> <ol style="list-style-type: none"><li>1. to review with the External Auditors their audit plan, their evaluation of the system of internal accounting and controls and their audit report;</li><li>2. to review the assistance given by the Company's employees to the External Auditors;</li><li>3. to review the adequacy of the scope, function, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;</li><li>4. to review the financial condition of the Group, its internal controls and audit programme, the performance and findings of internal audit staff and to recommend action to be taken thereon by the management and whether appropriate action is taken on the recommendations of the internal audit function;</li></ol>

	<p>5. to review the quarterly results and year-end financial statements, prior to the approval by the Board of Directors, focusing particularly on:</p> <ul style="list-style-type: none"> <li>a. changes in or implementation of major accounting policy changes;</li> <li>b. significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed; and</li> <li>c. compliance with accounting standards and other legal requirements</li> </ul> <p>6. to review any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;</p> <p>7. to review and report the same to the Board of Directors any letter of resignation from the External Auditors of the Company as well as whether there is any reason (supported by grounds) to believe that the Company's External Auditors are not suitable for re-appointment;</p> <p>8. to make recommendations concerning the appointment of the External Auditors and their remuneration to the Board of Directors;</p> <p>9. assess the suitability, objectivity and independence of the External Auditors annually;</p> <p>10. to recommend the nomination of a person or persons as external auditors and internal auditors; and their respective audit fees;</p> <p>11. to oversee the Company's and the staff's ethical matters and all other incidental matter pertaining thereto;</p> <p>12. such other functions as may be agreed to by the Audit Committee and the Board of Directors; and</p> <p>13. meeting with External Auditors at least twice a year.</p> <p>The terms of reference of Audit Committee detailing the composition, authorities, duties and responsibilities are available for download from "Others" section of the "News" tab of the corporate website at <a href="http://www.ksl.my">www.ksl.my</a>.</p> <p>A summary of activities of the Audit Committee, led by the Chairman, are disclosed in the Annual Report's Audit Committee 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**

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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board Charter of the Company and terms of reference of the Audit Committee includes the requirement of 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.</p> <p>Please refer to the terms of reference of Audit Committee which is published in “Others” section of the “News” tab of the corporate website at <a href="http://www.ksl.my">www.ksl.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>	:		

**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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Based on the Terms of Reference of the Audit Committee, Audit Committee have direct communication channels with External Auditors and have the responsibility to review with the External Auditors on audit plan, its scope and nature, the Audit Report, results of their evaluation of the accounting policies and systems of internal accounting controls within the Group, the assistance given by the officers of the Company to External Auditors, the appropriateness of the level of fees and to assess the suitability, objectivity and independence of the External Auditors annually. Furthermore, it is the responsibility of Audit Committee to consider the appointment or re-appointment of External Auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as External Auditors.</p> <p>Although the Company do not have a formalised policy on the assessment of the suitability, objectivity and independence of the External Auditors, Audit Committee obtained from the External Auditors, prior to the commencement of the audit engagement and upon the conclusion of the audit engagement, confirmation on their independence throughout the audit engagement and that the External Auditors were not aware of any relationship between them and the Group that may reasonably to impair their independence.</p> <p>The Audit Committee and the Board are committed to ensure 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 in the following manners:</p> <p>The engagement of the external auditors is governed by the engagement letter with terms of engagement which includes, amongst others, the scope of coverage, the responsibilities of the External Auditors, confidentiality, independence and the proposed fees reviewed by Audit Committee and its recommendation to the Board.</p>

	<p>On annual basis, prior to the commencement of the External Audit engagement for the financial year, the External Auditors presented the Audit Planning Memorandum to Audit Committee whereby the engagement and reporting requirements, audit approach, overall and performance materiality, significant events during the year, areas of audit emphasis, responsibilities of External Auditors, communication with Audit Committee, engagement team, fraud considerations, independence declaration, deliverables and proposed audit fees were tabled to Audit Committee for review. During the meeting, the External Auditors confirmed to Audit Committee that they are not aware of any relationship between the Group and them that may reasonably to impair their independence.</p> <p>Upon completion of the audit engagement for a financial year, the External Auditors presented the Audit Review Memorandum to the Audit Committee on the significant changes in the audit plan, significant audit findings, status of the audit, key audit matters, draft independent auditors' report and draft financial statements. During the same meeting, the External Auditors confirmed to Audit Committee on their independence throughout the audit engagement and not aware of any relationship between them and the Group that may reasonably to impair their independence.</p> <p>In addition, the Audit Committee met twice privately with the External Auditors during the financial year without the presence of the Executive Directors and management to encourage two-way communication of the information and views and for the External Auditors to freely express their opinion without undue pressure.</p> <p>Having regarded the meetings (including the private sessions held) with the External Auditors and the oversights of the External Auditors based on the terms of reference and the engagement letter, Audit Committee and the Board is of the opinion that the External Auditors was suitable and able to deliver the assurance engagement professionally and diligently with sufficient level of independence under the relevant laws and regulations and recommended their reappointment to the Board, upon which the shareholders' approval was sought at the Annual General Meeting.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</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>: The Audit Committee to establish formal policy on the assessment of the suitability, objectivity and independence of the External Auditors and to subject such policy for the review and approval of the Board in future.</p>
<p><b>Timeframe</b></p>	<p>: Choose an item.</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 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	At present, the Audit Committee comprises solely of Independent Directors. The details of the members of the Audit Committee is disclosed in the Corporate information and Profile of Directors section of the Annual Report.

### 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.

<b>Application</b>	:	Applied														
<b>Explanation on application of the practice</b>	:	<p>The members of the Audit Committee consist of members who have a wide range of necessary skills to discharge its duties, i.e. experiences in accounting, auditing, finance, taxation and legal. All Audit Committee members are financially literate, through their education pursued and working experience. The details of the experiences and education qualification of the members of the Audit Committee are disclosed in the Annual Report's Profile of the Directors.</p> <p>During the financial year ended 31 December 2019, the members of Audit Committee undertook continuous professional development(s) as required by the respective professional bodies and trainings which are identified by the Board which are relevant to the field of accounting, auditing, taxation, company laws and regulatory development. The trainings attended by individual members of Audit Committee are shown in the following table:</p> <table><tr><th>Member of Audit Committee</th><th>Name of Conference/Talk/Seminar Attended or Participated</th><th>Organiser</th></tr><tr><td rowspan="5">Gow Kow</td><td>Analysis of Recent Tax Cases</td><td>Chartered Tax Institute of Malaysia</td></tr><tr><td>Managing Tax Audits and Investigations</td><td>Chartered Tax Institute of Malaysia</td></tr><tr><td>Latest Development in Malaysian Financial Reporting Standards (MFRS) / IFRS and IC Interpretation – An Overview</td><td>Malaysian Institute of Accountants</td></tr><tr><td>Managing Large Taxpayers Issues – A Practitioners' Update</td><td>Chartered Tax Institute of Malaysia</td></tr><tr><td>Seminar Percukaian Kebangsaan 2019</td><td>Lembaga Hasil Dalam Negeri Malaysia</td></tr></table>	Member of Audit Committee	Name of Conference/Talk/Seminar Attended or Participated	Organiser	Gow Kow	Analysis of Recent Tax Cases	Chartered Tax Institute of Malaysia	Managing Tax Audits and Investigations	Chartered Tax Institute of Malaysia	Latest Development in Malaysian Financial Reporting Standards (MFRS) / IFRS and IC Interpretation – An Overview	Malaysian Institute of Accountants	Managing Large Taxpayers Issues – A Practitioners' Update	Chartered Tax Institute of Malaysia	Seminar Percukaian Kebangsaan 2019	Lembaga Hasil Dalam Negeri Malaysia
Member of Audit Committee	Name of Conference/Talk/Seminar Attended or Participated	Organiser														
Gow Kow	Analysis of Recent Tax Cases	Chartered Tax Institute of Malaysia														
	Managing Tax Audits and Investigations	Chartered Tax Institute of Malaysia														
	Latest Development in Malaysian Financial Reporting Standards (MFRS) / IFRS and IC Interpretation – An Overview	Malaysian Institute of Accountants														
	Managing Large Taxpayers Issues – A Practitioners' Update	Chartered Tax Institute of Malaysia														
	Seminar Percukaian Kebangsaan 2019	Lembaga Hasil Dalam Negeri Malaysia														

Member of Audit Committee	Name of Conference/Talk/Seminar Attended or Participated	Organiser
Goh Tyau Soon	2020 Budget Seminar	Ecovis
	2020 Budget and Tax Conference Seminar	Ernst & Young
Tey Ping Cheng	Workshop on The Companies Act, 2016 and Secretarial Practice & Minutes Writing/ Drafting of Resolutions	Malaysian Association of Company Secretaries
	Quarterly Tax Updates 2019	Chartered Tax Institute of Malaysia
	Topical Tax Issues for SMEs	CPA Australia
	The Company Constitution Pre & Post Companies Act, 2016	Malaysian Association of Company Secretaries
	National Tax Conference 2019	Malaysian Association of Company Secretaries, Lembaga Hasil Dalam Negeri Malaysia
	Malaysian Company Secretaries Conference 2019	Malaysian Association of Company Secretaries
	Seminar Percukaian Kebangsaan 2019	Lembaga Hasil Dalam Negeri Malaysia
	2020 Budget Seminar	Chartered Tax Institute of Malaysia
	Workshop on The Companies Act 2016 and Secretarial Practice	Malaysian Association of Company Secretaries

Apart from that, individual members of the Audit Committee were subjected to annual evaluation on the trustworthiness, dynamic participation, integrity, capability, experience, ongoing education, analytic skills, understanding of financial risks, compliance process, statutory reporting requirements and significant accounting policies and accounting estimates based on the criteria adopted from Corporate Governance Guide issued by Bursa Malaysia Berhad. Furthermore, an assessment of the effectiveness of the Audit Committee was performed Audit Committee Evaluation Form based on the criteria adopted from Corporate Governance Guide issued by Bursa Malaysia Berhad focuses on quality and composition, skills and competencies, meeting administration and conduct as well as the activities carried out by the Audit Committee.



	<p>Through the assessments conducted, the Nominating Committee and the Board were of the opinion that the Audit Committee have the right mix of expertise, experience and skills and they have discharged their responsibilities and duties per the Audit Committee's terms of reference.</p> <p>Please refer to the Audit Committee Report for the activities performed by the Audit Committee in accordance with the terms of reference of the Audit Committee.</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>	:	<table border="1"> <tr> <td></td><td></td></tr> </table>		

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal controls as well as internal audit mechanism to safeguard shareholders' investment and the Company's assets.</p> <p>The Board put in place formal and structured Group Risk Management Policy as the governance structure and processes for the risk management on enterprise wide in order to embed the risk management practice into all level of the Group and to manage key business risks faced by the Group adequately and effectively. Internal Audit function is established to review the adequacy and effectiveness of the risk management and internal control system. The Board assumes the ultimate responsibility for risk management and internal control and establish the risk appetite of the Group. The duties for the identification, evaluation and management of the key business risk are delegated to the Risk and Sustainability Management Committee and Board Risk Management Committee is delegated with the oversight role.</p> <p>The details of the risk management and internal control system within the Group, including the process of identification, assessment and monitoring of key business risks is disclosed in the Statement on Risk Management and Internal Control.</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 9.2

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>	:	<p>Structured risk management process is stipulated in the Group Risk Management Policy approved by the Board, whereby each step of the risk identification, risk evaluation, risk treatment and control activities are laid down for application by the Risk and Sustainability Management Committee and the Risk Owners, i.e. head of departments/divisions. Risk assessment, at gross and residual level, are guided by the likelihood rating and impact rating established by the Board based on the risk appetite acceptable by the Board that are stipulated in the Policy. Key risk registers were compiled by the Risk and Sustainability Management Committee, with relevant key risks identified rated based on the agreed upon risk rating before tabled to the Board Risk Management Committee and Audit Committee for its review and deliberation on its adequacy and effectiveness and for its reporting of the results of review to the Board.</p> <p>The Risk Management Framework is established, in material aspect, is guided by ISO 31000:2018 – Risk Management Guidelines. Internal audits are carried out, based on the approved internal audit plan by the outsourced internal audit function.</p> <p>Please refer to the Statement on Risk Management and Internal Control for the detailed disclosures on the risk management and internal control system as well as the opinion of the Board on the state of the risk management and internal control system within the Group.</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

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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Board had established Board Risk Management Committee, made up of three (3) Independent Directors and Group Managing Director and guided by formal terms of reference approved by the Board, with its primary function to perform risk oversight at Board level to ensure enterprise risk management activities within the Group are adequately and effectively deployed.</p> <p>The terms of reference of the Board Risk Management Committee is available for viewing at "Others" section of the "News" tab of the corporate website at <a href="http://www.ksl.my">www.ksl.my</a>.</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 10.1

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>In ensuring the internal audit function is effective and able to function independently, the internal audit function is reporting directly to the Audit Committee and the Audit Committee have direct communication channels with the internal audit function under its terms of reference. The internal audit engagement of the internal audit function is governed by the engagement letter with key terms include purpose and scope of works, accountability, independence, the outsourced internal audit function's responsibilities, the management's responsibilities, the authority accorded to the outsourced internal audit function, limitation of scope of works, confidentiality, proposed fees and engagement team.</p> <p>In addition, the terms of reference of the Audit Committee provides that the oversight role of the Audit Committee includes the followings, inter-alia:</p> <ul style="list-style-type: none"><li>- to review the adequacy of the scope, function, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;</li><li>- to review the financial condition of the Group, its internal controls and audit programme, the performance and findings of internal audit staff and to recommend action to be taken thereon by the management and whether appropriate action is taken on the recommendations of the internal audit function;</li><li>- to recommend the nomination of a person or persons as internal auditors and their respective audit fees.</li></ul> <p>The oversight role of the Audit Committee and the activities taken by the Audit Committee on the internal audit function during the financial year is disclosed in Statement on Risk Management and Internal Control.</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

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The internal audit function of the Company is outsourced to NeedsBridge Advisory Sdn Bhd and is reporting directly to the Audit Committee with unrestricted access to the Group's employees and documents in the performance of their engagement. The details of the internal audit function and oversight role of the Audit Committee on the function are disclosed in the Statement on Risk Management and Internal Control, including but not limited to, the details of the engagement letter, review of the outsourced internal audit function's resources and continuous professional developments.</p> <p>The engagement director of the outsourced internal audit function, Mr. Pang Nam Ming, is a Certified Internal Auditors ("CIA") accredited by the Institute of Internal Auditors Global and a professional member of the Institute of Internal Auditors Malaysia. The outsourced internal audit function is manned by one (1) Engagement Director, three (3) Senior Manager/Managers and eight (8) senior consultants/consultants as at the date of this Report. The members involved in the field works consist of a manager and two (2) senior consultants/consultants who are member of professional accounting body(ies) and/or possess Bachelor Degree in Finance and/or Accounting.</p> <p>The Internal audit is carried out, in material aspects, in accordance to the International Professional Practices Framework established by the Institute of Internal Auditors Global.</p> <p>Please refer Statement on Risk Management and Internal Control for detailed disclosure on outsourced internal audit function.</p>
<b>Explanation for departure</b>	:	

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

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

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>One of the core responsibilities of the Board as stated in the Board Charter is to develop and implement an investor relations programme or shareholder communications policy for the Company.</p> <p>To ensure that communications to the public are timely, factual, accurate, and complete, the Board has adopted a practice for the disclosure of material information of the Group. It also includes an internal control practice to ensure that confidential information is handled properly by relevant parties to avoid leakage and improper use of such information.</p> <p>In order to promote transparency and thoroughness in public dissemination of material information, the corporate website of the Company incorporates a "News" section which provides all relevant and material information on the Company and is accessible by the public via <a href="http://www.ksl.my">www.ksl.my</a>. The "News" section enhances the Investor Relations function by including all announcements made by the Company (including key matters discussed during annual general meetings), annual reports of the Company, press releases, relevant Board Charter and policies as well as terms of reference of relevant Board Committees, Constitution and Whistleblowing policy established and implemented by the Board for the public to access. The Board had designated the Finance Director to oversee the Company's investor relations function.</p> <p>The core communication channel with the stakeholders employed by the Company is the announcements made through Bursa Securities. The Board is observing all disclosure requirements as laid down by MMLRs and Capital Markets and Services Act 2007 in order to have all material event and information to be disseminated publicly and transparently on timely basis to ensure fair and equitable access by all stakeholders without selective disclosure of such information to specific individuals or groups. The corporate disclosure by the Company is further enhanced by way of the Executive Chairman and Group Managing Director assuming the role of authorized speaker for the Company during press conferences and analyst briefings to ensure factual accurate and consistent disclosure.</p>

	<p>The Annual Report, the core communication tool with stakeholders, contains all the necessary disclosures in addition to facts and figures about the Group. In addition, efforts have been made to ensure that the report is user friendly so that shareholders have a good understanding about the Group and its operations.</p> <p>The General Meetings are the principal forum for dialogue with shareholders. The shareholders are given the opportunity and are encouraged to participate in general meetings of the Company.</p> <p>Adequate time is given during General Meetings to encourage and allow the shareholders to seek clarification or ask questions on pertinent and relevant matters. The External Auditors are also present at Annual General Meeting to provide professional and independent clarification on issues and concerns raised by the shareholders during the meeting.</p> <p>In addition to the above, the Company also welcomes requests for meetings and interviews with professionals from the investment community and is always willing to meet up with institutional investors when required, to elaborate or further clarify information already disclosed to the other shareholders.</p> <p>During the financial year under review, the Board provided timely disclosure of all material information of the Group to the shareholders through release of quarterly financial results, announcements and distribution of Annual Reports. Shareholders, investors and members of the public are able to access such announcements on Bursa Securities' website and "News" section of the Company's website at <a href="http://www.ksl.my">www.ksl.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> :	

### 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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company is not "Large Company" as defined under Malaysian Code on Corporate Governance 2017 as it is not company on the FTSE Bursa Malaysia Top 100 Index and its market capitalisation is less than RM2 billion as at the start of the Company's financial year.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter includes the requirement that notice for the Annual General Meetings is to be given to shareholders at least 28 days prior to the meeting. 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.</p> <p>The Notice of 19<sup>th</sup> Annual General Meeting with the detailed Agenda and Annual Report were announced to Bursa Securities as well as published on the Company's corporate website and issued 28 days before Annual General Meeting. Printed copies of the aforementioned were dispatched to entitled shareholders 28 days before Annual General Meeting. 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 Annual General Meeting. The Notice of the 20<sup>th</sup> Annual General Meeting will also be announced and issued 28 days before the Annual General Meeting.</p> <p>The notice of the annual general meeting includes the following information:</p> <ul style="list-style-type: none"> <li>• Date, time and venue of the meeting</li> <li>• Ordinary and special resolutions (if any) that are tabled for approval as well as explanatory notes and information on the agenda items to be approved</li> <li>• Notes on the voting rights and procedures for shareholders to exercise their rights to appoint proxy in relation to the general meeting.</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**

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All directors, members of Management, the Company Secretary and the External Auditors attended the 19th Annual General Meeting held during the financial year under review.</p> <p>The Board Charter incorporated the requirement that attendance of all directors at the general meetings so that the effective communication between the Board and the shareholders established with those with oversight role (including but not limited to the chairman of Board Committees) for the matters raised by the shareholders were present to answer such enquiry in person.</p> <p>Adequate time is given during General Meetings to encourage and allow the shareholders to seek clarification or ask questions on pertinent and relevant matters. The External Auditors were also present at Annual General Meeting to provide professional and independent clarification on issues and concerns raised by the shareholders during the meeting.</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 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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>There are 6,778 shareholders in the Company as at 29 May 2020.</p> <p>To promote participation of shareholders in remote locations through proxy(ies), the Company's Constitution includes explicit right of proxy(ies) to speak at general meetings, to allow a member who is an exempt authorized nominee to appoint multiple proxies for each omnibus account it holds and imposes no restriction on proxy's qualification.</p> <p>During the financial year under review, while the Company had employed electronic voting for shareholders in present during its Annual General Meeting, the Company did not conduct its general meetings by leveraging technology to facilitate voting in absentia and webcast for remote shareholder participation because the Company held its general meeting in Johor Bahru and the venue of the general meetings in Johor Bahru could be easily accessed by multiple transportation modes in Malaysia as well as from Singapore. The Board is of the opinion that it was not cost and effort effective to implement voting in absentia and webcast for insignificant remote shareholder participation.</p> <p>Furthermore, reliable and reasonable priced voting in absentia system were difficult to be sourced in Malaysia due to limited supply of such service in Malaysia.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the 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>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	



## **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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