ANNUAL REPORT 2020

KSL HOLDINGS BERHAD

200001008827 (511433-P)

CONTENTS

ANNUAL REPORT 2020

KSL HOLDINGS BERHAD

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ku Hwa Seng (Executive Chairman)
Khoo Cheng Hai @ Ku Cheng Hai (Group Managing Director)
Ku Tien Sek (Executive Director)
Lee Chye Tee (Executive Director)
Gow Kow (Independent Non-Executive Director)
Goh Tyau Soon (Independent Non-Executive Director)
Tey Ping Cheng (Independent Non-Executive Director)

COMPANY SECRETARY

Lim Pei Cheng
(SSM PC No. 201908003202)
(MAICSA 7071988)

AUDITORS

ECOVIS MALAYSIA PLT
201404001750 (LLP0003185-LCA) & AF 001825
No. 54, Jalan Kempas Utama 2/2,
Taman Kempas Utama, 81200 Johor Bahru, Johor.
Tel: 07-562 9000 / Fax: 07-562 9090

REGISTERED OFFICE

Wisma KSL,
148, Batu 1 ½, Jalan Buloh Kasap, 85000 Segamat, Johor.
Tel: 07-931 1430 / Fax: 07-932 4888
E-mail: info_kslh@ksl.my
Website: http://www.ksl.my

PRINCIPAL BANKERS

Malayan Banking Berhad
OCBC Bank (M) Berhad
RHB Bank Berhad
AmBank (M) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad Stock Name: **KSL**
Stock Code: **5038**

SHARE REGISTRARS

Boardroom Share Registrars Sdn. Bhd.
Registration No. 199601006647 (378993-D)
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya,
Selangor, Malaysia.
Tel: +603-7890 4700 /
Fax: +603-7890 4670
Website: www.boardroomlimited.com

SOLICITORS

Lee Fook Leong & Co
No. 29, 31 & 33, 1st Floor, (Peti Surat 95),
Jalan Kekwa, 85007 Segamat, Johor.
Tel: 07- 931 3479
Fax: 07- 931 4180

YK Chin
L1-86A, KSL City, No. 33, Jalan Seladang,
Taman Abad, 80250 Johor Bahru, Johor .
Tel: 07- 331 9939
Fax: 07- 289 0039

CORPORATE STRUCTURE

KSL HOLDINGS BERHAD

- 100% Bintang-Bintang Development Sdn Bhd
- 100% Bintang-Bintang Enterprise Sdn Bhd
- 100% Clarion Housing Development Sdn Bhd
- 100% Eversonic Sdn Bhd
- 100% Exportex Sdn Bhd
- 100% Goodpark Development Sdn Bhd
- 100% Harapan Terang Sdn Bhd
  - 100% KSL Development Sdn Bhd
- 100% Harapan Terang Properties Sdn Bhd
- 100% Harapan Terang Realty Sdn Bhd
- 100% Khoo Soon Lee Realty Sdn Bhd
- 100% KSL Medini Development Sdn Bhd
- 100% KSL City Management Sdn Bhd
- 100% KSL Perfect Builder Sdn Bhd
  - 100% Gantang Jaya Sdn Bhd
- 100% KSL Properties Construction Sdn Bhd
- 100% KSL Properties Sdn Bhd
- 100% KSL Properties Management Sdn Bhd
- 100% Prosper Plus Industry Sdn Bhd
- 100% Sejota Sdn Bhd
- 100% Sering Cemerlang Sdn Bhd
- 100% Sure Success Properties Sdn Bhd
- 100% Tai Lik Development (Batu Anam) Sdn Bhd
- 100% Villa Bestari Sdn Bhd
- 100% VIP Beyond Sdn Bhd

NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-First Annual General Meeting of the Company will be held entirely through live streaming from the broadcast venue at L1-95, KSL City, 33, Jalan Seladang, Taman Abad, 80250 Johor Bahru, Johor Darul Takzim on Thursday, 27 May 2021 at 11.00 a.m. for the following purposes:-

A G E N D A

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Directors' and Auditors' Reports thereon.

2. To approve the payment of the Non-Executive Directors' Fees of RM90,000 and Benefits of RM20,000 for the financial year ending 31 December 2021 until the next AGM of the Company. **RESOLUTION 1**

3. To re-elect the following Directors who are retiring in accordance with Article 93 of the Company's Constitution:-

   (a) Mr. Khoo Cheng Hai @ Ku Cheng Hai **RESOLUTION 2**

   (b) Mr. Ku Tien Sek **RESOLUTION 3**

4. To re-appoint Messrs. ECOVIS MALAYSIA PLT, the retiring Auditors of the Company and to authorise the Board of Directors to fix their remuneration. **RESOLUTION 4**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions:-

5. **AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** **RESOLUTION 5**

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to the approval of the relevant authorities, the Directors be and are hereby empowered to allot and issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of shares of the Company (excluding treasury shares) for the time being and that the Directors be and also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad AND THAT such authority shall continue in force until:-

   (a) the conclusion of the Annual General Meeting held next after the approval was given; or
   (b) the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given,

   whichever occurs first."

NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING (Cont'd)

6. **AUTHORITY FOR MR. GOW KOW TO CONTINUE IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR** **RESOLUTION 6**

"THAT Mr. Gow Kow who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, be and is hereby authorised to continue to act as Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance."

7. **AUTHORITY FOR MR. GOH TYAU SOON TO CONTINUE IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR** **RESOLUTION 7**

"THAT Mr. Goh Tyau Soon who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, be and is hereby authorised to continue to act as Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance."

8. **AUTHORITY FOR MR. TEY PING CHENG TO CONTINUE IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR** **RESOLUTION 8**

"THAT Mr. Tey Ping Cheng who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, be and is hereby authorised to continue to act as Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance."

9. **PROPOSED RENEWAL OF AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE NEW ORDINARY SHARES OF THE COMPANY (KSL SHARES) IN RELATION TO THE DIVIDEND REINVESTMENT PLAN THAT PROVIDES SHAREHOLDERS OF THE COMPANY WITH AN OPTION TO REINVEST THEIR CASH DIVIDEND IN NEW KSL SHARES (DIVIDEND REINVESTMENT PLAN)** **RESOLUTION 9**

"THAT pursuant to the Dividend Reinvestment Plan (DRP) as approved by the Shareholders at the Extraordinary General Meeting held on 28 November 2014, approval be and is hereby given to the Directors to allot and issue such number of new KSL Shares, from time to time as may be required to be allotted and issued pursuant to the DRP until the conclusion of the next Annual General Meeting, upon such terms and conditions and to such persons as the Directors may, in their sole and absolute discretion, deem fit and in the best interest of the Company PROVIDE THAT the issue price of the said new KSL Shares shall be fixed by the Directors at not more than ten percent (10%) discount to the adjusted five (5) day volume weighted average market price (VWAMP) of KSL Shares immediately prior to the price-fixing date, of which the VWAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price;

AND THAT the Directors and the Secretary of the Company be and are hereby authorised to do all such acts and enter into all such transactions, arrangements and agreements and to execute, sign and deliver for and on behalf of the Company, all such documents and impose such terms and conditions or delegate all or any part of its powers as may be necessary or expedient in order to give full effect to the DRP, with full powers to assent to any conditions, modifications, variations and/or amendments (if any) including amendments, modifications, suspension and termination of the DRP as the Directors may, in their absolute discretion, deem fit and in the best interest of the Company and/or as may be imposed or agreed to by any relevant authorities."

NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING (Cont'd)

10. To transact any other business appropriate to an Annual General Meeting, due notice of which shall have been previously given in accordance with the Companies Act 2016 and the Company's Constitution.

BY ORDER OF THE BOARD

LIM PEI CHENG
(SSM PC No. 201908003202) (MAICSA 7071988)
Company Secretary

Johor Bahru
28 April 2021

Notes: -

A. **Live Streaming Meeting**

(i) In light of the coronavirus (COVID-19) outbreak, governmental decrees, and the encouragement of the Securities Commission Malaysia, as well as in the best interest of public health and the health and safety of our Board of Directors, employees and shareholders, the Annual General Meeting ("AGM") will be held virtually and online remote voting using the Remote Participation and Voting Facilities ("RPV").

(ii) Please follow the procedures provided in the Administrative Guide for the 21st AGM in order to register, participate and vote remotely via the RPV.

(iii) No Members/ Proxies will be physically present at the Broadcast Venue on the day of the 21st AGM.

B. Appointment of Proxy

(i) Members whose names appear in the Record of Depositors as at 20 May 2021 shall be eligible to attend, speak and vote at the 21st AGM.

(ii) A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. Where a member appoints two (2) proxies, the member must specify the proportions of shareholdings to be represented by each proxy.

(iii) The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing or if the member is a corporation, shall either be executed under its common seal or under the hand of an officer, or its attorney duly authorised in writing.

(iv) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.

(v) Where a member of the Company is an authorised nominee as defined under Securities Industry (Central Depositories) Act 1991, it shall not be entitled to appoint more than two (2) proxies to attend and vote at the 21st AGM.

(vi) The instrument appointing a Proxy may be made in hardcopy form or by electronic means as follows and must be deposited not less than forty-eight (48) hours before the time for the Meeting:

In Hardcopy
The instrument appointing a Proxy must be deposited at the registered office of the Company at Wisma KSL, 148, Batu 1 ½, Jalan Buloh Kasap, 85000 Segamat, Johor Darul Takzim not less than forty-eight (48) hours before the time for the Meeting.

Electronically
The Proxy form can be electronically submitted via online website at www.agm.virtualeagm.com. Kindly refer to the Administrative Guide – Appointment of Proxy.

C. Explanatory notes

Audited Financial Statements

The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act ("CA") 2016 for discussion only under item 1 of the agenda. They do not require shareholders' approval and hence, will not be put for voting.

NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING (Cont'd)

Directors' Fees and Benefits (Resolution 1)

The Directors' remuneration (excluding Directors' fees) comprises the allowances and other emoluments payable to Non-Executive Directors. Benefits of RM20,000 are to reimburse Non-Executive Directors' travelling expenses to attend meetings of Company. Payment of benefits to the NEDs will be made by the Company as and when incurred, after they have discharged their responsibilities and rendered their services to the Company of the Relevant Period, based on the proposed benefits, if the proposed Resolution 1 is passed at the forthcoming Annual General Meeting.

Section 230(1) of the CA 2016 provides amongst others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the 21st AGM on the Directors' remuneration in resolution as below:

- Resolution 1 on payment of Non-Executive Directors' fees and benefits in respect of the current year 2021 and until the next AGM of the Company ("Relevant Period").

The Board decided that the Non-Executive Directors' fees for financial year ("FY") ended 31 December 2020 be maintained as the previous FY subject to the performance of the Company and the current global economy. The remuneration policy for Non-Executive Directors fees is clarified in page 46 to 47 of the Corporate Governance Overview Statement.

Re-election of Directors who retire in accordance with Article 93 of the Company's Constitution (Resolutions 2 and 3)

Article 93 of the Company's Constitution provides that one-third (1/3) of the Directors of the Company for the time being shall retire by rotation at an AGM of the Company, or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3). With the current Board's size of seven (7), two (2) Directors are to retire in accordance with Article 93 of the Company's Constitution.

For the purpose of determining the eligibility of the Directors to stand for re-election at the 21st AGM, the Nominating Committee ("NC") has considered the following:

(1) The assessment of the individual Director's level of contribution to the Board through each of their skills, experience and strength in qualities; and

(2) The level of independence demonstrated by each of the Non-Executive Directors ("NEDs"), and their ability to act in the best interests of the Company in decision-making, to ensure that they are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interests of the Company.

In line with the Malaysian Code on Corporate Governance ("MCCG"), the Board has conducted an assessment of independence of the NEDs, and also other criteria i.e. character, integrity, competence, experience and time commitment in effectively discharging their respective roles as Directors of the Company. The individual Directors were assessed based on performance criteria set in the areas of Board dynamics and participation, competency and capability, independence and objectivity, probity and personal integrity, contribution and performance together with their ability to make analytical inquiries and offer advice and guidance. Each of the NEDs has also provided his/her annual declaration/confirmation of independence bi-annually.

The Board accepted the NC's recommendation that the Directors who retire in accordance with Article 93 of the Company's Constitution are eligible to stand for re-election. All these retiring Directors had abstained from deliberations and decisions on their own eligibility to stand for reelection at the relevant Board meeting.

Appointment of Auditors (Resolution 4)

Pursuant to Section 273(b) of the Act, the term of office of the present Auditors, Messrs. Ecovis Malaysia PLT, shall lapse at the conclusion of this AGM unless they are re-appointed by the shareholders to continue in office. Messrs. Ecovis Malaysia PLT have indicated their willingness to continue their service until the conclusion of the 21st AGM. The re-appointment of Messrs. Ecovis Malaysia PLT as Auditors has been considered against the relevant criteria prescribed by Paragraph 15.21 of the MMLR. This proposed Resolution 4, if passed, will also give the Directors of the Company, the authority to determine the remuneration of the Auditors.

Authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 (Resolution 5)

The proposed Resolution 5 above, if passed, will empower the Directors of the Company, from the date of the 21st AGM, with the authority to allot and issue shares in the Company up to an amount not exceeding in total 10% of the total number of issued shares of the Company (excluding treasury shares) for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting.

The general mandate sought to grant authority to Directors to allot and issue shares is a renewal of the mandate that was approved by the shareholders at the 20th Annual General Meeting. The renewal of general mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/ or future investment projects, working capital and/ or acquisitions which the Directors deem necessary and feasible.

Up to date of this Notice, the Company has not issue any shares pursuant to the mandate granted to the Directors at the 20th Annual General Meeting as there was no need for any fund raising activity for the purpose of investment, acquisition or working capital.

NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING (Cont'd)

Authority to continue in office as Independent Non-Executive Directors of the Company pursuant to the Malaysian Code on Corporate Governance (Resolutions 6, 7 and 8)

(a) Mr. Gow Kow

Mr. Gow Kow was appointed as an Independent Non-Executive Director of the Company on 19 November 2001 and has therefore served for more than twelve (12) years as at the forthcoming 21st AGM. However, he has met the independence criteria as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"). The Board based on the review and recommendation made by the Nominating Committee, therefore, considers him to be independent and recommends that he should continue to act as Independent Non-Executive Director. Further rationale for his retention as Independent Non-Executive Director can be found on Pages 44-45 of the Annual Report and Practice 4.4 and 4.6 of the Corporate Governance Report.

(b) Mr. Goh Tyau Soon

Mr. Goh Tyau Soon was appointed as an Independent Non-Executive Director of the Company on 1 April 2002 and has therefore served for more than twelve (12) years as at the forthcoming 21st AGM. However, he has met the independence criteria as set out in Chapter 1 of the MMLR. The Board based on the review and recommendation made by the Nominating Committee, therefore, considers him to be independentand recommends that he should continue to act as Independent Non-Executive Director. Further rationale for his retention as Independent Non-Executive Director can be found on Pages 44-45 of the Annual Report and Practice 4.4 and 4.6 of the Corporate Governance Report.

(c) Mr. Tey Ping Cheng

Mr. Tey Ping Cheng was appointed as an Independent Non-Executive Director of the Company on 15 April 2002 and has therefore served for more than twelve (12) years as at the forthcoming 21st AGM. However, he has met the independence criteria as set out in Chapter 1 of the MMLR. The Board based on the review and recommendation made by the Nominating Committee, therefore, considers him to be independent and recommends that he should continue to act as Independent Non-Executive Director. Further rationale for his retention as Independent Non-Executive Director can be found on Pages 44-45 of the Annual Report and Practice 4.4 and 4.6 of the Corporate Governance Report.

Proposed renewal of authority for Directors to allot and issue new ordinary shares of the Company (KSL Shares) in relation to the Dividend Reinvestment Plan that provides shareholder of the Company with an option to invest their cash dividend in new KSL SHARES (Dividend Reinvestment Plan) (Resolution 9)

The proposed Ordinary Resolution 9, if passed, will give the authority to the Directors to allot and issue new KSL Shares pursuant to the Dividend Reinvestment Plan in respect of the dividends declared from time to time until the next AGM.

GENERAL MEETING RECORD OF DEPOSITORS

For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd in accordance with Article 63(3) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 20 May 2021. Only a depositor whose name appears on the Record of Depositors as at 20 May 2021 shall be entitled to attend this meeting or appoint proxy/proxies to attend, speak, participate and/or vote in his stead.

KSL HOLDINGS BERHAD

REGISTRATION NO. 200001008827 (511433-P)
(Incorporated in Malaysia)

Administrative Guide for General Meeting ("the Meeting")

Meeting Day and Date	:	Thursday, 27 May 2021
Time	:	11.00 a.m.
Broadcast Venue	:	L1-95, KSL City, 33, Jalan Seladang, Taman Abad, 80250 Johor Bahru
Meeting Platform	:	www.agm.virtualeagm.com

1. Virtual Meeting

1.1 As a precautionary measure amid Coronavirus Disease pandemic and having regard to the well-being of the safety of the Company's shareholders, employees and Directors, the Board of Directors ("the Board") and Management have decided that the meeting will be conducted entirely virtual through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities.

1.2 Kindly ensure that you are connected to the internet at all times in order to participate and/or vote at our virtual Meeting. Therefore, it is your responsibility to ensure that connectivity for the duration of the Meeting is maintained. Kindly note that the quality of the live webcast is dependent on the bandwidth and stability of the internet connection of the participants. The Company, the Board and its management, registrar and other professional advisers (if any) shall not be held responsible or be liable for any disruption in internet line resulting in the participants being unable to participate and/or vote at the Meeting.

2. Entitlement to Participate and Vote

Only depositors whose names appear on the Record of Depositors as at **20 May 2021** shall be entitled to participate and/or vote at the meeting or appoint proxy/corporate representative(s) to participate and/or vote on his/her behalf by returning the duly executed Form(s) of Proxy.

3. Appointment of Proxy

If you are unable to attend and participate at the meeting via RPV facilities, you may appoint a proxy or the Chairman of the Meeting as your proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

Please ensure that the hard copy of the original Form of Proxy is deposited at the Company's Registered Office not less than forty eight (48) hours before the time appointed for holding the meeting i.e. latest by **25 May 2021 at 11.00** a.m. Details of our Registered Office can be found in the enquiry section of this document.

All appointed proxy need not register for remote participation on Smartual e-Portal. Upon processing of your Form of Proxy, we will grant your proxy access to remote participation at the Meeting to which he/she is appointed for instead of you, with the login credentials.

4. Submission of Questions

4.1 Members and proxies may submit their questions via the real time submission of typed texts through a text box within Smartual e-Portal at www.agm.virtualeagm.com before the start or during the live streaming of the AGM. The questions and/or remarks submitted by the shareholders and/or proxies will be broadcasted and responded by the Chairman/Board/ relevant adviser during the meeting.

5. Voting Procedure

5.1 Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the Meeting will be conducted by poll.

5.2 For the purpose of the Meeting, e-Voting can be carried out using personal smart mobile phones, tablets, personal computers or laptops.

5.3 The polling will commence from the scheduled starting time of the Meeting and close ten (10) minutes after the Chairman announces the final ten (10) minutes for voting towards the end of the Meeting after the question and answer session.

5.4 The Independent Scrutineer will verify the poll results reports upon closing of the poll session by the Chairman. Thereafter, the Chairman will announce and declare whether the resolutions put to vote were successfully carried or not.

6. Remote Participation and Voting ("RPV")

6.1 Please note that all shareholders including (i) individual shareholders; (ii) corporate shareholders; (iii) authorised nominees; and (iv) exempt authorised nominees, and proxies shall use the RPV facilities to participate and/or vote remotely at the meeting [(ii) to (iv) through their authorised representatives].

6.2 If you wish to participate in the Meeting, you will be able to view a live webcast of the Meeting, pose questions and/ or submit your votes in real time whilst the Meeting is in progress.

6.3 Kindly follow the steps as set out in **Appendix I** to register for RPV.

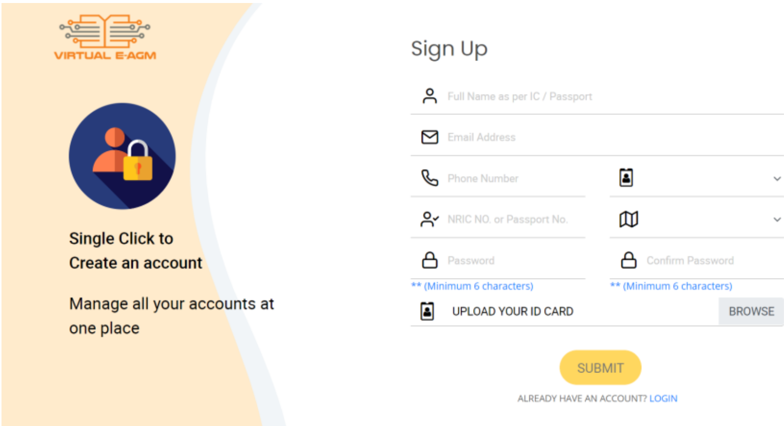
KSL HOLDINGS BERHAD

Appendix I

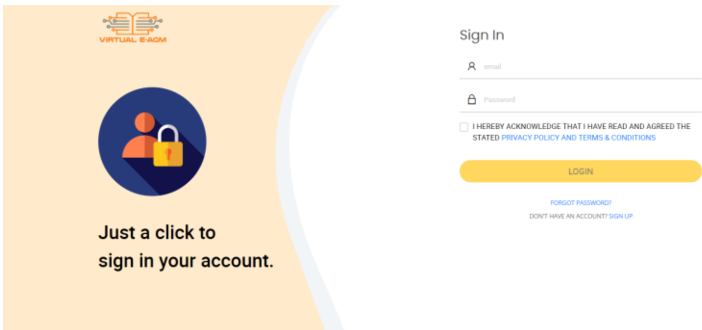
SMARTUAL E-PORTAL USER GUIDE

Step 1: Please go to url www.agm.virtualeagm.com to go to the Login Page as shown below to

a. Sign up



b. Log in



Notes:

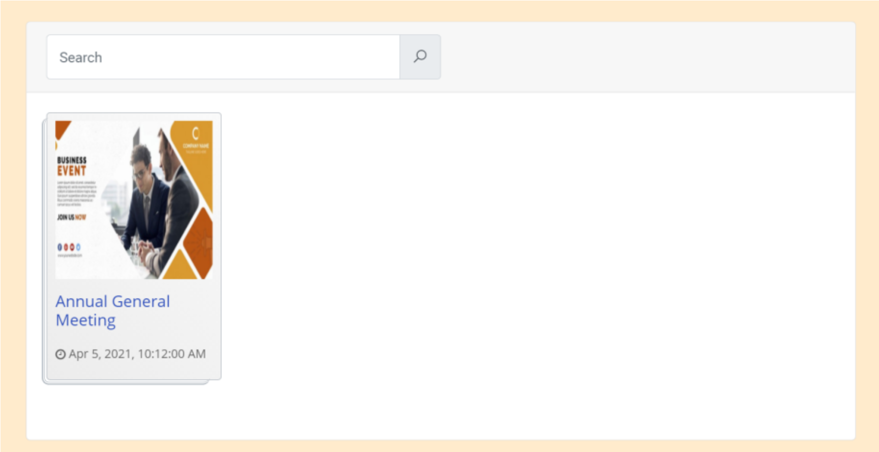
1) This is a **ONE-TIME Registration**. If you are already a registered user of the e-Portal, you need not register again.

2) Your email address is your User ID.

3) All users must register latest by **25 May 2021 at 11.00 a.m.,** as ONE (1) working day is required to process all e-Portal user registrations.

* *For body corporates, the appointed Corporate/Authorised Representative must upload the evidence of his/her authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). The original evidence of authority, if required, has to be submitted to KSL Holdings Berhad at Wisma KSL, 148, Batu 1 ½, Jalan Buloh Kasap, 85000 Segamat, Johor Darul Takzim by Tuesday, 25 May 2021 at 11.00 a.m.*

STEP 2: You will see a DASHBOARD screen as shown below. Click on event icon.



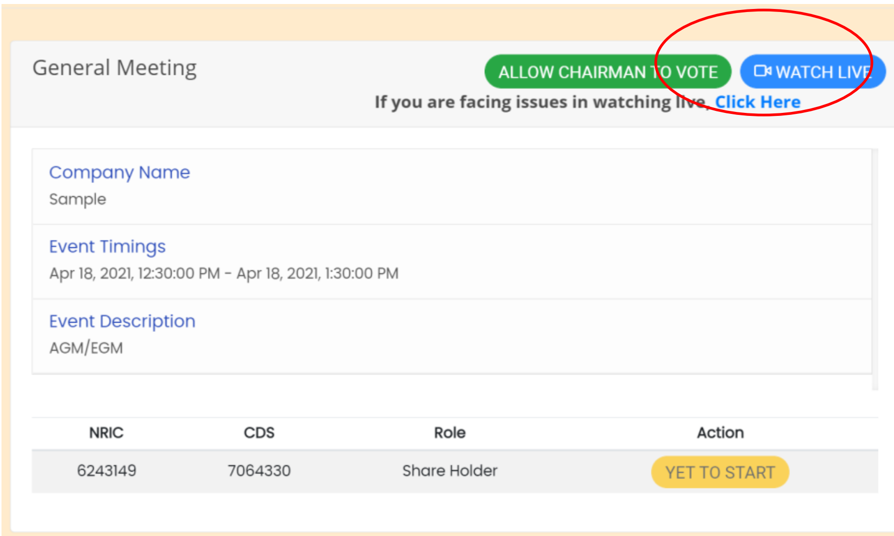
Notes:

1) You can start to log in one hour (1) hour before the commencement of the meeting. i.e. 27 May 2021 at 10.00 a.m.

2) The quality of the live streaming is dependent on the stability of the internet connection at the location of the user.

3) Log in to www.agm.virtualeagm.com with your registered User ID (email address) and password.
For prox(ies) holders, use the login credential that was sent by Smartual.

STEP 3: Click on EVENT NAME ICON, you will see the following screen.

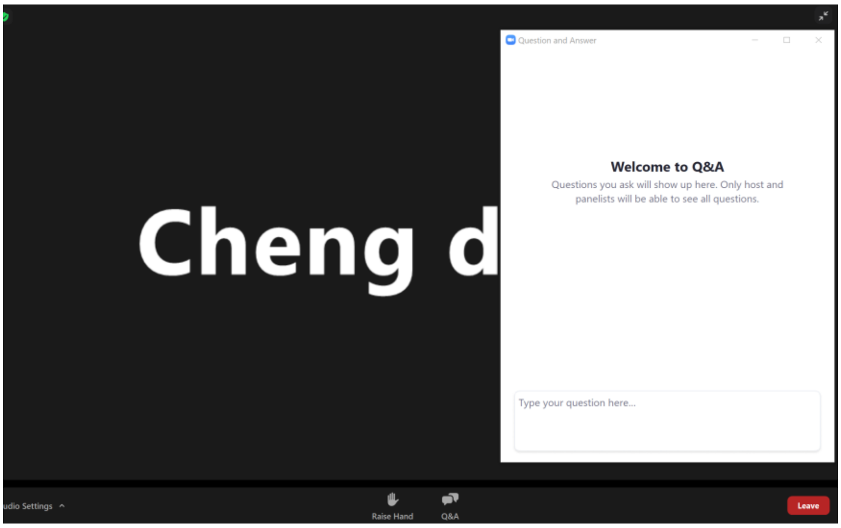


To watch live streaming, please click on the BLUE BUTTON as shown in the top right corner. If you are facing issues in watching live, click the "Click Here" to open the Zoom application directly.

STEP 4: The screen will open in a new tab as shown below:

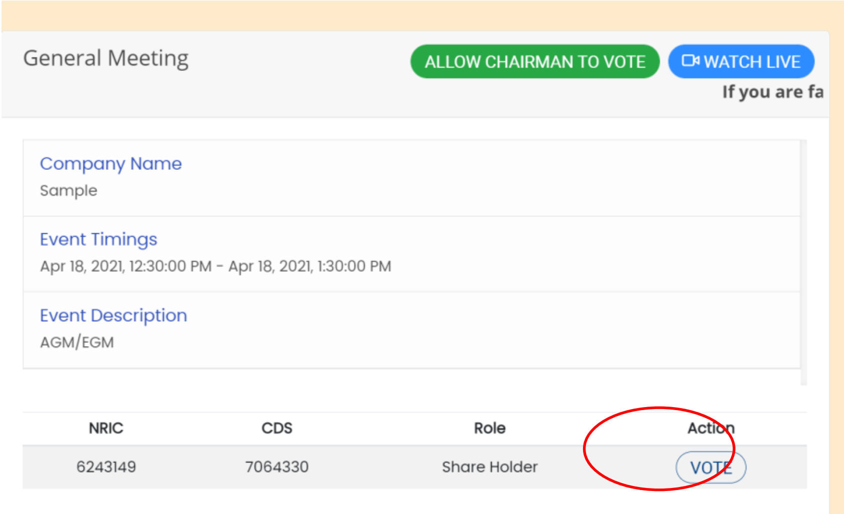
ASKING QUESTIONS FEATURE

To ask questions, please click on your Q&A icon at the bottom of your screen and type your questions.



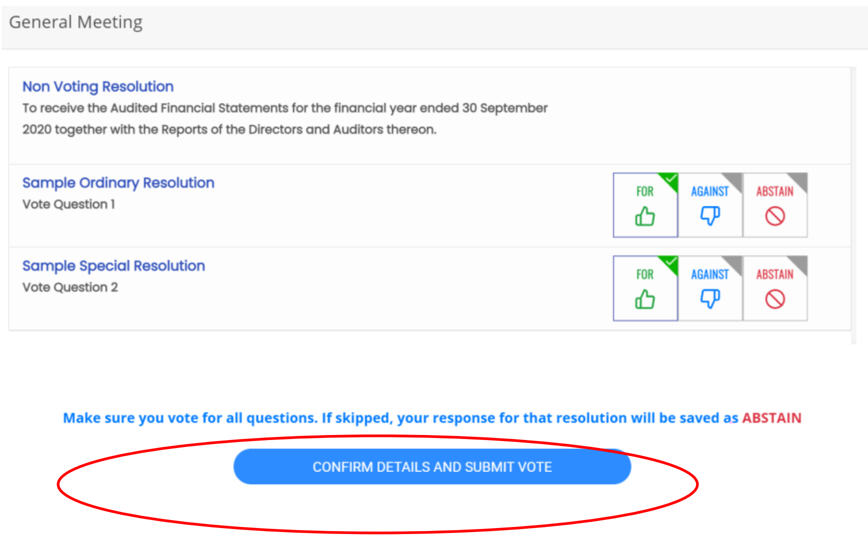
If you have any questions to raise at the meeting, type the question in the text box below. The Chairman/Board/Management/relevant adviser(s) will endeavour to respond to your question during the Meeting.

STEP 5: To vote, please go back to your earlier tab as shown below.

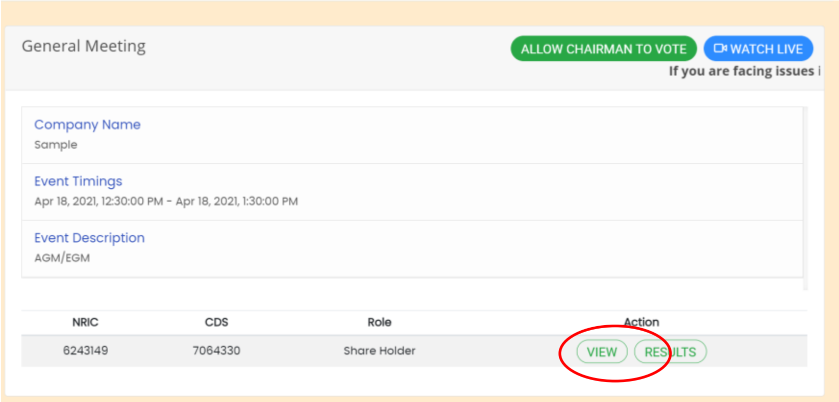


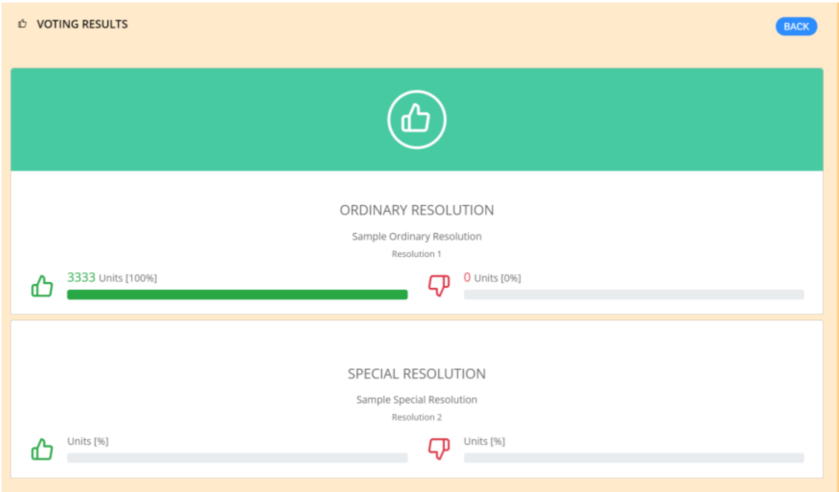
Upon confirmation of your name, event details, NRIC and CDS number, please click on the VOTE button.

STEP 6: Vote accordingly and click on the CONFIRM DETAILS AND SUBMIT VOTE button.



Step 7: To view the voting results, please click the “RESULTS”





e-Services Assistance

If you have any enquiry relating to Smartual e-Portal, please contact the following persons during office hours from Mondays to Fridays from 9.00a.m to 5.00p.m (except public holiday):-

The Poll Administrator

AI Smartual Learning Sdn Bhd

Address	:	1-23-5, Menara Bangkok Bank Berjaya Central Bank Jalan Ampang, 50430 Kuala Lumpur, Malaysia
Email	:	davidcheng@openelearnings.com
Contact person	:	Mr. David Cheng
Telephone No.	:	6017 937 1579

KSL HOLDINGS BERHAD

Registration No. 200001008827 (511433-P)
(Incorporated in Malaysia)

FORM OF PROXY

I/We, ____ (Full Name),

NRIC/Passport/Company No. ____

of ____

being a member/members of **KSL HOLDINGS BERHAD,** hereby appoint * the Chairman of the meeting or:

Name:	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of Shares	%
Email:	Contact:		
Address:			

or failing him/her,

Name:	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of Shares	%
Email:	Contact:		
Address:			

** Strike out if not applicable*

as my/our Proxy(ies) to vote for me/us and on my/our behalf at the 21st Annual General Meeting of the Company to be held entirely through live streaming from the broadcast venue a L1-95, KSL City, 33, Jalan Seladang, Taman Abad, 80250 Johor Bahru, Johor Darul Takzim on Thursday, 27 May 2021 at 11.00 a.m. and at any adjournment thereof.

My/Our Proxy(ies) is(are) to vote as indicated below: -

No.	Ordinary Resolutions	For	Against
1.	Approval for the payment of the Non-Executive Directors' Fees and Benefits		
2.	Re-election of Mr. Khoo Cheng Hai @ Ku Cheng Hai		
3.	Re-election of Mr. Ku Tien Sek		
4.	Re-appointment of Messrs. Ecovis Malaysia PLT as Auditors of the Company		
5.	Authority to Issue and Allot Shares		
6.	Retention of Mr. Gow Kow as Independent Non-Executive Director		
7.	Retention of Mr. Goh Tyau Soon as Independent Non-Executive Director		
8.	Retention of Mr. Tey Ping Cheng as Independent Non-Executive Director		
9.	Renewal of Authority to Issue and Allot Shares for Dividend Reinvestment Plan		

[Please indicate with (X) in the spaces provided how you wish your vote to be casted. If no specific direction as to voting is given above on the Proxy will vote or abstain at his(her) discretion.]

Dated this ………..… day of ………………………..…… 2021

Email	
Contact No.	
CDS Account No.	
No. of Shares Held	

____
Signature/Common Seal of Member

Fold this flap for sealing

A. Live Streaming Meeting

(i) *In light of the coronavirus (COVID-19) outbreak, governmental decrees, and the encouragement of the Securities Commission Malaysia, as well as in the best interest of public health and the health and safety of our Board of Directors, employees and shareholders, the Annual General Meeting ("AGM") will be held virtually and online remote voting using the Remote Participation and Voting Facilities ("RPV").*

(ii) *Please follow the procedures provided in the Administrative Guide for the 21st AGM in order to register, participate and vote remotely via the RPV.*

(iii) *No Members/ Proxies will be physically present at the Broadcast Venue on the day of the 21st AGM.*

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B. Appointment of Proxy

(i) *Members whose names appear in the Record of Depositors as at 20 May 2021 shall be eligible to attend, speak and vote at the 21st AGM.*

(ii) *A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. Where a member appoints two (2) proxies, the member must specify the proportions of shareholdings to be represented by each proxy.*

(iii) *The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing or if the member is a corporation, shall either be executed under its common seal or under the hand of an officer, or its attorney duly authorised in writing.*

(iv) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.*

(v) *Where a member of the Company is an authorised nominee as defined under Securities Industry (Central Depositories) Act 1991, it shall not be entitled to appoint more than two (2) proxies to attend and vote at the 21st AGM.*

(vi) *The instrument appointing a Proxy may be made in hardcopy form or by electronic means as follows and must be deposited not less than forty-eight (48) hours before the time for the Meeting:*

In Hardcopy
The instrument appointing a Proxy must be deposited at the registered office of the Company at Wisma KSL, 148, Batu 1 ½, Jalan Buloh Kasap, 85000 Segamat, Johor Darul Takzim not less than forty-eight (48) hours before the time for the Meeting.

Electronically
The Proxy form can be electronically submitted via online website at www.agm.virtualeagm.com. Kindly refer to the Administrative Guide – Appointment of Proxy.

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STAMP

The Company Secretary
KSL HOLDINGS BERHAD
Registration No. 200001008827 (511433-P)
Wisma KSL, 148, Batu 1½
Jalan Buloh Kasap
85000 Segamat
Johor Darul Takzim

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Financial Statements of the Group and Company for the financial year ended 31 December 2020.

The year 2020 was a challenging year for KSL Holdings Berhad. The Covid-19 pandemic has caught the world by surprise and brought such a profound change. Stifled economies backdrop and adaptation to a new norm in business activities has given great impact to the Group business performance throughout the year.

The Group's property business operation has no doubt been affected badly by the pandemic.

Nevertheless, the Group are still committed towards building a sustainable future with creation of long term value for our stakeholders, environment and society at large.

The Group believe that accomplishment of the organisation must be accompanied by a sustainable business practices that bring positive impact to the economy, environment and community at large. Therefore, the Group are mindful of the importance in achieving a balance between having a commendable financial performance and ensuring good practice of governance across our business operations, managing the environmental impacts as well as meeting the social needs of the community. The Group's commitment to sustainability is depicted in the Sustainability Statement in this Annual Report.

On behalf of the Group, I would like to extend our gratitude to all our valued shareholders, customers, business associates and the regulatory authorities for your continued trust and support to our Group. We will strive to devote more effort to increasing shareholder value, and rise to greater heights.

I would also like to convey the Group's heartfelt gratitude to the management and staff for their commitment and dedication towards the advancement of the Group. Last but not least, my sincere thanks to the members of the Board for their visionary ideas and insights. Without all of you, the Group would not be where it is today.

Thank you.

Ku Hwa Seng
Executive Chairman

Ku Hwa Seng
Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

1. Overview of the Group's Business and Operations

In 2020, the global economy had seen crisis like no other with the outbreak of the Coronavirus disease 2019 ("Covid-19") which was declared as a pandemic by the World Health Organization (WHO). The rapid widespread of the Covid-19 virus had resulted in countries to introduce the unprecedented total lockdown and travel restriction as a measure to curb the spreading of the virus. This in turn has impacted the business and economy as a whole. Turn of the event had muted the anticipated moderation in US-China trade tension following their trade deal in January 2020. The presumed immediate benefit of the trade did not materialize as nation began to take drastic measures to contain the Covid-19 by closing their borders.

With no exception, Malaysia is riding its own challenge, where the sudden emergence of the pandemic and its rapid spread caught every one off-guard. As trading nation, Malaysia faces greater challenges posed by the pandemic. The Malaysian economic contracted by 5.6% in 2020 amid a highly challenging global and domestic operating environment. As with most countries globally, the unprecedented economic shocks emanating from the pandemic resulted in a sharp decline in Malaysia's GDP growth, the lowest since 1998. Adverse external spillovers and introduction of stringent local containment measure to curb the rise in Covid-19 cases contributed to broad-based weaknesses in exports, production and domestic demand. The largest impact was felt in the second quarter of 2020, with GDP contracting by 17.1%.

In 2020, all economic sectors registered a contraction in growth. This includes services sectors which growth contracted by 5.5% (2019: 6.1%) as the pandemic and containment measures disproportionately affected domestic consumer-oriented industries. Operational and mobility restrictions, on top of subdued consumer sentiment led to weaker spending and business activities in the wholesale and retail trade, as well as real estate and business services sub–sectors. In addition, international border and mobility restrictions significantly disrupted tourism activity in Malaysia. This in turn affected its key services such as food and beverage and accommodation sub-sector, as well as air travel.

The construction sector also contracted by 19.4% in 2020 (2019: 0.1%) reflecting reduced work capacity in compliance to containment measure, labor shortages due to international border closure, supply chain disruptions and site shutdowns following Covid-19 outbreak. Growth in the second quarter of the year was mainly weighed by the suspension of almost all construction work in March and April. Despite some relaxation in operating constraints in May, most project sites remained idle, as developers experienced financial, compliance and supply-chain challenges in resuming work.

In 2021, Malaysian economy is projected to rebound to between 6.0% and 7.5%. The recovery, nevertheless, is expected to be uneven and will be shaped by several factors, including the course of the Covid-19 pandemic and vaccine rollout, the extent of external spillovers, sector specific developments and the degree of improvement in the labor market conditions. Amid a highly uncertain operating environment, continued and targeted policy measures will remain central in supporting growth going forward.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

1. Overview of the Group's Business and Operations (Cont'd)

Covid-19 development remains key influencing Malaysia's growth trajectory in 2021, particularly the extent and duration of containment measures and the rollout of vaccines. Malaysia entered the year with the tightening of containment measures in most states with resurgence in cases since late last year. The corresponding restrictions and weakness in sentiments amid the uncertain progress of the pandemic will likely weigh further on spending in the early part of 2021. Nevertheless, the overall impact for the year is expected to be smaller than in 2020, owing to a less restrictive and more targeted approach to contain the Covid-19.

(Sources: BNM Annual Report)

In the property development sector, we did not see much improvement in the property market in 2020, as property sales continued to be affected by affordability issues, slower economic growth and high levels of unsold stock. We expect conditions to remain sluggish in 2021.

2. Financial Results and Financial Condition

Group's revenue contracted by 52% to RM341 million, compared to RM712 million in the previous year. This decrease was mainly due to the effect of the Covid-19 virus widespread and the containment measure that sees most the Group's business activities comes to a stop especially in the first quarter of 2020.

The Group profitability contracted, with pre-tax loss recorded at RM51.7 million, in the year under review comparing to the profit of RM323.7 million previously. The Group's net loss recorded at RM63.5 million, comparing to the profit recorded at RM 249.9 million in 2019, the loss was mainly due to the fair value loss on investment property.

On a segmental basis, the Group's property development segment emerged as the majority revenue contributor with 77% of total FY 2020 group revenue, while property investment made up the balance 23%.

The Group's financial position as at end of December 2020 also contracted with our retained profit and profitability, with shareholders' equity decreased to RM3,002 million from RM3,065 million in the previous year end.

The Five-Year Group Financial Highlights are set out on page 94 of this Annual Report.

The Group did not purchase any of its issued ordinary shares from the open market during the year 2020.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

3. Operating Activities, Risks and Future Outlook

3.1 Property Development

Covid-19 pandemic has taken its toll on various sectors of the economy which include the property market sector. 2020 was a challenging year as the subdued economic background has affected both the residential property and also the commercial sub-sector.

In residential property market, there were 191,354 transactions worth of RM65.87 billion recorded in 2020, decreased by 8.6% in volume and 9.0% in value as compared with 2019 (209,295 transactions worth RM72.41 billion). Most developers had deferred the new launches to focus on selling remaining unsold inventories; the primary market saw lesser release of the new launches. Sales performances was modest at 28.7% in 2020 which is lower than 2019 at 40.4%. The low sales performance was partly due to the sluggish property market and cautious buyers' sentiment.

Based on the current prolonged Covid-19 pandemic and the foreseeable impact on the overall economy, the property market is expected to remain cautious and soft in 2021.

The Government has introduced Prihatin Rakyat Economic Stimulus Package (PRIHATIN) and Short-term Economic Recovery Plan (PENJANA) in 2020 as well as Budget 2021 to help cushion the impact on property market. At the same time various incentives and initiative are offered by the government to promote home-ownership, especially for first-time buyer, which include;

i) Full stamp duty exemption on instruments of transfer and loan agreement for the first-time home buyers will be extended until 31 December 2025.

ii) Stamp duty exemption on loan agreement and instruments of transfer given to rescuing contractors and the original house purchasers is extended for five (5) years. This exemption is effective for loan agreements and instruments of transfer executed from 1 January 2021 to 31 December 2025 for abandoned housing projects certified by Ministry of Housing and Local Government (KPKT).

iii) The government will collaborate with selected financial institutions to provide a Rent-To-Own Scheme. The program will be implemented until 2022 involving 3,000 units of PRIMA houses with a total value of more than RM1 billion.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

3. Operating Activities, Risks and Future Outlook (Cont'd)

3.1 Property Development

iv) To assist the Youth in purchasing their first home. The Youth Housing Scheme administered by Bank Simpanan Nasional is still available from 1st January 2020 until 31 December 2021. This scheme also offers a 10 percent loan guarantee through Cagamas to enable borrowers of full financing and RM200 monthly instalment assistance for the first two (2) years limited to 10,000 home units.

v) The revision of the base year for Real Property Gain Tax (RPGT) to 1st January 2013 (initially 1 January 2000) for property purchased before the date.

vi) The reduction of the threshold for foreign purchase from 1 million to RM600, 000 for unsold completed high-rise properties in urban areas. Consequently, several states have revised the minimum price for foreign purchase.

(Source: National Property Information Centre (NAPIC))

Moving forward, the Group will continue to do what we always do to build affordable houses because we see the potential of this market sector. However, against the cautious market backdrop and uncertainty of the economies, the Group has reduced and delayed all major activities and launching of new projects.

We hope that the cooling measures together with other measures taken by Government to rehabilitate the economy will stabilize the property market and restore buyer purchasing power.

3.2 Property Investment

The property investment sector in Malaysia recorded a sharp decline in 2020 compared to 2019. This is due to the impact of strict containment measure taken by the government to curb the widespread of the Covid-19 virus.

Retails, office and hotel property segment are expected to remain flat in the 1st half of 2021. The retail segment will continue to face stiff competition from online shopping platform as new norm in lifestyle taken into place. Neighborhood malls that are occupied by shops that provide essential goods or services are expected to perform better and recover quicker than malls focusing on luxury offering or tourist focused.

The implementation of MCO in Malaysia and the closure of international border to contain the virus outbreak have affected the tourism industry tremendously. This is no exception to the Group's hotels which had suffered large cancellation on room booking and event throughout the year due to the pandemic.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

3. Operating Activities, Risks and Future Outlook (Cont'd)

3.2 Property Investment (Cont'd)

Even with the gradual recovery of economy, the prospects for the Group's hotels are still bleak as the travelling restriction within states are still in forced and the uncertainty in the status of re-opening of international border. As per previous year's record, the performance of hotels business were depend heavily on foreign tourist especially from Singapore which make up to 67% from the total foreign tourist received by the hotel in 2019 and 41% out of total guest received for the year.

(Source: NAPIC and BNM Annual Report)

The fate of KSL City Mall was no better, facing with the enforced closure of tenants business activities during MCO and CMCO which allowed only those in essential good or service provider to be in operation, had greatly affected the rental collection performance. Even after the opening of all business activity, the performance of the KSL City Mall fail to recover as the market still grapple with subdued consumer and business sentiment.

In conclusion, the performance of both the Group hotel property and shopping mall is still uncertain, depending heavily on development of the Covid-19 pandemic and the success of achieving the herd-immunity. Immediate concern is the unpredictable course of the pandemic and the risk of having to withstand the pandemic longer than expected. Against this cautious market backdrop and uncertainty of the economies, the Group has reduced all major activities and launching of new project.

REVIEW OF OPERATIONS

Despite the prevailing headwinds in the property sector, KSLH performed commendably in the year under review.

A. PROPERTY DEVELOPMENT

Property development continued to be the main top line contributor for the Group in the year under review. Revenue from this segment was recorded at RM 263 million for FY2020. (2019: RM 533 million), encourage by revenue recognition from ongoing and completed projects.

For the year under review, KSLH has the following highlighted on-going projects under various construction stages in Johor and Klang.

A.1 JOHOR BAHRU

A.1.1 Taman Bestari Indah

Taman Bestari Indah is mixed development township of residential and commercial buildings. The Project is situated just 20 kilometres from the Johor Bahru City Centre. It boasts of easy accessibility to the Tebrau Highway, Pasir gudang Highway and Senai-Desaru Highway.

Residents in the township also enjoy a wide variety of features and amenities in the vicinity, including shopping complexes such as AEON and Tesco, recreational clubs such as Johor Jaya Sports Complex, Austin Hill Country Club, Ponderosa Golf & Country Club, medical centres such as Hospital Sultan Ismail as well as educational institutions such as Sunway College and Institute KTC.

Taman Bestari Indah Zone C Phase 3 consists of 33 units of doucle-storey shop office is completed during year 2020. Phase 2 of Zone D which consists of 284 units of double storey-terrace houses is under active constructions. It is targeted to complete in year 2021 & 2022. Phase 15 Zone A which consists of 84 units of double storey cluster house, 4 units of Semi-D and 4 units of link bungalow are also under active constructions and is targeted to complete in 2023.

A.1.2 Taman Mutiara Bestari

Mutiara Bestari is located in Skudai, next to Iskandar Puteri, Johor. The entire Iskandar Development Region, stretching from the new State Administrative Capital at Nusajaya, the 2nd Link, the Senai International Airport, the Customs, Immigration Quarantine Complex (CIQ) of Johor Bahru can be conveniently accessed by expressways or highways.

This development spans approximately 100 acres and is to be developed progressively in 3 phases comprising of a total of 704 units of luxurious houses. Mutiara Bestari is targeted at urbanites who seek the convenience of city living within an upscale neighbourhood complete with heightened security of CCTV along with parameter fencing for peace of mind and comprehensive community amenities such as education, shopping and entertainment hubs which meet the residents' needs.

The Phase 2 of Mutiara Bestari, which consist of 218 units of 2 storey, 3 storey cluster house and 3 storey Semi-D was completed in Oct 2020, having proved to be in high demand. Phase 3 of Mutiara Bestari was launched on August 2020, consists of total 268 units of 2 storey, 3 storey cluster and 2 storey semi-detached are under active construction and is targeted to be complete in 2022.

REVIEW OF OPERATIONS (Cont'd)

A. PROPERTY DEVELOPMENT (Cont'd)

A.1 JOHOR BAHRU (Cont'd)

A.1.3 KSL Residence 2 @ Kangkar Tebrau

KSL Residences 2 @ Kangkar Tebrau is a high-rise residential development located at Kangkar Tebrau, it consists of 5 Towers of Service Apartments with 2,068 units, which size ranging from 463 sq.ft to 883 sq.ft. Currently 3 Towers of the Service Apartment are open for sales.

KSL Residence 2 @ Kangkar Tebrau is generally located within the locality known as Kangkar Tebrau, Johor Bahru off Pasir Gudang highway and lies about 13 kilometres due north of the Johor Bahru city centre. Linked with several main road and easy accessibility from Johor Bahru, Pasir Gudang and Plus highway. Access to the subject property from Johor Bahru city centre is via Jalan Tebrau then onto Jalan Kangkar Tebrau leading to the subject property. It is also accessible from Pasir Gudang highway via Taman Daya Interchange, Jalan Daya and Jalan Kangkar Tebrau

The location of this apartment was carefully picked to reflect elements of convenience and functionality which are its focus. The amenities available in the surrounding complements the range of facilities provided in-house ensuring that both the everyday and recreational needs of the resident are properly met

The project is under active construction and targeted to complete in year 2024.

A.2 KLUANG

A.2.1 Taman Mengkibol

Taman Mengkibol is a 249-acre development township featuring single storey terrace houses, double storey terrace houses and affordable houses known as "Rumah Mampu Biaya Johor (RMBJ)", double storey and three storey shop offices. Taman Mengkibol is located 3 kilometres from Kluang Town. The township is also accessible through the North-South Highway and linked with several main roads with easy accessibility. The subject property is easy to access from Ayer Hitam via Jalan Batu Pahat, Jalan Besar and Jalan Mengkibol. Furthermore, it is also accessible from Simpang Renggam via Jalan Simpang Renggam and Jalan Kluang Renggam. Nearest commercial complex are Songmart, Kluang Mall, Kluang Parade, Aeon Big Hypermarket and Econsave which located within 5-8 km away.

The group plans to develop the project in various phases. There are 2 phases completed during year 2020, which consists of 16 units single storey terrace houses and 185 units Rumah Mampu Milik. Certain phases are under active constructions and targeted for completion in year 2021.

REVIEW OF OPERATIONS (Cont'd)

A. PROPERTY DEVELOPMENT (Cont'd)

A.3 SEGAMAT

All those projects are situated at prime location and easily accessible through main road and adjoined with existing matured housing estate.

A.3.1 Taman Tasik Sejati @ Yayasan

Spread over approximately 100 acres, Taman Tasik Sejati is an exciting township which is sprouting in the rapidly growing area of Taman Yayasan, Segamat. Located merely 10 minutes away from Segamat main town and accessible to Kuantan Highway, this project is much sought after due to its strategic location and is situated at established neighbourhood. It's definitely a liveable place with lots of good food and a good living environment as well as amenities for daily needs such as Billion and Nirwana Supermarket. It is accessible to the main highways to Kuantan, Kuala Lumpur and to Segamat town. The project comprises an enviable cluster of quality homes, consisting of Double Storey Cluster House as well as Double and Single Storey Terrace House that will appeal to discerning buyers.

The project is planned to develop in different phases. Two phases of development have been launched during the year 2019 which consist of 48 units of single storey cluster home and 66 units of single storey terrace. They are under active constructions and are targeted to be complete by end of the year 2021.

A.3.2 Taman Bukit Mutiara @ Buloh Kasap

Taman Bukit Mutiara is located about 10 km away from Segamat main town. This project provides safe & secure environment as it is adjoined with Police Station. An added plus point is that a secondary school just beside the police station.

As at the year-end 2020, we have launched 78 units of double storey terrace house and is targeted to complete in 2022.

A.4 KLANG, SELANGOR

Bandar Bestari

The Bandar Bestari is a 448-acre self-integrated township located in Klang with an exclusive blend of premium landed residential homes, strata properties commercial business centre.

Besides that, the 90-acre retail and commercial hub boasts of various facilities to foster community living, including a private community clubhouse, a commercial zone, and schools. The subject project is located within the integrated development of Bandar Bestari, Klang which is approximately 44 km due south-west of Kuala Lumpur City Centre and approximately 8 km from Klang town centre.

It is accessible from Kuala Lumpur City centre by way of KESAS Highway into Jalan Klang Banting for approximately 3 km where the project is located on the right side by Jalan Klang-Banting.

Nearby residential development includes Bayuemas, Bandar Parklands, Taman Perindustrian Air Hitam Phase 1 & 2, Taman Sijangkang Jaya, Taman Perwira and Taman Seri Medan. Landmarks within the locality include Indah Water Konsortium, Pangsapuri Arista and Orchids Apartment.

Shopping, marketing, educational, recreational amenities and public facilities are available in the neighbourhood.

REVIEW OF OPERATIONS (Cont'd)

A. PROPERTY DEVELOPMENT (Cont'd)

A.4 KLANG, SELANGOR (Cont'd)

A.4.1 Canary Garden @ Bandar Bestari

The Canary Garden Homes depict residences for the luxurious lifestyle. Designed to showcase the delicate balance between serenity and convenience, some of the primary features include a 52-acre French-inspired Garden for nature-focused recreation.

During the year under review, the Group has launched two developments phases, namely Ridgewood which consists of double-storey cluster house and double-storey semi-detached. Phase 2(b) has been completed with CCC in 2020. Phase 2(c) is under active constructions and is targeted to complete in 2023.

A.4.2 18 Madge

18 Madge is a high-rise residential development located at Jalan Madge @ Ampang Hilir Kuala Lumpur.

It comprise of 10-storey high-end residence with 50 units in eight classic designs with facilities such as infinity lap pool, playground and barbeque area, meditation court, gymnasium and Zen Sky lounge and others.

The development project was under active constructions and is targeted to complete in year 2021.

B. PROPERTY INVESTMENT

During the year under review, property investment continues to be an important driver for the Group, contributing RM 76 million in revenue, which makes up for 23% of the Group's total revenues.

The movement restriction measure and the closure of international border have seen tremendous reduction in the hotel and the mall patronage. During MCO and CMCO, the hotel has received major cancellation of rooms booking and events which has caused huge loss in revenue. The Mall business also been affected by the containment measure taken to control the widespread of the Covid-19 virus.

B.1 KSL City Mall

KSL City Mall has a gross floor space of 1 million sq ft, making it one of the largest malls in Johor. Featuring 500 upmarket lifestyle outlets which consist of 442 retail shops, 50 F&B outlets and 8-cineplex,

B.2 KSL Hotel & Resort

KSL Hotel & Resort Johor Bahru is the largest integrated resort in Johor, located at the heart of the city centre and sits strategically within Iskandar Puteri Malaysia, Johor's second city. The 904 hotel rooms with choices of Superior, Deluxe, Premier Deluxe King, Grand Super King & Suites room meet the requirements for leisure and business travelers alike.

The hotel also features a Grand Ballroom which seats up to 800 persons, two secondary ballrooms and 9 meeting rooms to cater every need and group size. Not only that, the hotel also features other facilities such as an international cuisine restaurant, lounge & bar, dinosaur themed park, rooftop pool, golf simulators, gymnasium and sauna. It is also seamlessly integrated to a wide array of retail outlets and cinema in KSL City Mall which is linked to the hotel for an enhanced 'shop & stay' experience.

REVIEW OF OPERATIONS (Cont'd)

B. PROPERTY INVESTMENT

B.3 KSL Hot Spring Resort

KSL Hot Spring Resort comprises 308 rooms with 4 types of rooms & suites featuring urbanized and modern environment which provides a relaxing and rejuvenating experience from hectic lifestyle.

KSL Hot Spring is proud to be the first hospitality establishment to provide healthy living through "onsen water" with its natural essences.

B.4 KSL Esplanade, Klang

It is an integrated commercial podium which consists of retail shops, departmental store, cinemas, car parks, 4-Star-Hotel and Serviced Apartment.

The KSL Esplanade Mall will be complemented by over 300 local and international stores, shopping, dining, entertainment and public Park as well as the alfresco dining that connects the mall to the park.

The KSL Esplanade Mall is expected to give impact not only to the social-economic but also to community upliftment with the job opportunities which will be created for the locals.

The whole integrated complex is expected to be completed in year 2021.

C. GROWTH STRATEGIES

The Group property development and property investment segment has been deeply affected by the economic crisis brought by the Covid-19 pandemic. The sluggish market condition is unprecedented that there is hardly any past reference that can be use as guidance to ease the way of recovery.

As precaution against the uncertainty, the Group had opted for more prudent strategies by scaling down all business and promotional activities.

C.1 Property Development

With the current unstable economy environment, the Group opines that customer demand and buying power would be toned down tremendously. Taking this factor into consideration, the Group has put on hold all major projects and business activities of property development.

C.2 Property Investment

In the property investment segment, the Group is also taking the same cautious step. All major launching and promotional activities will be delayed until the pandemic is fully contained and stability is restored.

D. LAND BANKING

As at 31 December 2020, KSLH has approximately of 2,400 acres of land bank throughout Johor and Klang. The land bank is strategically located at different prime locations of Segamat, Batu Pahat, Muar, Mersing, Johor Bahru, Kuala Lumpur and Klang. Supported by our strong balance sheet, the Group intends to acquire lands at strategic locations in the future, in order to safeguard our property development arm and to generate a continuous pipeline of projects.

E. CONCLUSION

We will continue to work hard to enhance future shareholders' value.

DIRECTORS' PROFILE

KU HWA SENG

Executive Chairman

Ku Hwa Seng, aged 65, male, Malaysian, was appointed to the Board on 19 November 2001 as an Executive Director and was subsequently appointed as the Executive Chairman of KSL Holdings Berhad ("KSLH" or "the Company") on 24 February 2011. He joined the KSLH Group in 1981 and has since gained vast invaluable experience and built a strong business network over the past thirty (30) years in the property development industry. Presently, he is involved in the KSLH Group's business development and operations in south Johor. He oversees the day-to-day management, decision-making and operations of Johor Bahru office. He is a director of most of the subsidiary companies within the KSLH Group and also a director of several other private limited companies.

He is deemed to have certain conflict of interest with the Company by virtue of his interest in certain privately owned companies, which are also involved in property development business. However, these privately owned companies are not in direct competition with the business of the Company.

Ku Hwa Seng is brother to Khoo Cheng Hai @ Ku Cheng Hai, Ku Tien Sek and Ku Wa Chong, who are the Directors and/or the substantial shareholders of the Company. He does not hold any directorships in other public companies. He has no convictions for any offences within the past five (5) years other than traffic offences, if any.

KHOO CHENG HAI @ KU CHENG HAI

Group Managing Director

Members of Risk Management Committee

Khoo Cheng Hai @ Ku Cheng Hai, aged 70, male, Malaysian, is the founder of the KSLH Group. He was appointed to the Board on 19 November 2001 as the Group Managing Director.

He is the driving force behind the KSLH Group's development, growth and expansion. He is known for his prudence, foresight and business acumen, which has helped to see the KSLH Group through two (2) recessions in the last thirty (30) years. With his vast experience, he is responsible for the KSLH Group's business development and day-to-day operations of the KSLH Group. He is a director of most of the subsidiary companies within the KSLH Group and also a director of several other private limited companies.

He is deemed to have certain conflict of interest with the Company by virtue of his interest in certain privately owned companies, which are also involved in property development business. However, these privately owned companies are not in direct competition with the business of the Company.

Khoo Cheng Hai @ Ku Cheng Hai is brother to Ku Hwa Seng, Ku Tien Sek and Ku Wa Chong, who are the Directors and/or the substantial shareholders of the Company. He does not hold any directorships in other public companies. He has no convictions for any offences within the past five (5) years other than traffic offences, if any.

DIRECTORS' PROFILE (Cont'd)

KU TIEN SEK

Executive Director

Ku Tien Sek, aged 63, male, Malaysian, was appointed to the Board on 19 November 2001 as an Executive Director. He has been involved in the management of the KSLH Group since 1981 particularly in KSLH Group's public relations as well as the formulation of the KSLH Group's strategic plans and policies. Presently, he is involved in the KSLH Group's business development and operations in Klang Valley. He is also responsible for the development of the KSLH Group's future expansion plans. He is a director of most of the subsidiary companies within the KSLH Group and also a director of several other private limited companies.

He is deemed to have certain conflict of interest with the Company by virtue of his interest in certain privately owned companies, which are also involved in property development business. However, these privately owned companies are not in direct competition with the business of the Company.

Ku Tien Sek is brother to Khoo Cheng Hai @ Ku Cheng Hai, Ku Hwa Seng and Ku Wa Chong, who are the Directors and/or the substantial shareholders of the Company. He does not hold any directorships in other public companies. He has no convictions for any offences within the past five (5) years other than traffic offences, if any.

LEE CHYE TEE

Executive Director

Lee Chye Tee, aged 57, male, Malaysian, was appointed to the Board on 1 December 2003 as Executive Director of the Company. He is a fellow member of the Chartered Association of Certified Accountants. He is also a member of the Malaysian Institute of Accountants and the Malaysian Institute of Taxation. He has many years' experience in accounting, auditing, taxation and management consultancy. He is presently responsible for the overall accounting and corporate finance functions of the KSLH Group.

Lee Chye Tee does not hold any directorships in other public companies. He does not have any family relationship with any Director and/or substantial shareholder of the Company or any business arrangement with the Company in which he has personal interest. He has no convictions for any offences within the past five (5) years other than traffic offences, if any.

GOW KOW

Independent Non-Executive Director

Chairman of Audit Committee

Members of Nomination Committee, Remuneration Committee and Risk Management Committee

Gow Kow, aged 67, male, Malaysian, was appointed to the Board on 19 November 2001 as an Independent Non-Executive Director. He is fellow member of the Association of Chartered Certified Accountants and the Malaysian Institute of Taxation. He is also a member of the Malaysian Institute of Accountants, the Institute of Certified Public Accountants of Singapore and the Institute of Chartered Secretaries and Administrators. He joined Tan Choon Chye & Co (now known as Gow & Tan), a Public Accounting Firm in August 1978 as an Audit Assistant and had been holding various positions in the firm before he was admitted as an Audit Partner in October 1985. He assumed the position of managing partner of the firm since January 1988. He has more than thirty (30) years of public practice experience. His working exposures include accounting, auditing, taxation, liquidation and management consultancy.

Gow Kow does not hold any directorships in other public companies. He does not have any family relationship with any Director and/or substantial shareholder of the Company or any business arrangement with the Company in which he has personal interest. He has no convictions for any offences within the past five (5) years other than traffic offences, if any.

DIRECTORS' PROFILE (Cont'd)

GOH TYAU SOON

Independent Non-Executive Director

Chairman of Nomination Committee

Members of Audit Committee, Remuneration Committee and Risk Management Committee

Goh Tyau Soon, aged 76, male, Malaysian, was appointed to the Board on 1 April 2002 as an Independent Non-Executive Director. He holds a Master of Law degree (LLM) from Kings College, University of London; Bachelor of Law (LLB) from Hull University and Barrister-at-Law (Middle Temple). He is a practicing lawyer and Principal Partner of Andrew T.S. Goh & Khairil, Malacca. He has been in private practice for more than forty (40) years principally engaged in conveyance and bank work.

Goh Tyau Soon does not hold any directorships in other public companies. He does not have any family relationship with any Director and/or substantial shareholder of the Company or any business arrangement with the Company in which he has personal interest. He has no convictions for any offences within the past five (5) years other than traffic offences, if any.

TEY PING CHENG

Independent Non-Executive Director

Chairman of Remuneration Committee and Risk Management Committee

Members of Audit Committee and Nomination Committee

Tey Ping Cheng, aged 52, male, Malaysian, was appointed to the Board on 15 April 2002 as an Independent Non-Executive Director. He is a member of the Malaysian Institute of Accountants and the CPA Australia. He graduated in 1994 with a degree in Bachelor of Business, majoring in Accounting from Curtin University of Technology, Perth, Australia. He has been a Partner of Tey Consultancy, a company secretarial and tax consultancy firm since 1992. Currently, he is the Council Member of Malaysian Association of Company Secretaries.

Tey Ping Cheng does not hold any directorships in other public companies. He does not have any family relationship with any Director and/or substantial shareholder of the Company or any business arrangement with the Company in which he has personal interest. He has no convictions for any offences within the past five (5) years other than traffic offences, if any.

KEY SENIOR MANAGEMENT

TANG CHING TONG

Tang Ching Tong, aged 55, Malaysian, joined the KSL Group in year 2001 and was appointed as General Manager in year 2009. He holds an Honours Degree in Bachelor of Science with Education from University Kebangsaan Malaysia.

He has more than twenty (20) years of experiences in the property development industry. Currently he is involved in the daily business operations include planning and managerial roles in business development of the Group especially in Southern Regions.

He does not have any family relationship with any Director and/or substantial shareholder of the Company or any business arrangement with the Company in which he had personal interest. He has no conviction for any offence within the past five (5) years other than traffic offences, if any. He does not hold any directorships in public companies.

KU KENG LEONG

Ku Keng Leong, aged 45, male, Malaysian, joined the KSL Group in year 2000. He was appointed as the Executive Director in most KSL subsidiaries on 1 January 2011. Currently, he is involved in planning, daily business operations, as well as designs, implementations, co-ordinations and overseeing all projects progress in South Johor.

Ku Keng Leong graduated from Curtin University of Technology, Perth Australia with a Bachelor of Business degree majoring in International Business in 1999. He obtained his MBA in IPE Business School, Paris in January 2018.

He is the son of Ku Wa Chong, nephew of Khoo Cheng Hai @ Ku Cheng Hai, Ku Hwa Seng and Ku Tien Sek, who are the substantial shareholder and/or Directors of the Company. He does not hold any directorships in public companies. He has no conviction for any offence within the past five (5) years other than traffice offences, if any.

AUDIT COMMITTEE REPORT

A. ESTABLISHMENT AND COMPOSITION

The Audit Committee comprises the following members:-

Chairman:

Mr. Gow Kow (Independent Non-Executive Director)

Members:

Mr. Goh Tyau Soon (Independent Non-Executive Director)
Mr. Tey Ping Cheng (Independent Non-Executive Director)

The composition of Audit Committee is in compliance with the paragraph 15.09 of Main Market Listing Requirement ("MMLR"), where the Audit Committee consist of three (3) Independent Non-Executive Director and one of the member of the Audit Committee, Mr. Tey Ping Cheng is a member of Malaysian Institute of Accountants which fulfills the requirement under paragraph 15.09(1)(c)(i) and paragraph 7.1 of Practice Note 13 of MMLR.

In compliance with Malaysian Code on Corporate Governance, the chairman of the Audit Committee is not the chairman of the Board of Directors during the financial year ended 31 December 2020 and up to the date of this Report.

The profile of the members can be found presented on pages 30 to 31 of this Annual Report.

B. TERMS OF REFERENCE

The terms of reference of the Committee is published on the Company's corporate website (www.ksl.my) under "News-Others".

C. MEETINGS

During the financial year ended 31 December 2020, the Audit Committee held four (4) meetings. Details of each member's meeting attendances are as follows:-

Name of Directors	No. of Meetings Attended
Mr. Gow Kow	4/4
Mr. Goh Tyau Soon	4/4
Mr. Tey Ping Cheng	4/4

The meetings were conducted with the quorum of two (2) of whom the majority of members present at the meeting were Independent Directors' as required by the Committee's Terms of Reference.

The meetings were appropriately structured through the use of agendas, which were distributed together with the minutes of the meeting and relevant papers and reports to the members at least five (5) business days before the meeting with sufficient time allowed for review by the members for the proper discharge of its duties and responsibilities diligently and effectively in compliance with the MMLR and its terms of reference. The secretary of the Company, the appointed secretary of the Committee, attended all the meetings during the financial year.

AUDIT COMMITTEE REPORT (Cont'd)

C. MEETINGS (Cont'd)

The External Auditors, Internal Auditors, Executive Directors, Group Financial Controller and Corporate Finance Manager, at the invitation of the Committee, attended the Committee meetings to present their reports/findings or required information and explanations for the proper deliberation of the matters at hand.

The Audit Committee reported to and updated the Board on significant issues and matters discussed during the Committee's meetings and where appropriate, made the necessary recommendations to the Board. Minutes of the Committee's meetings were made available to all Board Members for review and to seek clarification and confirmation from the Audit Committee Chairman where necessary.

The Group's External Auditors attended all the Committee meetings held during the financial year under review.

D. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The Committee carried out its duties in accordance with its terms of reference during the financial year under review. The summary of works undertaken by the Audit Committee during the financial year included the following:-

1. Reviewed the Quarterly Financial Reports

   During the scheduled quarterly meetings, the Finance Director of the Group presented the draft unaudited quarterly financial results for Audit Committee's review, briefed the Committee on the contents of the draft financial statements (including the notes to the account) and answered all queries raised and clarifications sought by the Audit Committee. The review focused on key financial results and comparison to the corresponding quarter of preceding year as well as immediate preceding quarter, with the reasons for the variances provided by the Finance Director. In addition, the business prospect of the Group for the rest of the financial year was provided by the Management to the Audit Committee for discussion. Further, the Audit Committee assessed the reasonableness of the assumptions and estimates made in the draft financial quarterly financial statements based on the updates by the Management on the operations and proposed business strategy.

   The reviews of the draft financial quarterly financial statements by the Audit Committee during the financial year under review were conducted in the presence of the External Auditors with clarifications sought from them during the meeting.

   The unaudited financial reports reviewed by the Audit Committee were then recommended to the Board for approval prior to announcement to Bursa Malaysia Securities Berhad ("Bursa Securities").

2. Reviewed the Company's Compliance with Regulatory, Statutory and Accounting Standards

   During the quarterly Audit Committee meeting, with respect of the quarterly and annual financial statements, the Audit Committee reviewed the Company's compliance with the MMLR, accounting standards promulgated by Malaysian Accounting Standards Board and other legal and regulatory requirements.

3. Reviewed the latest changes of pronouncements issued by the accountancy, statutory and regulatory bodies.

   At such quarterly meetings, the Audit Committee sought clarification of the application and impact of new and revised accounting standards with the External Auditors as necessary. The Audit Committee members also underwent briefings by professionals on the updates and changes in MMLR and proposed changes in Malaysian Code on Corporate Governance during the financial year.

AUDIT COMMITTEE REPORT (Cont'd)

D. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR (Cont'd)

4. Reviewed the External Auditors' Audit Plan, Scope of Work and Audit Fee

   During the financial year, the External Auditors presented their audit plan to the Audit Committee for review and comment prior to the commencement of the audit to ensure the audit scope is adequate and reasonable time was allowed to ensure the audit carried out effectively and not under undue time pressure. The audit plan presented includes the audit methodology, audit workflow and audit timetable, and significant risk area. The audit plan for the financial year was discussed and clarifications sought from the External Auditors prior to approval of the said plan by the Audit Committee. During the same meeting, the audit fees and non-audit fees was presented by the External Auditors for review by Audit Committee, which was then recommended to the Board for approval.

5. Reviewed of Audited Financial Statements and Audit Results with External Auditors

   Prior to announcement of final quarterly financial statements, the External Auditors presented their Audit Status Report and briefed the Audit Committee on the audit findings arising.

   During the meeting, the audit findings on the significant risk areas, deficiencies in internal control and status of the audit were presented to the Audit Committee for review. The results and findings were subsequently presented to the Board by the Chairman of the Audit Committee after the review.

   During the financial year, the Audit Committee recommended for the Board's approval and adoption of the audited statutory financial statements of the Company and the Group after it was satisfied that the audit had been adequately planned and were carried out in accordance with the approved auditing standards after the review with the External Auditors and the Management and it was satisfied that the presentation of the financial statements was in compliance with the statutory requirements and applicable accounting standards.

6. Private Sessions with External Auditors

   For the financial year ended 31 December 2020, the Audit Committee has met with the External Auditors a total of two (2) times without the presence of the Executive Directors and Management in order for the Audit Committee and the External Auditors to freely exchange observations and opinion between both parties as well as discuss any significant audit issues.

7. Reviewed the Independence and Objectivity of the External Auditors

   During the financial year, confirmation on the independence of the External Auditors was obtained by the Audit Committee in order for the Audit Committee to review the independence and objectivity of the External Auditors.

8. Review of Internal Audit Functions

   During the financial year, the Audit Committee received internal audit report presented by the outsourced Internal Auditors that contains the findings, recommendations and agreed management action plans for the internal audits conducted based on approved internal audit plan. Aside from reporting on the audit findings, the status of agreed management action plans for previous internal audit findings and the status of the approved internal audit plan was also presented to the Audit Committee. Additionally, the Audit Committee had assessed the adequacy and effectiveness of the internal audit functions through the review of the resources, experience and continuous professional development of the Internal Auditors for its adequacy.

   During the financial year, the internal audit plan was presented by the outsourced Internal Auditors for the review and approval by the Audit Committee.

   The oversights role of Audit Committee on Internal Audit functions is further elaborated in the Statement of Risk Management and Internal Control located on pages 57 to 64 of this Annual Report.

AUDIT COMMITTEE REPORT (Cont'd)

D. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR (Cont'd)

9. Reviewed Related Party Transactions

   During the scheduled quarterly meetings, the Finance Director reported to the Audit Committee the value of the transactions (from date of shareholders' mandate to end of the financial period) of individual recurrent related party transactions ("RRPT") as compared to the approved value of transactions per the shareholders' mandate obtained in the previous general meeting to identify RRPT exceeded or about to exceed the approved amount per the shareholders' mandate so that prompt action can be taken to resolve.

   During the meeting, the Audit Committee sought confirmation from the Management that there was no new RRPT or conflict of interest situation that might arise within the Group including any transaction, procedures and course of conduct that might raise questions of management integrity.

10. Reviewed the Annual Report

    During the financial year, the Audit Committee reviewed the Annual Report (which includes the Corporate Governance Statement, Audit Committee Report, Statement of Risk Management and Internal Control and Management Discussion and Analysis), and the Audited Financial Statement of the Group and recommended to the Board for approval.

E. INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function to an independent internal audit professional firm. The outsourced internal audit function assists the Board and the Audit Committee in providing independent assessment on the adequacy and effectiveness of the Group's internal control system. The audit engagement of the outsourced internal audit functions 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. The scope of review of the outsourced internal audit functions is determined by the Audit Committee with feedback from Senior Management. In addition, the oversight of the internal audit functions by the Audit Committee is enhanced by the review by the Audit Committee of resources of the outsourced internal audit function in term of qualification and experience/exposure and continuous professional development of the employees of the outsourced internal audit function tabled by the outsourced internal audit function during the financial year under review.

The Group's internal audit function is outsourced to a professional firm. The outsourced internal audit function assists the Board and the Audit Committee in providing an independent assessment on the adequacy and effectiveness of the Group's system of internal control. The outsourced internal audit function reports directly to the Audit Committee. The audit engagement of the outsourced 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. The appointment and resignation of the internal audit function as well as the proposed audit fees are subject to review and approval by the Audit Committee for its reporting to the Board for ultimate approval.

The outsourced internal audit function is reporting to the Audit Committee directly and the engagement director is a Certified Internal Auditor and Certification in Risk Management Assurance accredited by the Institute of Internal Auditors Global and a professional member of the Institute of Internal Auditors Malaysia. The internal audits are carried out, in material aspects, in accordance with the International Professional Practices Framework ("IPPF") established by the Institute of Internal Auditors Global.

AUDIT COMMITTEE REPORT (Cont'd)

E. INTERNAL AUDIT FUNCTION (Cont'd)

The internal audit function prepared a risk-based internal audit plan and incorporated a holistic schedule of assignments to provide independent assurance on the system of risk-management and internal control as well as safeguarding of the Group's assets. Scheduled internal audits are carried out by the internal auditors based on the audit plan presented to and approved by the Audit Committee.

During the period under review, internal audit reviews were carried out and the findings of the reviews, priority level, risk/potential implications, recommendations, including the recommended management action plans and person-in-charge together with date of implementation were presented directly to the Audit Committee. In addition, the internal audit functions performed follow up reviews to ascertain the status of implementation of agreed management action plans. The results of the follow up reviews were reported via the Action Plan Progress Report to the Audit Committee for their review and deliberation.

The internal audits conducted on the Group did not reveal any weaknesses in the internal control system that would result in any material losses, contingencies or uncertainties which are necessary to be disclosed in this Annual Report.

Please refer to the Statement on Risk Management and Internal Control from page 57 to 64 of this annual report for the details of the activities of the internal audit function during the financial year under review.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR 2020

The Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of the income statement and cash flows of the Company and the Group for the financial year.

The Directors are of the view that, in preparing the financial statements of the Company and the Group for the year ended 31 December 2020, the Company and the Group has adopted recommended accounting policies that are consistently applied and supported by reasonable, prudent judgments and estimates. The Directors have also considered that all applicable accounting standards have been followed during the preparation of audited financial statements.

The Directors are aware of its responsible in ensuring that the Group keeps adequate accounting records that disclose with reasonable accuracy the financial position of the Company and the Group as to enable them to ensure that the financial statements comply with the requirements of the Companies Act, 2016 the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

The Directors have ensured timely release of quarterly and annual financial results of the Group for the year 2020 to Bursa Securities that enable the public and investors to be well informed of the Group's constant development.

The Directors are also fully aware of their general responsibilities in taking steps which are reasonably open to them to safeguard the assets and to detect and prevent fraud and other irregularities within the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of KSL Holdings Berhad ("KSL" or "the Company") is committed to ensure that good corporate governance practices are applied throughout the Company and its subsidiaries ("the Group") and form the fundamental of corporate sustainability pursued by the Group for long term shareholders' value creation. Hence, the Board fully supports the Principles and Practices of good corporate governance practices (including the Intended Outcomes) as promulgated by the Malaysian Code of Corporate Governance 2017 ("MCCG") to direct and manage the business and affairs of the Group towards promoting business prosperity and corporate accountability with the ultimate objective of realising long-term shareholder value while taking into account the interest of other stakeholders.

This overview statement sets out the overview of the manner in which the Company had applied the Principles set out in the MCCG and the extent of compliance with the Principles of MCCG advocated therein in accordance with paragraph 15.25 and Practice Note 9 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

On the other hand, the application of each Practice set out in the MCCG during the financial year are disclosed in the Corporate Governance Report prescribed by Bursa Securities ("CG Report") and announced the same together with the announcement of this Annual Report in accordance with paragraph 15.25 and Practice Note 9 of MMLR. The CG Report is available for download from "Others" section of the "News" tab of the of Company's website at www.ksl.my as well as an announcement on the website of Bursa Securities.

The CG Overview Statement should be read in tandem with the CG Report to provide comprehensive disclosure of the application of each Principle and Practice set out in the MCCG during the financial year.

The following disclosure statements provides an overview of the Company's application of the Principles set out in MCCG that has been in place throughout the financial year ended 31 December 2020.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1.1 Board leadership

The Board strives to collectively lead and is responsible for the success of the Group by providing entrepreneur leadership and direction, strategic management, performance measurement and monitoring, enterprise risk management, standards of conduct and critical business issues and decisions as well as management oversight. The Board acknowledges that it is the ultimate decision-making body of the Group. The Board comprises directors who are entrepreneurs and experienced professionals in the fields of auditing, accounting, taxation, company laws and legal. All these different skills put together enable the Board to effectively lead and control the Group. The Board is guided by the Board Charter approved by the Board and led by an Executive Chairman to ensure its effectiveness. Together with other Directors, he leads the Board in the discussion on the strategies and policies recommended by the Senior Management. A summary of the responsibilities of Chairman is disclosed in Practice 1.2 of CG Report.

The Board is responsible for the oversight and overall management of the Company. The Board fully understands their responsibilities in the Group in relation to a sound and sustainable operations and optimal corporate governance framework in order to safeguard shareholders' value. The Board had reviewed and approved the Group's charter and policies (including subsequent updates) while the Group Managing Director and Executive Directors are delegated with the authorities and responsibilities to ensure proper execution of strategies as well as effective and efficient operation throughout the Group. The authorisation procedures for key processes are stated in the Group's policies and procedure.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

1.1 Board leadership (Cont'd)

As required under the Board Charter, the Board is assuming the following, amongst other roles and responsibilities, broad categories of roles and responsibilities: -

- Setting the corporate values, objectives, goals and strategic plan as well as clear lines of responsibility and accountability for the Group
- Deliberating, approving and monitoring progress of the Company's strategy, budgets, plans and policies
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed
- Retaining an effective Board that consists of competent individuals with appropriate specialized skills and knowledge to lead and control the Company
- Identifying and manage principal and potential risks and to ensure proper risk management policy with appropriate governance structure and process as well as appropriate risk appetite, established based on internationally recognised risk management framework, are put in place to manage principal risks. A statement featuring the Group's risk management framework and internal control system is included on pages 57 to 64 of this Annual Report
- Succession planning including appointing, training, fixing the compensation of and where appropriate, replacing any member of the Board, Board Committees and Senior Management
- Maintaining an effective system of internal control to safeguard shareholder's investment and Company's assets
- Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance in accordance with the laws, regulations rules, directives and guidelines
- Establishing and maintaining the ethical standards through code of conduct, anti-bribery and corruption policy and whistle blowing policy which will be applicable throughout the Group
- Promoting good corporate governance culture throughout the Group and reviewing the corporate governance standing of the Company
- Promoting good sustainability practice throughout the Group.

The roles and responsibilities of the Board and the application of the MCCG's practice is disclosed in Practice 1.1 of the CG Report.

Aside from the core responsibilities listed above, significant matters required deliberation and approval from the Board is clearly defined by the Board in the Board Charter as matters reserved for the Board for consideration and approval during the Board's meeting. The matters reserved for the Board is disclosed in Practice 2.1 of the CG Report.

The Board has delegated specific duties to the Board Committees (i.e. Audit Committee, Remuneration Committee, Nominating Committee and Risk Management Committee) which operate within a clearly defined Terms of Reference approved by the Board. The relevant Terms of Reference is available for download from "Others" section of the "News" tab of the of Company's website at www.ksl.my.

To ensure that there is a balance of power and authority within the Board, the position of the Chairman and the Group Managing Director is separated and there is a clear division of responsibilities between the Executive Chairman and the Group Managing Director. The Executive 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. A summary of the separation of the roles of Chairman and Group Managing Director is disclosed in Practice 1.3 of CG Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

1.1 Board leadership (Cont'd)

The Independent and Non-Executive Directors play an important role in ensuring that the strategies proposed by the management are fully deliberated and examined, to ensure that the interest of all shareholders and stakeholders are given due considerations in the decision-making process. In addition, Senior Independent Non-Executive Director is identified by the Board to whom concerns may be conveyed.

All board members shall notify the Chairman of the Board before accepting any new directorship or significant commitments outside the Company, including an indication of the 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.

In discharging its duties efficient and effectively, the Board is assisted by a licensed Company Secretary and the details of the Company Secretary are disclosed in Practice 1.4 of CG Report.

i. Board Charter

The Board is guided by a formal Board Charter approved by the Board. The Board Charter sets out the composition, roles, functions, responsibilities and authorities of the Board and the Board Committees of the Company as well as roles and responsibilities of the Chairman of Board, the Group Managing Director, the Senior Independent Director and the Company Secretary. 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 and code of conduct.

Further disclosure on the details of Board Charter is disclosed in Practice 2.1 of CG Report and Board Charter is available for download from "Others" section of the "News" tab of the of Company's website at www.ksl.my with last review performed on 28 February 2018.

ii. Code of Conduct and Whistleblowing Policy

The Board is fully committed to the highest standards of integrity, transparency and accountability in the conduct of the Group's business and operations to ensure business sustainability through their conducts, individually or collectively, focusing on the key principles of serving with respecting others, avoiding conflict of interest, preserving confidentiality and privacy and business sustainability. Audit Committee is entrusted with the task to look into ethical practices and compliance of the Group.

The Board incorporated the above key value and principles of expected conducts into the Company's Code of Conduct ("The Code") to govern the standards of ethics and good conduct expected that is applicable to all the Group's employee, customer and vendors worldwide. The Code forms the integrity and ethical value expected from the employees which are incorporated in the Employees Handbook.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

1.1 Board leadership (Cont'd)

ii. Code of Conduct and Whistleblowing Policy (Cont'd)

To further enhance the ethical value throughout the Group, formal Anti-Bribery & Anti-Corruption Policy and Conflict of Interest Framework had been put in place by the Board to effectively manage and mitigate risk of bribery and conflict of interest situation while the Related Party Transactions and Conflict of Interest Policy and Procedures established to manage related party transactions entered or to be entered in accordance with MMLRs and the reporting of related party transactions.

Please refer to Practice 3.1 of CG Report for details.

To foster an environment where integrity, and ethical behaviour are maintained, the Board has put in place a formal Whistle-Blowing Policy to encourage employees and other interested parties to disclose concerns about illegal, unethical or improper business conduct within the Company.

Please refer to Practice 3.2 of CG Report for details.

The Code, Anti-Bribery & Anti-Corruption Policy, Conflict of Interest Framework, Related Party Transactions and Conflict of Interest Policy and Procedures and Whistle-Blowing Policy are available for download from "Others" section of the "News" tab of the of Company's website at www.ksl.my.

iii. Board Meetings

The Board meets regularly to perform its main function on the development and implementation of strategic plans, formulation of policies, overseeing the conduct and operations of the businesses of the Group, succession planning and ensuring appropriateness of internal control and effectiveness of risk management and is mindful of the importance of business sustainability in conducting the Group's business.

To carry out its functions and responsibilities, the Board met four (4) times during the financial year ended 31 December 2020 and the attendance of each Director at the Board Meetings is as follows: -

Director	No. of Attendance	No. of Meetings Eligible to Attend
Ku Hwa Seng	4	4
Khoo Cheng Hai @ Ku Cheng Hai	4	4
Ku Tien Sek	4	4
Lee Chye Tee	4	4
Gow Kow	4	4
Goh Tyau Soon	4	4
Tey Ping Cheng	4	4

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

1.1 Board leadership (Cont'd)

iii. Board Meetings (Cont'd)

The Board plans to meet at least four (4) times a year at quarterly intervals, with additional meetings convened when urgent and important decisions are required to be made between the scheduled meetings. All meetings of the Board are duly recorded in the Board minutes by the Company Secretary. The Company Secretary also attended all the Board Meetings of the Company. The Company Secretary ensures that all Board meetings are properly convened, and that accurate and proper records of the deliberations, proceedings and resolutions passed are recorded and maintained in the statutory register at the registered office of the Company.

iv. Supply of Information

The Board members in their individual capacity have unrestricted access to complete information on a timely basis in the form and quality necessary for the discharge of their duties and responsibilities. Prior to each Board meeting, all Board members are furnished with the relevant documents and sufficient information, i.e. minutes of board committees' meetings and previous meeting as well as board papers, no later than five (5) business days before the meeting to enable them to have sufficient time in obtaining a comprehensive understanding of the issues to be deliberated upon in order to arrive at a decision.

Besides direct access to management staff, external independent professional advisers are also made available to render their independent views and advice to the Board, whenever deemed necessary and in appropriate circumstances, at the Company's expense.

The Directors also have accessed to the advice and services of the Company Secretary who is responsible for ensuring that the Board's procedures are adhered to.

Please refer to Practice 1.5 of CG Report for details of the Board's proceedings on meeting materials and supply of information.

v. Board Composition

The Board currently has seven (7) members comprising one Executive Chairman, three (3) Executive Directors (including the Group Managing Director) and three (3) Independent Non-Executive Directors. The profile of each Director is presented on pages 29 to 31 of this Annual Report. The composition of independent non-executive directors is in compliance with the minimum prescribed in Paragraph 15.02(1) of MMLR (i.e. 3/7) 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" to ensure that there is sufficient independent element in the Board to provide the necessary check and balance within the Board.

Although, the above composition departed from Practice 4.1 of MCCG which requires that at least half of the Board comprise of independent directors, the Board is in the opinion that, through formal assessments conducted on the Board and Board Committees and the independence of the independent directors, the Board concluded that the independent directors are professionals who have a diverse range of skills, knowledge and experiences in relevant fields and independent directors had demonstrated their independence and objectivity during the Board and Board committees' proceedings. Therefore, adequate degree of independence is maintained notwithstanding the fact that only 42.9% of the Board is independent directors. Therefore, there is no disproportionate imbalance of power and authority on the Board between the Non-Independent and Independent Directors. The Board will continue to monitor and review the adequacy and effectiveness of the independent and objectivity element within the Board from time to time to ensure that it is adequate and effective. Please refer to Practice 4.1 of CG Report for further details.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

1.1 Board leadership (Cont'd)

vi. Board Diversity

It is the Board's responsibility to ensure that the diversity within the Board is preserved so that required mix of knowledge, skills, expertise and experience are brought to the Group for business excellence while age, ethnic and gender diversity provides different of views points for issues under considerations. The Board is satisfied that, through the formal procedure for nomination and selection and annual performance appraisal of the Board, the Board Committees and individual directors, the current board composition represents a mix of knowledge, skills and experience required to discharge the Board's duties and responsibilities effectively as well as to ensure that no individual or small groups of individuals dominate the Board's decision-making process.

The Board is supporting age, ethnic and gender diversity within the Group including the workplace shall such potential candidate is available. At present, the Board does not establish formal policy on gender diversity with its targets established and measures formulated to meet those targets as the Board believes appointment of members of the Board and Senior Management shall be based on merit of the candidates as well as required mix of knowledge, skills, expertise and experience to be brought to the Group, instead of purely based on gender consideration alone. There was no women representation on the Board but representation of 2 female management as directors of the subsidiaries.

Please refer to Practice 4.4 of the CG Report for the detailed disclosure on the Boardroom Diversity and Practice 4.5 of the CG Report for the detailed disclosure on the gender diversity.

vii. Independent Directors

Independence of the candidates to act as independent director is assessed by Nominating Committee prior to their appointment based on independence assessment as well as nomination and selection process practiced with the results of the review are reported to the Board for consideration and decision.

On annual basis, all Independent Directors are subjected to independence assessment based on prescribed criteria on his independence and objectivity and self-declaration of interests in Group, any corporation, partnership, business transactions and/or services with the Group for the Nominating Committee's review and recommendation to the Board to form an opinion on the independency and objectivity of the Independent Directors. Based on the above assessment performed in 2020, the Board is satisfied with the level of independence and objectivity demonstrated by all Independent Directors, and their ability to bring independent and objective judgement to board deliberations.

The tenure of an Independent Director, as stated in the Board Charter, shall not exceed a cumulative term of 9 years. In the event that such Director is to be remained as Independent Director, the Board shall first justify and obtain annual shareholders' approval. If the Board is to continue to retain the Independent Director after the twelfth year, the Board should seek annual shareholders' approval through a two-tier voting process.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

1.1 Board leadership (Cont'd)

vii. **Independent Directors (Cont'd)**

As at the date of this Annual Report, all Independent Directors (i.e. Mr. Gow Kow, Mr. Goh Tyau Soon and Mr. Tey Ping Cheng) had served on the Board for cumulative term of more than twelve (12) years. 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 and subsequent review and deliberation by the Board, the Board concluded that all Independent Directors (i.e. Mr. Gow Kow, Mr. Goh Tyau Soon and Mr. Tey Ping Cheng) remain objective and independent in participating in the deliberations and decision making of the Board and Board Committees they are in. The length of their service on the Board did not interfere with their exercise of independent judgment and they act in the best interest of the Group.

To be remained as independent non-executive director, all Independent Directors (i.e. Mr. Gow Kow, Mr. Goh Tyau Soon and Mr. Tey Ping Cheng) will be subject to two-tier voting in forthcoming 21st Annual General Meeting to be held.

Please refer to Practice 4.2 of CG Report for further details.

viii. Appointment of Directors and Senior Management and Re-election of Directors

Appointment of new Directors to the Board or Board Committee is recommended to the Nominating Committee for consideration and approved by the Board in accordance to the nomination and selection practiced by Nominating Committee and the Board. It is the practice of the Board that highly qualified candidates with sufficient and relevant knowledge, skills and competency are sought to serve as members of the Board and the Senior Management to effectively discharge its responsibilities and duties and contribute in the governance of the Group while at the same time gender and ethic balance are being upheld within the Board and the Senior Management shall such potential candidate is available.

The process for the nomination and selection practiced by the Nominating Committee and the Board involves identification of potential candidates, evaluation of suitability of candidates based on agreed upon criteria for experience, knowledge, skill and boardroom diversity, meeting up with candidates and background check, final deliberation by Nominating Committee and recommendation to the Board. The Board acknowledges that the process of nomination and selection of Directors and Senior Management can be enhanced by formalising the nomination and selection practiced by the Nominating Committee and the Board. Subject to prior discussion concerning the costs, Nominating Committee may seek independent professional advice, at the Company's expense, to perform its responsibilities under nomination and selection of Directors.

All Board members who are newly appointed are subject to retirement at the subsequent Annual General Meeting of the Company. All Directors (including the Group Managing Director) will retire at regular intervals by rotation at least once every three years and shall be eligible for re-election.

While it is the intention of the Nominating Committee and the Board to have independent sources for the identification of candidates for appointment of directors, the existing members of the Board of the Company were recommended by the Board members and existing shareholders of the Company previously before MCCG came into effect. There was no appointment of new director during the financial year ended 31 December 2020.

Please refer to Practice 4.4 and 4.6 of CG Report for the details on the nomination and election process of the directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

1.1 Board leadership (Cont'd)

ix. Performance Assessment and Evaluation of Board

On annual basis, the Company Secretary circulates to each Director the relevant evaluations and assessments forms/checklist in relation to the evaluation of the Board, Board Committee, the Audit Committee, the contribution of each individual Director and independence assessment of independent directors with sufficient time for all the directors to complete in advance of the meeting of the Nominating Committee and the Board in order for the Company Secretary to collate the assessments/evaluations results for the Nominating Committee to review and report to the Board.

The following assessments and evaluations were performed during the financial year under:

1. The Board and Board Committees' performance evaluation;
2. Individual Directors (including Finance Director) performance appraisal pursuant to Paragraph 2.20A of MMLRs;
3. Self-assessment of independence and self-declaration of interests in the Group, any corporation, partnership, business transactions and/or services with the Group, employment history and identity of person connected to him by Independent Directors;
4. Audit Committee Evaluation and Audit Committee members pursuant to Paragraph 15.20 of the MMLRs.

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.

Based on the above evaluations conducted for financial year ended 31 December 2020, the Board, through reports by the Nominating Committee, were satisfied with the composition, performance and effectiveness of the Board, Board Committees and Directors (including Finance Director).

Please refer to Practice 5.1 of CG Report for the details on the performance evaluation of the Board, Board Committee, the Audit Committee, the contribution of each individual Director (including Financial Director) and independence assessment of independent directors.

x. Directors' and Senior Management's Remuneration

The Board assumes the overall responsibility to establish and implement effective remuneration policy for the members of the Board and Senior Management in order to attract, retain and motivate Directors and Senior Management positively in pursue of the medium to long term objectives of the Group and are reflective of their experience and level of responsibilities.

There is no formalised Directors and Senior Management Remuneration Framework established by the Board and published on the corporate website of the Company. The Board is committed to formalise the Directors' and Senior Management's Remuneration Framework in the next 5 years to be in line with the risk strategy and corporate values of the Company to attract and retain suitable candidates in the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

1.1 Board leadership (Cont'd)

x. Directors' and Senior Management's Remuneration (Cont'd)

In brief, it is the practice of the Board that the Executive Directors' and Senior Management members' remuneration are determined by their performance, service, seniority, experience and scope of responsibilities while 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, subject to approval from shareholders (if applicable).

The Remuneration Committee is responsible for recommending to the Board the remuneration packages of the members of the Board. None of the Executive Directors participated in any way in determining their individual remuneration. The Board as a whole determines the remuneration of the Directors. Individual Directors are abstained from deliberation and approval of his own remuneration.

Please refer to Practice 7.1 and 7.2 of CG Report for the details on the disclosure on named basis for the remuneration of individual Directors and disclosure on a named basis the top five Senior Management's remuneration in bands of RM50,000.

xi. Directors' Training

As per the Board Charter, the Board is assigned with the responsibility to ensure Directors and Senior Management to update their knowledge and enhance their skills through attending training programs as well as to assess the training needs of the Directors and ensure the Directors have access to continuing education program.

Upon completion of annual assessment of the Board as a whole, Board committee and individual Directors, Nominating Committee Chairman will look into the skillset required for the role as of each committee chairman and selects the most ideal Independent Director who is capable to meet the required expectations within the next 5 years. The Board identified the training needs of the members of the Board through the formal evaluation of skills possessed by individual Directors (including members of Audit Committee) and reviewed by Nominating Committee to identify the knowledge and skills required by the Board to discharge its responsibilities.

All Executive Directors have been with the Company for several years and are familiar with their duties and responsibilities as Directors. In addition, any newly appointed Directors will be given briefings and orientation by the Executive Directors and Senior Management on the business activities of the Group and its strategic directions, as well as their duties and responsibilities as Directors.

All the Directors had completed the Mandatory Accreditation Program prescribed by Bursa Securities and they are mindful that they should receive appropriate continuous training and to attend seminars and briefings in order to broaden their perspective and to keep abreast with new developments for the furtherance of their duties. Specifically, the Audit Committee members should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

1.1 Board leadership (Cont'd)

xi. Directors' Training (Cont'd)

During the financial year ended 31 December 2020, all Directors received regular briefings and updates on the Group's business and operations and received updates on new regulations and statutory requirements and all members of the Board have attended training(s) that were organised by regulatory bodies or professional organizations. The trainings attended by individual Board members are shown in the following table: -

Director	Name of Conference/Talk/Seminar Attended or Participated	Organiser
Ku Hwa Seng	EY Malaysia Budget 2021 Webinar	Ernst & Young
	ECOVIS Budget Seminar 2021 "Malaysia Budget 2021 Insights"	Ecovis
	Amendments to MMLRs & Review of Internal Audit Function	NeedsBridge Advisory Sdn Bhd
Khoo Cheng Hai @ Ku Cheng Hai	EY Malaysia Budget 2021 Webinar	Ernst & Young
	ECOVIS Budget Seminar 2021 "Malaysia Budget 2021 Insights"	Ecovis
	Amendments to MMLRs & Review of Internal Audit Function	NeedsBridge Advisory Sdn Bhd
Ku Tien Sek	EY Malaysia Budget 2021 Webinar	Ernst & Young
	ECOVIS Budget Seminar 2021 "Malaysia Budget 2021 Insights"	Ecovis
	Amendments to MMLRs & Review of Internal Audit Function	NeedsBridge Advisory Sdn Bhd
Lee Chye Tee	Section 117 Capital Reduction	The Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA)
	Implementation of the Reporting Framework for Beneficial Ownership of Shares & the Corporate Liability under Section 17A MACCA 2009	Institute of Approved Company Secretaries ("IACS")
	EY Malaysia Budget 2021 Webinar	Ernst & Young
	Advanced Company Law and Secretarial Law and Secretarial Practice for Accountants (Module 2 - Constitution and Shareholders Agreement)	Malaysian Institute of Accountants
	ECOVIS Budget Seminar 2021 "Malaysia Budget 2021 Insights"	Ecovis
	Advanced Company Law and Secretarial Law and Secretarial Practice for Accountants (Module 3 - Share Capital Transactions)	Malaysian Institute of Accountants
	Getting the Right Procedures of Passing Resolution	Malaysian Institute of Accountants
	Advanced Company Law and Secretarial Law and Secretarial Practice for Accountants (Module 4 - Everything on Directors)	Malaysian Institute of Accountants
	Capital Reduction & Members' Voluntary Winding Up	Malaysian Institute of Accountants
	Amendments to MMLRs & Review of Internal Audit Function	NeedsBridge Advisory Sdn Bhd

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

1.1 Board leadership (Cont'd)

xi. Directors' Training (Cont'd)

Gow Kow	National Tax Conference 2020	Chartered Tax Institute of Malaysia ("CTIM")
	Accounting for Property, Plant & Equipment and Investment Property (MFRS/MPERS)	Malaysian Institute of Accountants
	2021 Budget Seminar	Chartered Tax Institute of Malaysia ("CTIM")
	EY Malaysia Budget 2021 Webinar	Ernst & Young
	Amendments to MMLRs & Review of Internal Audit Function	NeedsBridge Advisory Sdn Bhd
Goh Tyau Soon	EY Malaysia Budget 2021 Webinar	Ernst & Young
	ECOVIS Budget Seminar 2021 "Malaysia Budget 2021 Insights"	Ecovis
	Amendments to MMLRs & Review of Internal Audit Function	NeedsBridge Advisory Sdn Bhd
Tey Ping Cheng	Optimising from the various Malaysian tax incentives in 2020, including relevant post MCO tax incentives	CPA Australia
	Challenges for Company Secretaries – The Companies Act 2016	Malaysia Association of Company Secretaries
	Company Secretary Profession in Time of Change	Malaysia Association of Company Secretaries
	2021 Budget Seminar	Chartered Tax Institute of Malaysia ("CTIM")
	EY Malaysia Budget 2021 Webinar	Ernst & Young
	Amendments to MMLRs & Review of Internal Audit Function	NeedsBridge Advisory Sdn Bhd

xii. Board Committees

In discharging its fiduciary duties, the Board has delegated specific duties to four (4) subcommittees (Audit, Remuneration, Nominating and Risk Management). The Committees have the authority to examine particular issues and report to the Board with their recommendation. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

All Committees have written terms of references and the Board receives reports on their proceedings and deliberations. The Chairman of the respective Committees will brief the Board on the matters discussed at the Committee meetings and minutes of these meetings are circulated at the Board meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

1.1 Board leadership (Cont'd)

xii. Board Committees (Cont'd)

- **Audit Committee**

The terms of reference, the number of meetings held, and activities carried out during the financial year and the attendance of each member can be found on pages 33 to 37 of the Audit Committee Report.

Please refer to Practice 8.1, 8.2, 8.3, 8.4 and 8.5 of CG Report on disclosure in relation Audit Committee.

- **Nominating Committee**

The Nominating Committee comprises exclusively of Independent Non-Executive Directors, in compliance with MMLR. The Nominating Committee is guided by written terms of reference duly approved by the Board with rights, authorities and responsibilities. The Nominating Committee is chaired by Senior Independent Director.

The Nominating Committee's Terms of Reference is published in "Others" section of the "News" tab of the corporate website at www.ksl.my.

The Nominating Committee members and the attendance records for meeting held during financial year ended 31 December 2020 are as follows: -

Nominating Committee	**No. of Meetings Held**	**Attendance**
Goh Tyau Soon (Chairman)	1	1
Gow Kow	1	1
Tey Ping Cheng	1	1

During the financial year ended 31 December 2020, the Nominating Committee conducted evaluations and assessments of the performance of the Board, the Board Committees, the Audit Committee (including members), the contribution by each individual Directors (including Finance Director) and independence assessment of Independent Directors based on the pre-determined processes and evaluation/review criteria. The Nominating Committee reported the results of all evaluations and assessments to the Board for review and deliberation to enable effective actions (including trainings to be attended) to be formulated and implemented for the proper and effective functioning of the Board and its Committees.

Please refer to Practice 4.4, 4.5 4.6, 4.7 and 5.1 of CG Report for details on the Nominating Committee and its activities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

1.1 Board leadership (Cont'd)

xii. Board Committees (Cont'd)

- **Remuneration Committee**

The Remuneration Committee was formed to assist the Board in determining, developing and recommending an appropriate remuneration policy and remuneration package for Directors and Senior Management so as to attract, retain and motivate the Directors and members of Senior Management. The Remuneration Committee is guided by formal Terms of Reference. Further disclosure on the Remuneration Committee (and its activities) and remuneration policy and procedure can be found in Practice 6.1 and 6.2 of CG Report.

The Remuneration Committee comprises exclusively of Non-Executive Directors, majority of whom are independent. Their attendance records are as follows:-

Remuneration Committee	No. of Meetings Held	Attendance
Tey Ping Cheng (Chairman)	1	1
Gow Kow	1	1
Goh Tyau Soon	1	1

The Remuneration Committee's Terms of Reference is published in "Others" section of the "News" tab of the corporate website at www.ksl.my.

The Remuneration Committee held a meeting during the financial year ended 31 December 2020 to review the draft service contract of Directors, 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.

- **Risk Management Committee**

The Risk Management Committee was formed on 26 February 2014 to provide oversight, direction and counsel to the Group risk management process and to assist the Board in identifying, mitigating and monitoring critical risk highlighted by businesses units. The Risk Management Committee comprises of the Group Managing Director and three (3) Independent Directors, in compliance with the Step-Up practice recommended by MCCG:

Risk Management Committee	No. of Meetings Held	Attendance
Tey Ping Cheng (Chairman)	1	1
Khoo Cheng Hai @ Ku Cheng Hai	1	1
Gow Kow	1	1
Goh Tyau Soon	1	1

The Risk Management Committee's Terms of Reference is published in "Others" section of the "News" tab of the corporate website at www.ksl.my.

During the financial year under review, Risk Management Committee met once to review and assess the risks associated with all proposed strategic transactions of the Group.

Further disclosure on the risk management activities during the financial year can be found in Practice 9.1 and 9.2 of CG Report and Statement on Risk Management and Internal Control of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

1.1 Board leadership (Cont'd)

xiii. Economic, Environment and Social

In order to promote sustainability of the Group's businesses, one of the business strategies adopted by the Board is to ensure the economics, environmental and social aspects of the businesses undertaken are well taken care of. The Group upheld the principle to maintain effective sustainability management continuously in order to contribute positively to the socio-economic development of the communities, to promote environmentally friendly business practices and to uphold good governance practice.

Please refer to the Sustainability Statement for the governance structure and process employed as well as the identification, assessment, management and reporting of sustainability matters during the financial year under review and up to the date of this Annual Report.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

The Audit Committee is tasked with the oversight role on the effectiveness of Audit and Risk Management. The composition and terms of reference of the Audit Committee, the number of meetings held, attendance, and activities carried out during the financial year under review are available in the Audit Committee Report on page 33 to 37 of this Annual Report and Practice 8.1 to 8.5 of CG Report.

i. Relationship with Auditors

The Group maintains a close and transparent relationship with its External Auditors and Internal Audit Function in seeking professional advice and ensuring compliance with the Group's policies and procedures, approved accounting standards and relevant regulations in Malaysia and the countries it is operating.

The roles and responsibilities of the Audit Committee in relation to the External Auditors and Internal Audit Function are prescribed in the Audit Committee's Terms of Reference.

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 the Audit Committee and its recommendation to the Board. Furthermore, the External Auditors of the Group confirmed to the Audit Committee, prior to the commencement of the audit works and upon completion of the audit engagement, on their independence in relation to the audit works and their commitment to communicate to the Audit Committee on their independence status on ongoing manner.

The Audit Committee met with the External Auditors twice during the financial year under review to discuss their Audit Plans, their audit findings and other special matters that require the Audit Committee's attention and the financial statements. In addition, the Audit Committee met privately with the External Auditors once without the presence of the Executive Directors and management to encourage free flow of information and views and for the External Auditors to freely express their opinion without undue pressure.

The Audit Committee had also considered the nature of other non-audit services provided during the year by the external auditors and the quantum of the fees as tabulated in the table below and was satisfied that the provision of these services did not in any way compromise their independence.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

i. Relationship with Auditors (Cont'd)

The audit and non-audit fees incurred for services rendered by the External Auditors and their affiliated firms and companies to the Company and its subsidiaries for the financial year were as follows:

	Company	Group	Description
Audit Fees (RM)	20,000	224,000	[redacted]
Non-Audit Fees (RM)	3,000	13,700	Review of Statement on Risk Management and Internal Control and others non-audit services

The oversight roles of Audit Committee in relation to Internal Audit Function are detailed in Practice 10.1 and 10.2 of CG Report as well as Audit Committee Report and Statement on Risk Management and Internal Control on page 33 to 37 and pages 57 to 64 of this Annual Report respectively.

ii. Risk Management

The Board recognises the importance of Risk Management in pursuing its company's objective and have in place a formal Group Risk Management Policy. The details of the Group Risk Management Policy and risk management process are disclosed in Practice 9.1 and 9.2 of CG Report and Statement on Risk Management and Internal Control on page 57 to 64 of this Annual Report.

iii. Internal Control & Internal Audit Function

The Board recognises the importance of sound internal control system for good corporate governance. As such, the Internal Audit Function is established to perform the review of the adequacy and integrity of the internal control system in managing the principal risks of the Group. The Internal Audit Function is outsourced to a professional firm to assist the Audit Committee in reviewing the state of internal control of the Group and to highlight areas for management and operational improvements.

The state of internal control system and Internal Audit Function of the Group are explained in greater detail in Statement on Risk Management and Internal Control on page 57 to 64 of this Annual Report and Practice 10.1 and 10.2 of CG Report.

iv. Uphold integrity in financial reporting

The Directors strive to ensure that a balanced, clear and meaningful assessment of the financial positions and prospects of the Group are made in all disclosures to shareholders, investors and the regulatory authorities.

All financial statements, both annual financial statements to shareholders and quarterly announcement of financial results, were reviewed by the Audit Committee and approved by the Board to ensure accuracy, adequacy and completeness of information and compliance with relevant accounting standard and regulations prior to public release or submission to regulatory authorities.

The Board, through the review by the Audit Committees and in consultation with the Management and the External Auditors, had presented fair and meaningful assessment of the Group's financial performance and position.

A summary of the works of the Audit Committee in the discharge of its functions and duties in relation to financial reporting during the financial year is set out in the Audit Committee Report on pages 33 to 37 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

i. Corporate Disclosure and Stakeholders Communication

The core communication channel with the stakeholders employed by the Company is the announcements made through Bursa Securities and all announcements to be made through Bursa Securities are to be approved by the Board, prior to its release. The Board is observing all disclosure requirements as laid down by MMLR 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.

The Board has adopted a practice for the disclosure of material information of the Group to ensure that communications to the relevant stakeholders are timely, factual, accurate, and complete. The Board is considering to establish a formal Corporate Disclosure Policy to management stakeholder communication proactively and in compliance with MMLR and Capital Markets and Services Act 2007.

The Annual Report is the main communication tool between the Company and its stakeholders. The Annual Report communicates comprehensive information of the financial results and activities undertaken by the Group. As a listed issuer, the contents and disclosure requirements of the Annual Report are governed by the MMLR. To further improve the accessibility of the Directors to the shareholders for their understanding of the businesses of the Group and their investment decision, it is the requirement of the Board Charter that all Directors are to attend general meetings.

Please refer to Practice 11.1 of CG Report on further disclosure of stakeholders' communication.

ii. Encourage shareholders participation at general meetings

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. The Board Charter includes the requirement that notice for the Annual General Meeting to be given to shareholders at least 28 days prior to the meeting.

To encourage shareholders' participation at general meetings, the Company allows a shareholder to appoint a proxy who may not be a member of the Company and no qualification of proxy is imposed.

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.

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.

Please refer to Practice 12.1 and 12.2 of CG Report on further disclosure of stakeholders' communication.

iii. Poll Voting

Pursuant to the Paragraph 8.29A(1) of the Listing Requirements of Bursa Securities, the Company is required to ensure that any resolution set out in the notice of general meetings is to be voted by poll. All resolutions put forth for shareholders' approval at the forthcoming 21st Annual General Meeting to be held are to be voted by way of poll voting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Cont'd)

iv. Leverage on Information Technology

In order to promote transparency and thoroughness in public dissemination of material information, the Company's website incorporates an Investor Relations function by way of a dedicated "News" section which provides all relevant information on the Company and is accessible by the public via www.ksl.my. The "News" section enhances the Investor Relations function by including all announcements made by the Company, annual reports of the Company, press releases, relevant Board Charter and policies as well as terms of reference of relevant Board Committees, Constitution, Anti-Bribery & Anti-Corruption Policy and Whistle-Blowing Policy established and implemented by the Board for the public to access.

Amid COVID-19 pandemic and as part of the safety measure, the Group conducted its Twentieth Annual General Meeting ("20th AGM") in full virtual platform for the first time on 30 July 2020. The virtual general meeting allows shareholders to exercise their right to participate, pose questions, and vote at the general meeting safely and remotely via Remote Participation and Voting Facilities ("RPV"), after successfully registered online (subject to verification and onboarding process of the RPV). The AGM was broadcast via RPV with only essential individuals involved in conducting the meeting were physically present at the broadcast venue, with full adherence to the standard health and safety operating procedures and Guidance and FAQs on the Conduct of General Meetings for Listed Issuers issued by Securities Commission.

Please refer to Practice 12.3 of CG Report on leverage technology to facilitate voting in absentia and remote shareholders' participation at General Meetings.

Additional Compliance Statement

- **Material Contracts or Loan Involving the interests of the Directors, Chief Executive or Major Shareholders**

  Except recurrent related party transactions as disclose below, there was no other material contract or loan subsisting at the financial year ended 31 December 2020 or entered into since the end of financial year by the Company and its subsidiaries which involve the interests of Director, Chief Executive who is not a director or major shareholders.

- **Recurrent Related Party Transactions**

  The recurrent related party transactions entered into by the Group during the financial year under review which are disclosed in Note 28 to the Financial Statements on pages 174 to 175 of this Annual Report.

- **Employee Share Scheme**

  The Company did not establish any employee share scheme and there was no subsisting employee share scheme during the financial year under review.

- **Utilisation of Proceeds**

  The Company did not implement any fund-raising exercise during the financial year ended 31 December 2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Cont'd)

Key Focus Areas and Future Priorities

The Board's medium term's priorities in relation to the corporate governance are to formalise the Group's corporate governance practices into relevant Board's policies and procedures in line with the MCCG and MMLR, i.e. formal Board and Senior Management Remuneration Policy, Policy and Procedure on Nomination and Selection of Director and Senior Management, Policy and Procedure on Independence Assessment of Independent Directors, Policy and Procedure on Performance Appraisal of Board of Directors/Board Committees/Directors, Board and Senior Management Diversity Policy, Policy and Procedure to Assess The Suitability and Independence of External Auditors and Corporate Disclosure Policy.

In the long term, the Board is to consider to strengthen the independent elements within the Board by restructure the Board's composition so that the independent directors make up to at least half of the composition of the Board and to have women representation at the Board and Senior Management (shall such vacancy available).

The Board reviewed and approved this Statement on 20 April 2021.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to paragraph 15.26(b) and Practice Note 9 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements") in relation to requirement to prepare statement about the state of internal control of the listed issuer as a group, and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines") and the Malaysian Code on Corporate Governance, the Board of Directors ("the Board") of KSL Holdings Berhad ("the Company") (collectively with its subsidiaries, "the Group") is pleased to present the statement on the state of the internal controls of the Group for the financial year ended 31 December 2020. The scope of this Statement includes the Company and its wholly owned subsidiaries.

BOARD RESPONSIBILITIES

The Board affirms its overall responsibility for maintaining a sound governance, risk management and internal control systems and for reviewing their adequacy and effectiveness so as to so as to achieve the Group's corporate objectives and strategies and to establish risk appetite of the Group based on the corporate objectives, strategies, external environment, business nature and corporate lifecycle as well as safeguard all its stakeholders' interests and protecting the Group's assets. The Board is committed to the establishment and maintenance of an appropriate control environment and framework that is embedded into the corporate culture, processes and strategies of the Group. The Board delegates the duty of identification, assessment and management of key business risks to the Risk and Sustainability Management Committee ("RSMC") while the oversight roles are delegated to the Risk Management Committee (for risk management) and Audit Committee (for internal controls) whereby the Risk Management Committee and Audit Committee are assigned with the duty, through its Terms of Reference approved by the Board, to provide assurance to the Board on the adequacy and effectiveness of risk management and internal control systems of the Group respectively. Through the Risk Management Committee and Audit Committee, the Board is kept informed of all significant control issues brought to the attention of the Risk Management Committee and Audit Committee by the Management, the Internal Audit Function and the External Auditors.

The system of internal controls covers inter-alia, control environment, risk assessment, control activities, information and communication and monitoring activities. However, in view of the limitations that are inherent in any system of internal controls, the system of internal controls is designed to manage, rather than to eliminate, the risk of failure to achieve the Group's business objectives. Accordingly, the system of internal controls can only provide reasonable and not absolute assurance against material misstatement of losses and fraud.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

RISK MANAGEMENT

The Board recognises that a sound risk management system is critical in the pursuit of its strategic objectives and maintains an on-going commitment for identifying, evaluating and managing significant risks faced by the Group during the financial year under review. The Board maintains an on-going commitment for identifying, evaluating and managing significant risks faced by the Group systematically during the financial year under review. During the financial year under review, the Board had put in place a 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 as second line-of-defence. The duties for the identification, evaluation and management of the key business risk are delegated to RSMC, led by Group Managing Director. The Group Risk Management Policy is established with reference to ISO 31000:2018 - Risk Management Guidelines.

The Group Risk Management Policy established lays down the risk management's objectives and processes established by the Board with formalised governance structure of the risk management activities of the Group established as follows:

Clear roles and responsibilities of the Board, Risk Management Committee, RSMC, Risk Owners, Key Risk and Sustainability Officer and Internal Audit Function are defined in the Group Risk Management Policy. In particular, the roles and responsibilities of the RSMC in relation to the risk management are as follows:-

a. implement the risk management policy as approved by the Board;
b. implement the risk management process which includes the identification of key risks and devising appropriate action plan(s) in cases where existing controls are ineffective, inadequate or non-existence and communicate methodology to the risk owners;
c. ensure that risk strategies adopted are aligned with the Group's organisational strategies (e.g. vision/mission, corporate strategies/goals, etc.), risk management policy & process and risk appetite/tolerance;
d. continuous review and update of the Key Risk Profiles of the Group due to changes in internal business processes, business strategies or external environment and determination of management action plan, if required;
e. update the Board, through the Risk Management Committee, on changes to the Key Risk Profiles on periodical basis (at least on annual basis) or when appropriate (due to significant change to the internal business processes, business strategies or external environment) and the course of action to be taken by management in managing the changes; and
f. to perform risk identification and assessment in relation to major asset/business acquisition or divestment or business diversification or business consolidation and to report the results of the assessment to the Board for strategic decision making.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

RISK MANAGEMENT (Cont'd)

Apart from the duty to monitor the implementation and compliance with approved risk policies and processes of the Group and that significant risks identified are being responded to appropriately, the Risk Management Committee is entrusted the duty to review and assess the adequacy and effectiveness of the risk management strategies, governance structure and processes, risk monitoring and responses and to report to the Board on the results of its oversight roles and recommendations.

In addition, the Risk Owners, i.e. the heads of departments/divisions, are designated as risk owners within their area of expertise and operational responsibilities with the following roles and responsibilities:

a. manage the risks of the business processes under his/her control;
b. continuously identify risks and evaluate existing controls. If controls deemed ineffective inadequate or non-existent, to establish and implement controls to reduce the likelihood and/or impact;
c. to report to the RSMC of the emergence of new business risks or change in the existing business risks on a timely manner and assist the RSMC with the development of the management action plans and implement these action plans;
d. assist the RSMC with the half-yearly update of the changes in the Key Risks Register, management action plans and the status of these plans; and
e. ensure that staffs working under him/her understand the risk exposure of the relevant process under his / her duty and the importance of the related controls.

Systematic risk management process is stipulated in the Policy, whereby each step of the risk identification, risk assessment, control identification, risk treatment and control activities are laid down for application by the RSMC and the Risk Owners. Risk assessment, at gross and residual level, are guided by the likelihood rating and impact rating established by the Board, incorporating the risk appetite of the Board, and are stipulated in the Policy.

Based on the risk management process, key risk registers were compiled by the RSMC with the participation of the Risk Owners, with relevant key risks identified rated based on the agreed upon risk rating. The key risk registers are used for the identification of high residual risks which is above the risk appetite of the Group that require the Management and the Board's immediate attention and risk treatment as well as for future risk monitoring. As an important risks monitoring mechanism, the RSMC is scheduled to review the key risk registers of key operating subsidiaries and assessment of emerging risks identified at strategic and operational level on annual basis or on more frequent basis if circumstances required and to report to the Risk Management Committee on the results of the review and assessment.

During the financial year under review, the Risk Management Committee met once to review and assess the risks associated with all proposed strategic transactions of the Group and reported to the Board on the results of its review.

At strategic level, business plans, business strategies and investment proposals with risks consideration are formulated by the Group Managing Director and/or Senior Management and presented to the Board for review and deliberation to ensure proposed plans and strategies are in line with the Group's risk tolerance approved by the Board. In addition, specific strategic and key operational risks are highlighted and deliberated by Audit Committee, Risk Management Committee and/or the Board during the review of the financial performance of the Group in the scheduled meetings.

As first-line-of-defence, respective Risk Owners, i.e. the heads of departments/divisions, are responsible for managing the risks under their responsibilities. Risk Owners are responsible for effective and efficient operational monitoring and management by way of maintaining effective internal controls and executing risk and control procedures on a day-to-day basis. Changes in the key operational risks or emergence of new key business risks are identified through daily operational management and controls and review of financial and operational reports by respective level of Management generated by internal management information system supplemented by external data and information collected. Respective Risk Owners are responsible to assess the changes to the existing operational risks and emerging risks and to formulate and implement effective controls to manage the risks. Critical and material risks are highlighted to the Senior Management or the RSMC for the final decision on the formulation and implementation of effective internal controls and its reporting to Audit Committee, the Risk Management Committee and/or the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

RISK MANAGEMENT (Cont'd)

The monitoring of the risk management by the Group is enhanced by the internal audits carried out by the internal audit function with specific audit objectives and business risks identified for each internal audit cycle based on the internal plan approved by the Audit Committee, in consultation with the RSMC.

The above process has been practiced by the Group for the financial year under review and up to the date of approval of this statement.

INTERNAL CONTROL SYSTEM

The key features of the Group's internal control systems are described below:-

- **Board of Directors/Board Committees**

  The role, functions, composition, operation and processes of the Board are guided by formal Board Charter whereby roles and responsibilities of the Board, the Executive Chairman and the Group Managing Director are specified to preserve the independence of the Board from the Management.

  Board Committees (i.e. Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee) are established to carry out duties and responsibilities delegated by the Board, governed by written terms of reference.

  Meetings of Board of Directors and respective Board Committees are carried out on scheduled basis to review the performance of the Group, from financial and operational perspective. Business plans and business strategies are proposed by the Senior Management for the Board's review and approval, after taking into risk consideration and responses.

- **Integrity and Ethical Value**

  The tone from the top on integrity and ethical value are enshrined in formal Code of Conduct established and approved by the Board. This formal code forms the foundation of integrity and ethical value for the Group.

  Integrity and ethical value expected from the employees are incorporated in the Employees Handbook whereby the ethical behaviours expected of the employees are stated. Codes of conduct expected from employees to carry out their duties and responsibilities assigned are also established and formalised in Employees Handbook.

  To further enhance the ethical value throughout the Group, formal Conflict of Interest Framework and Related Party Transactions and Conflict of Interest Policy and Procedure were approved by the Board for implementation by the Management to reduce the risk of conflict of interest within the Group.

  Apart from the above, a formal Anti-Bribery & Anti-Corruption Policy had been put in place by the Management to prevent the risk of bribery and conflict of interest within the Group with Whistle-Blowing Policy implemented for all stakeholders to raise genuine concerns about possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity.

- **Organisation Structure, Accountability and Authorisation**

  The Group has a well-defined organisation structure in place with clear lines of reporting and accountability. The Group is committed to employing suitably qualified staff so that the appropriate level of authorities and responsibilities can be delegated while accountability of performance and controls are assigned accordingly to competent staffs to ensure operational efficiency. The authorisation requirements for key processes are incorporated in the design of the forms and stated in the Group's policies and procedures.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

INTERNAL CONTROL SYSTEM (Cont'd)

- **Policies and Procedures**

  The Group has documented policies and procedures that are regularly reviewed and updated to ensure its relevance to support the Group's business activities in achieving the Group's business objectives.

- **Human Resource Policy**

  Comprehensive guidelines on the human resource management are in place to ensure the Group's ability to operate in an effective and efficient manner by employing and retaining adequate competent employees possessing necessary knowledge, skill and experience in order to carry out their duties and responsibilities assigned effectively and efficiently.

  Performance evaluations are carried out for all levels of staff to identify performance gaps, for training needs identification and talent development.

- **Information and Communication**

  At operational level, clear reporting lines established across the Group and operation reports are prepared for dissemination to relevant personnel for effective communication of critical information throughout the Group for timely decision making and execution in pursuit of the business objectives. Matters that require the Board and the Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

  The Group puts in place effective and efficient information and communication infrastructures and channels, i.e. computerized systems, secured intranet, electronic mail system and modern telecommunication, so that operation data and management information can be communicated timely and securely to dedicated personnel within the Group for decision making and for communication with relevant external stakeholders for execution and information collection. Apart from that, relevant financial and management reports are generated for different level of the organization structure for review and decision making. The management and board meetings are held for effective two-way communication of information at different level of management and the Board.

- **Monitoring and Review**

  As Executive Directors are closely and directly involved in daily operations of the Group, regular reviews of operational data including development progress, marketing and financial data are performed by the Executive Directors. Apart from the above, the quarterly financial performance review containing key financial results and comparison against previous corresponding financial results are presented to the Board for their review.

  Periodical management meetings are held to discuss and review financial and operational performance of key divisions/departments of the Group. The monitoring of compliance with relevant laws and regulations are further enhanced by independent review of specific areas of safety, health and environment by independent consultants engaged by the Group, served as the fourth line of defence.

  Apart from the above, monthly management accounts and the quarterly financial statement containing key financial results are presented to the Board for their review. Operational and financial performance report is also presented by the Senior Management during the Board's meeting for the Board to assess the operational performance and future prospect of the Group as well as the external environment faced by the Group ahead.

  Furthermore, internal audits are carried out by the internal audit function (which reports directly to the Audit Committee) on key risk areas identified based on the key risk registers of the Group. The Internal Audit Functions assess the adequacy and effectiveness of internal controls in relation to specific governance, risk and control processes and highlights potential risks and implications of its observations that may impact the Group as well as recommend improvements on the observations made to minimise the risks. The results of the internal audits carried out are reported to the Audit Committee.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

INTERNAL AUDIT FUNCTIONS AND ACTIVITIES

The review of the adequacy and effectiveness of the Group's risk management and internal control system is outsourced to independent professional firm, who, through the Audit Committee, provides the Board with much of the assurance it requires in respect of the adequacy and effectiveness of the Group's systems of the risk management and internal control.

To uphold the professional firm's independence and objectivity, the outsourced internal audit function is reporting to the directly to the Audit Committee. The engagement director is a Certified Internal Auditor and Certification in Risk Management Assurance accredited by the Institute of Internal Auditors Global and a professional member of the Institute of Internal Auditors Malaysia. As a Certified Internal Auditor accredited by Institute of Internal Auditors, the engagement director is required to declare the compliance of the Standards to Institute of Internal Auditors during his annual renewal as Certified Internal Auditor. The internal audits are carried out, in material aspects, in accordance with the International Professional Practices Framework ("IPPF"), i.e. Mission, Core Principles for the Professional Practice of Internal Auditing, Code of Ethics and the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors Global. During the financial year under review, the resources allocated to the fieldworks of the internal audit by the outsourced internal audit function were one (1) manager, assisted by at least one (1) senior consultant and one (1) consultant per one (1) engagement with oversight performed by the director.

Risk-based internal audit plan in respect of financial year ended 31 December 2020 was drafted by the outsourced internal audit function, after taking into consideration existing and emergent key business risks identified in the key risk registers of the Group, the Senior Management's opinion and previous internal audits performed, and was reviewed and approved by the Audit Committee, in consultation with Risk Management Committee, prior to execution. Each internal audit cycles within the internal audit plan are specific with regard to audit objective, key risks to be assessed and scopes of the internal control review.

As third-line-of-defence, the internal control review procedures performed by the outsourced internal audit function are designed to understand, document and evaluate risks and related controls to determine the adequacy and effectiveness of governance, risk and control structures and processes and the recommendations formulated by the outsourced internal audit function are based on the root cause(s) of the internal audit observations. The internal audit procedures applied principally consist of process evaluations through interviews with relevant personnel involved in the process under review, review of the Standard Operating Procedures and/or process flows provided and observations of the functioning of processes in compliance with results of interviews and/or documented Standard Operating Procedures and/or process flows. Thereafter, testing of controls for the respective audit areas through the review of the samples selected based on sample sizes calculated in accordance to predetermined formulation, subject to the nature of testing and verification of the samples. During financial year ended 31 December 2020, the outsourced internal audit function has conducted review for the following business processes as approved by the Audit Committee:

1. Project Management (included in-progress project management and monitoring, progress claim management, variation order management, quality management, tender management, subcontractor and procurement management and payment processing) and Tenancy Management (included tenant acquisition and evaluation of tenants, tenancy agreement management, pricing management) of KSL Esplanade Mall Project at Klang, Selangor, Malaysia;

2. Mall and Facility Management (included mall management policy, space planning and management, tenant mix management, tenancy and administration management, tenant acquisition and evaluation of tenants, tenancy agreement management, pricing management, rental collection and credit control management, facility and maintenance management, safety, health and security management, marketing planning and management, licensing monitoring and management and insurance coverage)) of mall operation at KSL City Mall, Johor Bahru, Johor, Malaysia.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

INTERNAL AUDIT FUNCTIONS AND ACTIVITIES (Cont'd)

Upon the completion of the individual internal audit field works during the financial year, the internal audit reports were presented to the Audit Committee during its scheduled meetings. During the presentation, the internal audit findings, priority level, risk/potential implication, recommendations as well as management response/action plans and person-in-charge together with date of implementation were presented and deliberated with the members of the Audit Committee in order for the Audit Committee to form an opinion on the adequacy and/or effectiveness of the governance, risk and control of the business process under review. Progress follow ups were performed by the outsourced internal audit function on the management action plans that were not implemented in the previous internal audit fieldworks by way of verification via physical observation or through verification of sample provided by person-in-charge to substantiate the implementation of the management action plan. The updates on the status of action plans were presented via the Action Plan Progress Report tabled at subsequent Audit Committee meeting for review and deliberation.

In addition, during the scheduled Audit Committee meetings, the outsourced internal function reports its staff strength, qualification and experience as well as continuous professional education for the Audit Committee's review.

The cost incurred in maintaining the outsourced internal audit functions for the financial year ended 31 December 2020 is amounted to RM43,890.

ASSURANCE PROVIDED BY GROUP MANAGING DIRECTOR AND FINANCE DIRECTOR

In line with the Guidelines, Group Managing Director, being highest ranking executive in the Company and Finance Director, being the person primarily responsible for the management of the financial affairs of the Company, have provided assurance to the Board stating that the Group's risk management and internal control systems, have operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review.

OPINION AND CONCLUSION

Based on the review of the risk management results and process, results of the internal audit activities as well as monitoring and review mechanism stipulated above, coupled with the assurance provided by Group Managing Director and the Finance Director, the Board is of the opinion that the risk management and internal control systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control systems in meeting the Group's strategic objectives.

The Board is committed towards maintaining an effective risk management and internal control systems throughout the Group and where necessary put in place appropriate plans to further enhance the Group's internal control systems and improve the risk maturity in the Group. Notwithstanding this, the Board will continue to evaluate and manage the significant business risks faced by the Group in order to meet its business objectives in the current and challenging business environment.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(Cont'd)

REVIEW OF STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2020, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or

b) is factually inaccurate. RPG 5 (Revised 2015) does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

SUSTAINABILITY STATEMENT

Introduction

KSL Holdings Berhad ("KSL Group") recognises the importance to embrace sustainable business practices to enable it to identify, plan and build its resilience towards managing challenging situations. Therefore, it remains committed to create sustainable value throughout the business value chain by improving the core business principles. The Board of Directors ("the Board") of KSL Group is dedicated to continuously encourage good sustainability practices, update the sustainability progress and engage openly with the Company and its subsidiaries' ("the Group") stakeholders through transparent sustainability reporting.

The Group acknowledges that stakeholder engagement plays an essential role to ensure the businesses pursued by the Group is sustainable in the long term. Through this Sustainability Statement, the Group provides its stakeholders a better insight on the Group's approach to create sustainable long-term value for stakeholders as well as the progress in fulfilling these commitments. Continuous efforts are put in in managing and formulating business operating strategies and corporate culture that are aligned with the Sustainable Development Goals ("SDGs") developed by the United Nations.

The Board of the Company also acknowledges that businesses are judged not solely by its financial performance but also, not to a lesser extent, on its conducts in respect of governance, economic, environment and social aspects in order to endure in this competitive, challenging and evolving business environment, in which to create value for a wide array of stakeholders on long term sustainable manner. It is, therefore, the underlying value of the Group to achieve optimum equilibrium between short-term financial performance as well as its long-term business sustainability and value creation to meet corporate objectives and stakeholders' expectations.

As a responsible corporate citizen, we are mindful of our role in securing a sustainable future for us and the communities we interact with in an era when climate change, water scarcity and public health are ever-increasing global issues. The Board has devoted towards embracing good sustainability practices, by continuously integrated such practices into its working environment, business processes and strategy making processes in developing sustainable businesses that bring positive impact to the economy, environment and greater community. As such, the Group is committed to be accountable and transparent in the sustainability performance.

The recent global COVID-19 pandemic has brought about significant disruption affecting almost all sectors of economies across the globe. Various stringent lockdown measures implemented by governments around the world to contain the spread of the epidemic have led to various levels of business suspension as well as uncertainty globally. During this challenging period of uncertainty, the Group has faced disruptive changes with significant impact on its business operations and performance, especially its property investment sector that covers the hotel and resorts as well as the shopping mall, as a result of business disruptions and booking cancellations following the travel restrictions imposed and closing of borders around the world to curb the spread of the COVID-19 pandemic. Despite the challenging business environment, we strive to conduct the business operations according to pragmatic principles and sustainable practices with a long-term sustainability strategy that integrates economic, governance, environmental and social considerations. The Group strives to adapt, innovate and take the necessary measures to steer through this incredibly challenging time.

The Board of KSL Group is pleased to present the Group's Sustainability Statement for the financial year ended 31 December 2020 which demonstrates our commitment towards sustainability by developing and implementing key sustainability matters that are pertinent to the Group's nature and business operations, with the ultimate aim of bringing more value to its businesses, society and stakeholders. This Sustainability Statement is prepared pursuant to paragraph 6.1, 6.2 and 6.3 of Practice Note 9 of the Main Market Listing Requirements ("MMLR") of Bursa Securities Malaysia Berhad ("Bursa Malaysia"). In particular, the management of material sustainability matters is disclosed, in all material aspects, in accordance with Part III of Practice Note 9 of MMLR and Sustainability Reporting Guide issued by Bursa Malaysia ('the Guide") on the content of the Sustainability Statement.

SUSTAINABILITY STATEMENT (Cont'd)

Scope of the Statement

This Sustainability Statement covers all business operations of the Group, i.e. property development and property investment, for the only geographical location the Group is operating in, namely, Malaysia. The contents of this Statement primarily include activities carried out during the financial year ended 31 December 2020 and up to the date of this Statement. This Statement covers the Group's economic, environmental and social management and performance across all business operations in Malaysia. The Board have adhered to the sustainability requirement in which the Statement defines stakeholder engagement, materiality assessment, sustainability achievement, and the complete information on significant economic, environmental, and social impact for assessment of the Group's management and performance.

The disclosures of the corporate governance practices and compliance with relevant provisions and requirements per MMLR and Malaysia Code on Corporate Governance 2017 are made in the Corporate Governance Report and Corporate Governance Overview Statement in the Annual Report.

Values and Aspirations

As a leading property player with the aim of becoming one of the top 10 property developers in Malaysia with unsurpassed values and benefits given to customers and investors, KSL Group believes in being a lifestyle and boutique-centric developer that provides a selection of home designs set within a relaxed and tranquil environment, elements of an ideal lifestyle, with nearby conveniences, facilities, amenities and accessibility. KSL Group make use of its innovative and pristine design which embraces quality and enhanced living standards in progressing towards creating the fast-expanding business of a luxury lifestyle urban living. Residential addresses are distinctly set within progressive environments while developing communities that are both engaging and holistic with benchmarks set in building quality homes.

- Creativity, Innovation, Lifestyle and Functionality are the main elements in providing a niche and exclusive development to its buyers.
- Sharing of common values in creating a quality lifestyle and eco-friendly living environment for its residents.
- Creation of a holistic community which spurs socioeconomic growth as a whole.
- Earning loyalty from customers by providing incessant value for money with good product quality and eminent services in the industry whilst delivering innovative and excellent products that provide customer satisfaction.
- Developing an exhilarating concept that exhibits style, elegance and distinct design, creating an invigorating environment, leveraging on the best technological, innovative and creative methods at hand.
- Cultivating better investor relations with stakeholders in sustaining business growth, accountability and profitability in providing continuous growth and development.
- Creating a good and cohesive working environment between employers and employees to provide the best results and successful outcome.

SUSTAINABILITY STATEMENT (Cont'd)

Sustainability Principles

As the highest governance body within the Group, the Board assume the ultimate accountability for the integration of sustainability in the Group, including sustainability-related strategy and performance. The Group is committed to promoting sustainability and continuously integrates it into its working environment, business processes and strategy making process. The Group remains committed to meeting its various stakeholders' interests while achieving its strategic objectives by upholding its accountability and transparency in its sustainability performance based on the following principles instilled by the Board:

- To observe and comply with all relevant legislation, regulations, recommended trade practice and code of practice applicable and relevant to the Group;
- To consider sustainability matters and integrate these considerations into the Group's business operations and when making and implementing business strategies;
- To manage sustainability matters in structured and systematic manner, whereby sustainability matters are embedded throughout the Group and to be documented, continuously assessed and managed with reporting to the Board on scheduled interval or as and when the materiality of the sustainability matters requires such reporting;
- To continuously promote, train and communicate with all employees, suppliers, business partners and other relevant stakeholders to ensure that they are aware of, and are committed to, implementing and measuring sustainability activities as part of the Group's or their strategy, taking into consideration economic, environment, social and governance aspects;
- To continuously engage and communicate with all relevant stakeholders for the identification, assessment and management of material sustainable issues; and
- To strive to improve the Group's sustainability performance over times.

Sustainability Policy

World-over, the adoption of the United Nation's 2030 Agenda for Sustainable Development marks a significant navigation change within the political system, private sector and civil society. The Sustainability Policy established by the Board is guided by the 17 Sustainable Development Goals ("SDGs"), otherwise known as the Global Goals, which are established by the United Nations to address a range of social and economic development issues, such as poverty, hunger, health, education, climate change, gender equality, water, sanitation, energy, environment and social justice.

The 17 SDGs are integrated, that is, they recognise that action in one area will affect outcomes in others, and that development must balance social, economic and environmental sustainability. Such SDGs are a universal call to action to create a world that is comprehensively sustainable by 2030 to end poverty, fight inequality and injustice as well as address the urgency of climate change. Albeit the global COVID-19 pandemic has unleashed an unprecedented crisis in health, economic and social which is threatening lives and livelihoods and making the achievement of the SDGs even more challenging, the Group in still dedicated to driving accountable and sustainable business practices throughout the organisation by striking a balance between managing the financial performance and contributing to the social and environmental impacts in ensuring high standards of governance practiced across the business operations.

Sustainability Policy (Cont'd)

➢ **Sustainable Economic Policy**

- To ensure economic interest of all relevant stakeholders are preserved in all significant business operations and strategic business decisions.
- To promote the economic development of the communities where the significant business operations are carried out or when making business strategy decision or when implementing business strategies.

➢ **Sustainable Environment Policy**

- To comply with all guidelines and regulations relating to the preservation of environmental aspects in relevant jurisdiction where the Group is operating.
- Comply with good environment practice in the business conducts and implement appropriate measures to reduce the impact on the environmental aspect arising from activities of the Group.
- To avoid contamination and improve the quality of environmental management.
- To reduce carbon footprint through product designs that is energy-efficient, optimise manufacturing efficiency and through investment in energy-efficient production machinery.
- To conserve the consumption of water, electricity and other natural resources in the business operations.
- To implement "Reuse, Reduce and Recycle" policy across the Group and along the internal value chain.
- To ensure all materials, where possible, are sourced from sustainable, renewable or recycled means and assess and monitor external value chain partners to make sure the Group's environment objectives and procedures are compiled.
- To protect, and proactively manage our impact on biodiversity in the ecosystems over which the Group is operating.

SUSTAINABILITY STATEMENT (Cont'd)

➢ Sustainable Social Policy

- To ensure that all stakeholders should receive fair treatment and do not engage in or support discrimination based on race, nationality, religion, disability, gender, age, sexual orientation, union membership and political body.
- To ensure that the Group's and the suppliers'/subcontractors' human resources are with the right to not be discriminated against, not to be enslaved, to be treated with dignity, to have the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay and the right to freedom of opinion and expression.
- To ensure that the Group, the suppliers/subcontractor to not allow an individual under the age of 18 to be employed at the workplaces of the Group accordance with applicable laws and regulations.
- To provide a safe and healthy workplace for all of its human resources, customers, suppliers, subcontractors, business partners and the public at large and all the relevant stakeholders have the right to work in a safe and healthy environment, consistent with the Occupational Safety and Health Act and any other applicable legislation.
- To prohibit agreements or other coordinated activities with competitors, customers or suppliers that limit competition, abuse of a dominant position, monopolisation or attempted monopolisation and concentrations between companies that may substantially lessen competition.
- To conduct its business in an open, honest and ethical manner with conflict of interest situation properly addressed and to adopt a zero-tolerance approach to all forms of bribery and corruption. To ensure that all level of employees, suppliers/subcontractors, customers, business partners and other stakeholders do not engage in corrupt practice, take unfair advantage of any other person, including without limitation, participating in illegal practices (for example, misleading and deceptive conduct, misrepresentation and undue influence, as well as conduct which are legal but unethical).
- To promote development of the local communities through direct support of local communities, charitable donations and support of non-profit agencies in the communities in which the Group is operating. To nurture long term relationship with the local communities and to provide safe and healthier environment for the local communities.
- To preserve and respect local heritage and customs of the local communities.
- To work with the local authorities and government bodies for the development of conducive environment for stakeholders.
- To uphold the quality, safety and health of our products and services with expected standard of legitimacy and integrity.
- To uphold the highest standard in the preserving confidentiality and privacy of information collected by us in the course of the Group's business and to ensure employees, customers and business partners receives such information to observe the confidentiality and privacy of such information.

SUSTAINABILITY STATEMENT (Cont'd)

Governance Structure and Process

The Board affirms its overall responsibility for integration of the recommended sustainable economic, environment and social practices throughout the Group to ensure business strategies of the Group are developed with regards to the sustainability consideration and to ensure sustainability performance are monitored from time to time. The governance structure in relation to the Group's sustainability management is guided by the Guide and Toolkit: Governance issued by Bursa Malaysia with necessary adaption based on the nature and scale of the businesses of the Group.

The Group's commitment towards sustainable business practices is imputed throughout all levels of its organisation. At the leadership level, the Board, Executive Directors and Management acknowledge the significance of ensuring good sustainable economic, environment and social practices are comprehended and implemented by all levels of organisation.

To ensure such commitment of good sustainable economic, environment and social practices are embedded throughout the Group, the Board put in place formal structure to ensure accountability, oversight and review in the identification, management and reporting of sustainability matters and performance. Such formal structure is vital to ensure that execution of the sustainability initiatives at all levels of organisation and business units are aligned with the Board's sustainability and business strategies with reporting at predetermined intervals. It enables the Group to be able to response timely with the sustainability risks and opportunities applicable to the Group. The responsibilities for the identification, management and reporting of sustainability matters and performance are delegated to the Risk and Sustainability Management Committee.

The Board has formalised the sustainability principles, policies and processes envisaged through the establishment of Sustainability Policy. Furthermore, formal governance structure, based on the existing geographical scope, scale and nature of the business the Group is pursuing, i.e. property development and property investment in Malaysia, for the identification, management and reporting of sustainability matters and performance of the Group, is established by the Board in the following manner:

SUSTAINABILITY STATEMENT (Cont'd)

Governance Structure and Process (Cont'd)

The governance structure defines clearly on the roles and responsibilities expected of the Board, the Audit Committee, Risk and Sustainability Management Committee, head of departments and divisions, key risk and sustainability officer and Assurance Unit. In the nutshell, the Board assumes the ultimate responsibility for sustainability management and performance within the Group while the Audit Committee is tasked with the duties to oversee the sustainability management and performance of the Group for reporting to the Board.

Additionally, Audit Committee is responsible to review adequacy and effectiveness of the Group's sustainability governance structure, the process and results of identification, assessment, management and monitoring of sustainability matters as well as to determine the adequacy of the response and the current standing of the material sustainability matters and reporting the review results and recommendations to the Board for decision. The Audit Committee is required to oversee the overall management of stakeholder too to ensure the concerns and needs of all relevant stakeholders are taken into consideration throughout the development of the Group's business strategy and operations.

The Risk and Sustainability Management Committee, chaired by the Executive Chairman of the Company, is tasked with the following duties:

a. implement the sustainability strategy and management policy as approved by the Board;

b. lead and implement the process of sustainability matters identification, assessment and management and devising appropriate action plan in cases where sustainability issues are not adequately or effectively addressed and communicate proposed action plans to the Heads of Department/Division;

c. to conduct periodic review of all sustainability matters of the Group (at least on an annual basis) and determine the adequacy of the response and the current standing of the sustainability matters and to report the review results (including material sustainability matters) and recommendations to the Audit Committee;

d. to manage stakeholder engagement for input for assessment and communication of results of review and response;

e. to implement the material sustainability matters' indicator and the target and performance monitoring thereof and the preparation of sustainability disclosures as required by laws and/or rules, and to report to the Audit Committee for review;

f. to oversee the Heads of Department/Division in the implementation of systems of sustainability management;

g. to update the Audit Committee on changes to the material sustainability matters on periodical basis (at least on annual basis) respectively or when appropriate (due to change in external environment or internally) and the course of action to be taken by management in managing the changes; and

h. to ensure relevant sustainability trainings are provided for appropriate level of employees to cultivate a positive attitude and promote correct approach toward sustainability management.

SUSTAINABILITY STATEMENT (Cont'd)

Governance Structure and Process (Cont'd)

As for the heads of departments/divisions, their primary responsibilities are to manage sustainability matters of the business processes under his/her control and to assist the Risk and Sustainability Management Committee with the implementation of the process of sustainability matters identification, assessment, management and monitoring of all sustainability matters.

On the other hand, the Assurance Unit is responsible to review the Group's governance structure and process of sustainability management, as well as the Group's system of sustainability management implemented by the Risk and Sustainability Management Committee and Heads of Department/Division in determining its adequacy and effectiveness for reporting to the Audit Committee. Besides, the Assurance Unit is required to review the compliance of the controls implemented by the Risk and Sustainability Management Committee and Heads of Department/Division in managing sustainability matters, as well as the accuracy and reliability of sustainability disclosures as required by laws and/or rules for reporting to Audit Committee.

The sustainability matters management process is established by the Board in compliance with the Guide and Toolkit: Materiality Assessment issued by Bursa Malaysia with necessary adaption based on the nature and scale of the businesses of the Group, taking into consideration the business strategies promoted by the Board.

Stakeholders' Engagement

The Board recognises and admits that the contribution and support of the internal and external stakeholders are utmost important for realisation of the Group's missions and long-term business sustainability and excellence. It is vital for us to maintain a good degree of communication, understanding and relationship with stakeholders in ensuring our business success and long-term growth. The Group recognises and values each of the employees, customers, as well as business partners, and believes by understanding their interests and needs, it fosters lasting and mutually beneficial relationships that enhances the morale, reputation and business performances.

It is on this basis that the Board is pursuing the sustainable strategy of continuous engagement with internal and external stakeholders who is dependent on and/or influenced by the activities undertaken by the Group and to ensure that such engagements are to include all internal and external stakeholders across the value chain and to response proactively, via formal and informal channels, to the concerns and views of respective stakeholder groups. By actively engaging with all stakeholders, the Board is able to identify risks and opportunities in the way the businesses of the Group are carried out. During such engagement, the Group is able to validate the sustainable matters identified by the Management of the Group.

During the financial year under review with regard to the sustainability assessment, management and monitoring process, the Risk and Sustainability Management Committee relied on the informal channels (such as, meetings, face-to-face communication) employed by the Head of Departments/Divisions and Executive Directors, supported by formal channel of communication (such as, employees' performance appraisal) to engage with the stakeholders. In addition, during the financial year under review and up to the date of this Statement, there is no collective agreement entered between the Group and any trade unions in Malaysia that remains effective, and the Group do not intend to enter any collective agreements with any trade unions in Malaysia.

The Board acknowledges that the stakeholder engagement engaged by the Risk and Sustainability Management Committee can be further enhanced by employing preferred level of engagement per Stakeholders' Profile at preferred frequency as determined by the Board so that key topics and concerns of respective stakeholder groups are communicated timely and reliably to the correct governance body of the Group to response to such topics and concerns.

SUSTAINABILITY STATEMENT (Cont'd)

Stakeholders' Engagement (Cont'd)

The Group's stakeholder engagement process is guided by the Guide and Toolkit: Stakeholder Engagement issued by Bursa Malaysia with necessary adaption based on the nature and scale of the businesses of the Group.

The Board has determined that, through stakeholder mapping and profiling exercise conducted by the Risk and Sustainability Management Committee and reported to them, the following stakeholders are dependent on and have influence over the Group in the context of the businesses carried out by the Group and industries that the Group is participating in:

Property Development			
Stakeholder Group	**Engagement Objective(s)**	**Preferred Engagement Method(s)**	**Frequency of Engagement**
Investor	• To ensure continuous financial support from investors	• Annual report • Annual general meeting • Shareholders' dialogue • Press release and public announcements	Annually; Quarterly; Ongoing
Employees	• To retain competent employees	• Employees' survey • Employees' dialogue • Annual appraisal • Memorandum • Electronic mail system	Annually; Ongoing
Board of Directors	• To ensure business strategy take into consideration of sustainable practices	• Committee meetings • Board of Directors meeting	Quarterly
Suppliers	• To ensure sustainable supply of quality services and materials	• Supplier's evaluation and appraisal • Meetings • Conflict of Interest Policy • Code of Conduct	Ongoing
Customers	• To improve customer's satisfaction	• Customer's Feedback Form • Defect Form • Face-to-face meetings • Meetings • Electronic mail system • Social media and printed medium	Ongoing
Financial Institutions	• To ensure continuous financial support from financial institutions	• Annual report • Press release • Public announcements • Face-to-face meetings	Annually; Ongoing

SUSTAINABILITY STATEMENT (Cont'd)

Stakeholders' Engagement (Cont'd)

Property Development			
Stakeholder Group	**Engagement Objective(s)**	**Preferred Engagement Method(s)**	**Frequency of Engagement**
Government and Regulators	• To ensure full compliance with relevant laws and regulations	• Official submission • Official letter • Public dialogue involving government officials • Public announcements • Telephone conversation • Face-to-face meetings • Electronic mail system	Ongoing
Media	• To minimise instances of inaccurate reporting	• Press conference/ release • Face-to-face interview/ visit	Ongoing
Local Society	• To improve the acceptance of local communities of the business	• Corporate social responsibility programme • Face-to-face meetings • Press release	Ongoing
Industry Peers	• To ensure business practice is in line with the policy	• Participation in trade associations • Newsletters and meetings	Ongoing

Property Investment			
Stakeholder Group	**Engagement Objective(s)**	**Preferred Engagement Method(s)**	**Frequency of Engagement**
Investor	• To ensure continuous financial support from investors	• Annual report • Annual general meeting • Shareholders' dialogue • Press release and public announcements	Annually; Quarterly; Ongoing
Employees	• To retain competent employees and contractors	• Employees' survey • Employees' dialogue • Annual appraisal • Memorandum • Electronic mail system	Annually; Ongoing
Board of Directors	• To align business strategy with sustainable practices	• Committee meetings • Board of Directors meeting	Quarterly
Suppliers	• To ensure sustainable supply of quality services and materials	• Supplier's evaluation and appraisal • Meetings • Conflict of Interest Policy • Code of Conduct	Ongoing

SUSTAINABILITY STATEMENT (Cont'd)

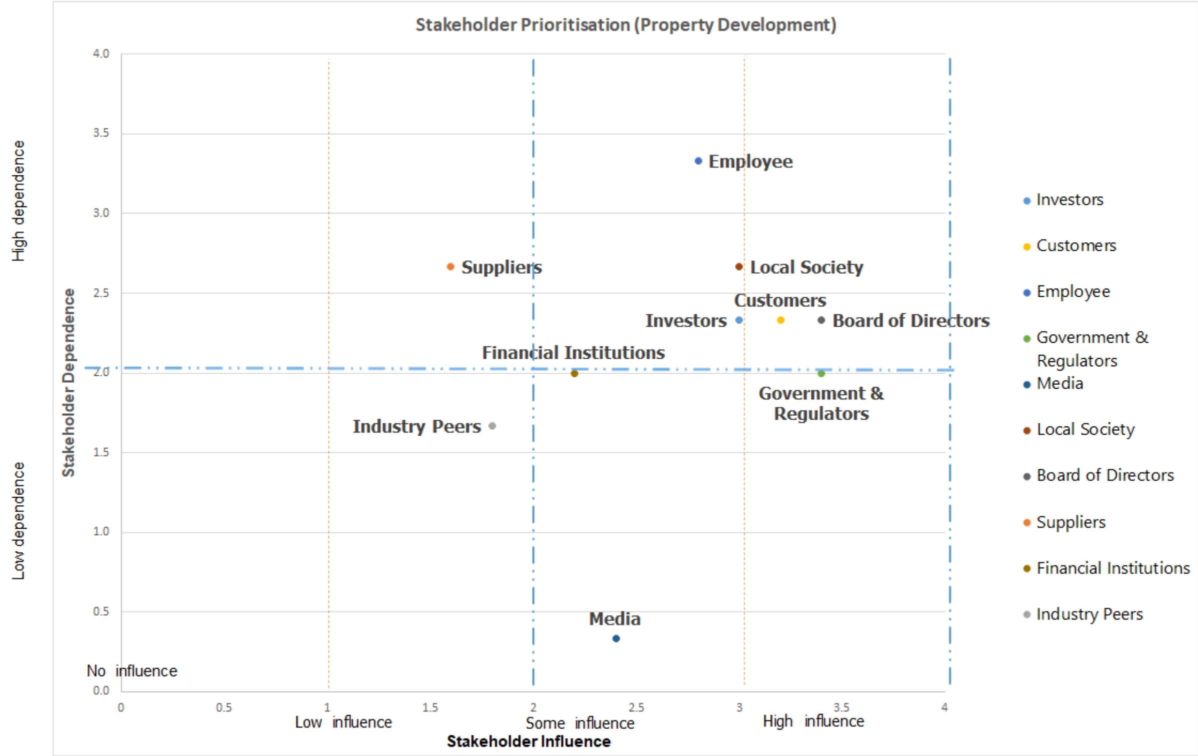
Stakeholders' Engagement (Cont'd)

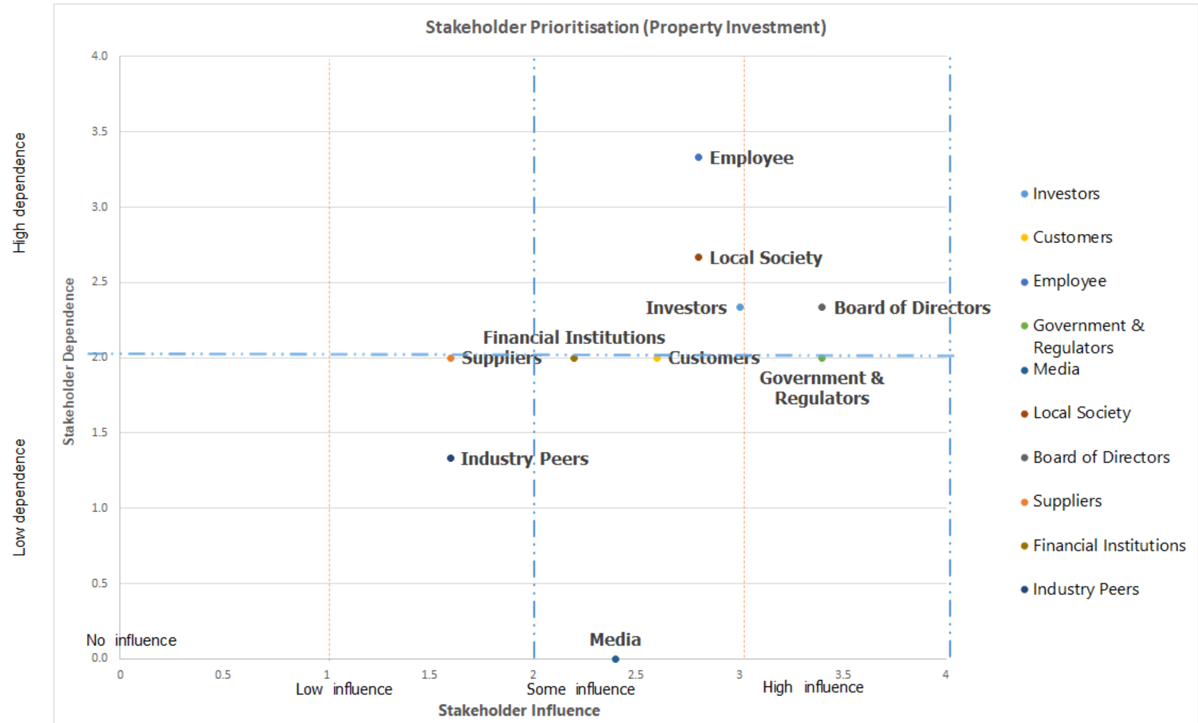
Property Investment			
Stakeholder Group	**Engagement Objective(s)**	**Preferred Engagement Method(s)**	**Frequency of Engagement**
Customers	• To improve customer's satisfaction	• Customer's Feedback Form • Face-to-face meetings • Electronic mail system • Social media and printed medium	Ongoing
Financial Institutions	• To ensure continuous financial support from financial institutions	• Annual report • Press release • Public announcements • Face-to-face meetings	Annually; Ongoing
Government and Regulators	• To ensure full compliance with relevant laws and regulations	• Official submission • Official letter • Public dialogue involving government officials • Public announcements • Telephone conversation • Face-to-face meetings • Electronic mail system	Ongoing
Media	• To minimise instances of inaccurate reporting	• Press conference/ release • Face-to-face interview/ visit	Ongoing
Local Society	• To improve the acceptance of local communities of the business	• Corporate social responsibility programme • Face-to-face meetings • Press release	Ongoing
Industry Peers	• To ensure business practice is in line with the policy	• Participation in trade associations • Newsletters and meetings	Ongoing

Subsequent to the stakeholder groups identification with respective engagement methods proposed, stakeholders' prioritisation exercise was conducted for both property development segment and property investment segment to rank respective stakeholder groups' influence over and/or dependence on the Group based on influence over and dependence rating criteria and scale approved by the Board. The results of the stakeholders' prioritisation exercise for both property development segment and property investment segment are tabulated in the following Stakeholder Prioritisation Matrix with recommended level of engagement as follows:

SUSTAINABILITY STATEMENT (Cont'd)

Stakeholders' Engagement (Cont'd)





SUSTAINABILITY STATEMENT (Cont'd)

Sustainability Management Activity

The Group had performed the following activities in relation to the identification, management and reporting of sustainability matters and performance:

- Identification of the internal and external stakeholders for property development segment and property investment segment that have influence over and dependence on the Group through Stakeholder's Mapping and with individual Stakeholder Profile established for each stakeholder identified.

- Internal and external stakeholders for both property development segment and property investment segment identified by the Risk and Sustainability Management Committee were assessed and prioritised for its degree of influence over and dependence on the Group based on the agreed upon criteria and rating scale approved by the Board via the Stakeholder Prioritisation exercise.

- The Risk and Sustainability Management Committee performed identification of the sustainability matters through internal sources and informal stakeholders' engagement through direct communication with relevant internal and external stakeholders by Head of Departments/Divisions and Executive Directors. The sustainability matters identified are categorised by the Risk and Sustainable Management Committee accordingly into the relevant sustainable category for assessment purposes by way of Sustainability Matters Listing.

- The Risk and Sustainability Management Committee performed the internal materiality assessment by using predetermined criteria and rating scale approved by the Board in order to prioritise the sustainability matters for assessment by internal and external stakeholders and to determine the significance of the sustainability matters from the Group perspective.

- Subsequently, the degree of significance of the sustainable matters to influence on the assessment and decision by internal and external stakeholders were performed by the Risk and Sustainability Management Committee by using informal stakeholders' engagement through direct communication with relevant internal and external stakeholders by Head of Departments/Divisions and Executive Directors.

- The results of the Stakeholder Prioritisation exercise, internal materiality assessment and degree of significance of the sustainable matters to influence on the assessment and decision by internal and external stakeholder were used to prioritise sustainability matters and identification of material sustainable matters by the Risk and Sustainability Management Committee. An identified sustainability matter is considered as material by the Risk and Sustainability Management Committee if it is above the material threshold established by the Board.

Material Sustainability Matters

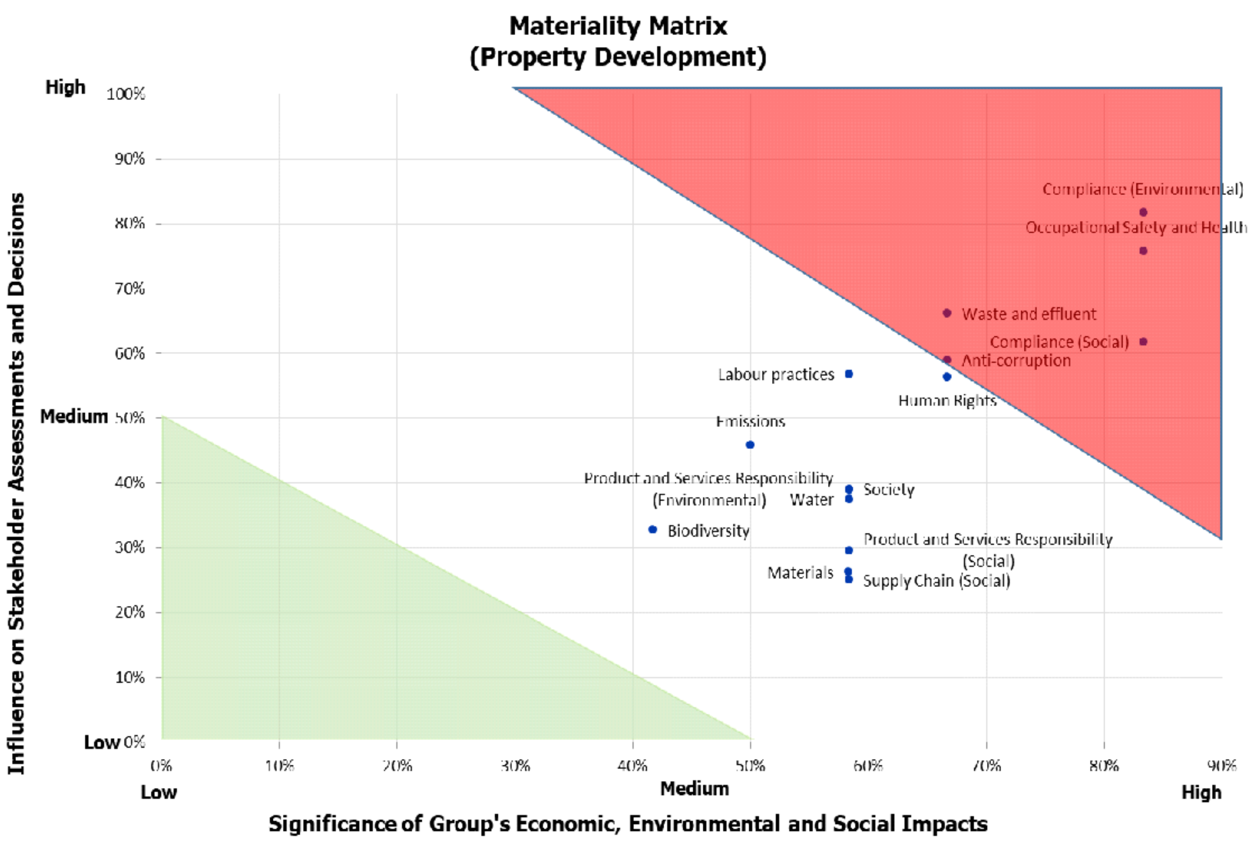
The Group's material sustainability matters were identified through the materiality assessment process, whereby the Economic, Environmental and Social ("EES") matters relevant and important to the Group's long-term sustainability are identified and prioritised through structured process and assessment mechanism as approved by the Board, guided by the Guide Toolkit: Materiality Assessment issued by Bursa Malaysia with necessary adaption based on the nature and scale of the businesses of the Group on sustainability context, materiality, completeness and stakeholder inclusiveness through a cycle of identification, prioritisation, validation and review.

SUSTAINABILITY STATEMENT (Cont'd)

Material Sustainability Matters (Cont'd)

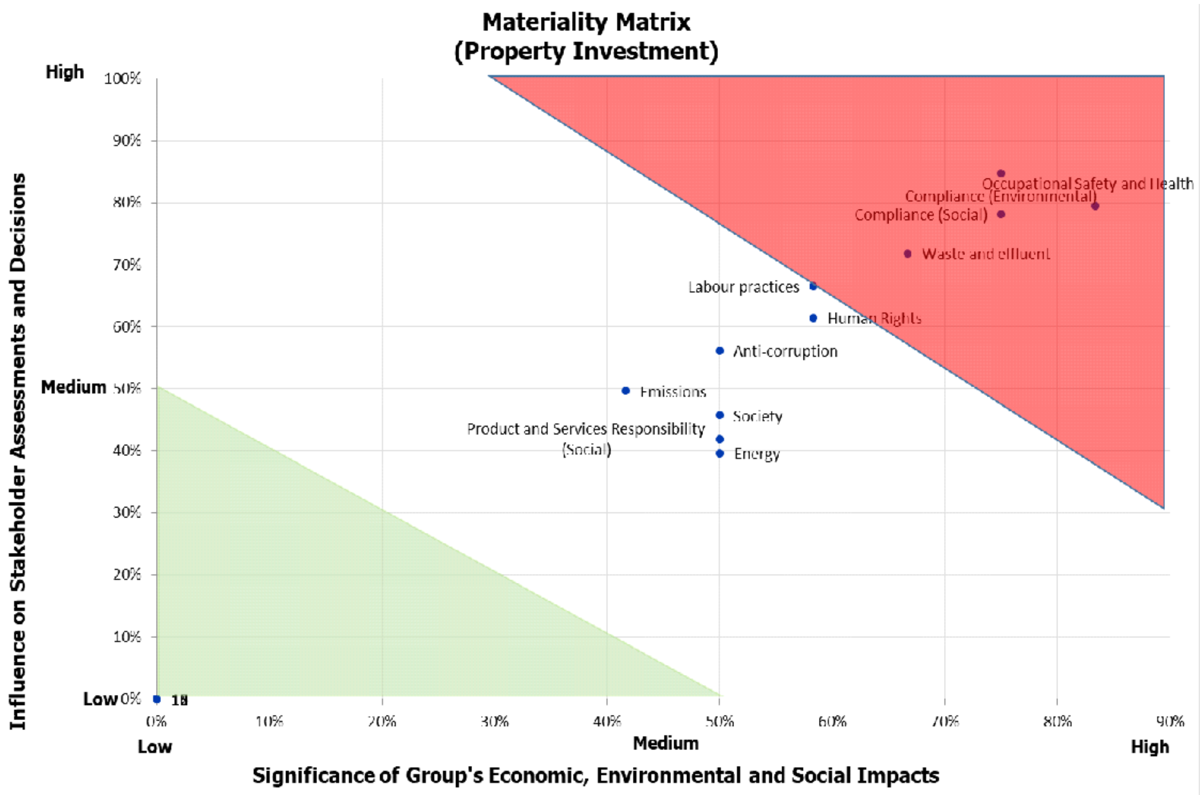
A list of material sustainability issues was identified and determined by the sustainability matters assessment and prioritisation exercise undertaken by the Risk and Sustainability Management Committee that reflected the critical sustainable considerations expected of the Group in respect of the businesses and geographical extent the Group is operating in and highlighted the expectations and concerns of stakeholder group. The sustainability matters are rated as "Material", "Low and Medium" and "Not Material", through material matrix, in respect of its significance from the Management's perspective on the impact as well as all significant stakeholders' perspectives in terms of its influence on the respective stakeholders' assessments and decisions.

The final list of sustainability matters together with its details of identification and assessment were reviewed by the Audit Committee and reported the Board for its approval to ensure effective sustainability management and monitoring.

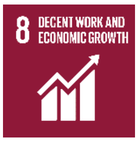


SUSTAINABILITY STATEMENT (Cont'd)

Material Sustainability Matters (Cont'd)



The following sustainability matters are considered material both by the Management of the Group and the stakeholder groups:

Property Development				
		Aspect Boundary		
Sustainability Matters	Definition	Internal Stakeholders	External Stakeholders	Relevant SDG Goals
Compliance (Environmental)	Compliance identifies the adherence of an organisation's activities to relevant laws and guidelines	Investors, Board of Directors, Employees, Financial Institutions	Local Society, Customers, Media, government & regulators	 
Occupational Safety and Health (Social)	Anticipation, recognition, evaluation and control of hazards arising in or from the workplace that could impair the health and well-being of workers and stakeholders	Investors, Board of Directors, Employees, Financial Institutions	Government & Regulators, Customers, Media, Industry Peers	 

SUSTAINABILITY STATEMENT (Cont'd)

Material Sustainability Matters (Cont'd)

Property Development				
		Aspect Boundary		
Sustainability Matters	**Definition**	**Internal Stakeholders**	**External Stakeholders**	**Relevant SDG Goals**
Waste and Effluent (Environmental)	Waste and effluent discharged from operations into public areas	Investors, Board of Directors, Employees, Financial Institutions	Local Society, Customers, Media, Government & Regulators	
Compliance (Social)	The adherence of an organisation's activities to relevant laws and guidelines	Investors, Board of Directors, Employees, Financial Institutions	Government & Regulators, Local Society, Customers, Media, Industry Peers	
Anti-corruption (Social)	Abuse of entrusted power for private gain. This theme discusses activities that promote transparency and guard against various forms of corruption	Investors, Board of Directors, Financial Institutions	Government & Regulators, Customers, Media, Industry Peers	

SUSTAINABILITY STATEMENT (Cont'd)

Material Sustainability Matters (Cont'd)

Property Investment				
		Aspect Boundary		
Category	**Definition**	**Internal Stakeholders**	**External Stakeholders**	**Relevant SDG Goals**
Occupational Safety and Health (Social)	Anticipation, recognition, evaluation and control of hazards arising in or from the workplace that could impair the health and well-being of workers and stakeholders	Investors, Board of Directors, Employees, Financial Institutions	Government & Regulators, Customers, Media, Industry Peers	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH
Compliance (Environmental)	Compliance identifies the adherence of an organisation's activities to relevant laws and guidelines	Investors, Board of Directors, Employees, Financial Institutions	Local Society, Customers, Media, Government & Regulators	8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Compliance (Social)	The adherence of an organisation's activities to relevant laws and guidelines	Investors, Board of Directors, Employees, Financial Institutions	Government & Regulators, Local Society, Customers, Media, Industry Peers	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Waste and Effluent (Environmental)	Waste and effluent discharged from operations into public areas	Investors, Board of Directors, Employees, Financial Institutions	Local Society, Customers, Media, Government & Regulators	3 GOOD HEALTH AND WELL-BEING 6 CLEAN WATER AND SANITATION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 14 LIFE BELOW WATER 15 LIFE ON LAND

SUSTAINABILITY STATEMENT (Cont'd)

Occupational Safety and Health (Social)

The safety and wellbeing of our employees and other relevant stakeholders, such as customers, suppliers, tenants and contractors, are of paramount importance to us as a socially responsible business in stirring towards the Group's long-term sustainability direction. Hence, the Group is committed to implement and maintain a productive, vibrant yet safe and healthy environment as far as is reasonably practicable to all employees and stakeholders by minimising the risk of accidents, injury and exposure to health hazards.

- **Property Development**

  The Group places utmost importance to the aspect of safety and health especially that we are within the property development industry where construction sites offer greater risk than most of the other industry workplaces. We emphasise the need for safe workplaces, working environments and regularly review and assess the safety of our work conditions in order to meet the required safety and health related legislative requirements. All employees, contractors and consultants are required to adhere to the safety and health policies and rules and regulations at all construction sites.

  Safety and Health Committee had been established to manage the safety and health management in compliance with the Occupational Safety and Health Act 1994 and Occupational Safety and Health (Safety and Health Committee) Regulations 1996 as well as guided by the Safety and Health Policy, Site Safety and Health Information (Do's and Don'ts), Environmental Policy, House Keeping Standard Practice, Occupational Safety and Health – Penalty/ Compound Policy and Job Safety Analysis established by the Safety and Health Committee. In addition, the Group undertook various preventive measures for COVID-19 in compliance with the guidelines and Standard Operating Procedures ("SOPs") mandated by the Malaysian Government to help to prevent the spread of the virus in building and maintaining a healthy and safe working environment.

  In order to foster the desired safety and health objectives and outcomes with minimal industrial accidents, qualified Safety and Health Officer and Safety and Health Supervisor are also employed by the Group to oversee the due observance of all applicable safety and health rules and regulations established by the Management at construction sites as well as to promote safe and healthy conducts and environment at each active construction site, in compliance with the Occupational Safety and Health Act 1994 and Occupational Safety and Health (Safety and Health Officer) Order 1997. Site managers and Safety and Health Supervisor are responsible to conduct regular and routine inspections of the construction worksites to ensure all identified safety measures have been properly implemented as well as to raise any concerns or incidents of non-compliances or safety and health hazards with corrective actions implemented swiftly.

  Besides, there are scheduled meetings held by the Safety and Health Committee at predetermined interval in order to promote an effective communication with employees, contractors and subcontractors on ways to perform jobs/ tasks in a better and safer manner at the work sites, meanwhile, to discuss any safety and health concerns or work sites improvement, as well as to report and resolve any unsafe actions/ conditions and findings with measurements given. Awareness to safety and health at work sites are emphasized and disseminated to ensure that all site employees, contractors and subcontractors are competent to uphold the safety and health measurements during the implementation of their duties and responsibilities.

SUSTAINABILITY STATEMENT (Cont'd)

Occupational Safety and Health (Social) (Cont'd)

➢ **Property Development (Cont'd)**

Strict compliance is imposed by the Group whereby all employees that are required for access to the construction sites as well as all employees of the contractors and subcontractors performing construction services at the Group's construction sites are registered with the Construction Industry Development Board ("CIDB") with valid Green Cards obtained. With the strict adherence of the Green Card requirement, the Group shall ensure that all personnel entering the construction sites underwent compulsory safety trainings per CIDB's requirement and equipped himself/ herself with the required safety awareness and knowledge to ensure the undertaken of safe construction activities. Furthermore, related awareness and knowledge to maintain a set of good safety and health standard are created and shared through safety toolbox briefings conducted by the Safety and Heath Supervisor to new and existing construction personnel on daily basis. The important safety issues associated with the work activities along with any deficiencies and corrective actions to be taken are highlighted and communicated through the safety toolbox meetings conducted too.

The Group has identified and implemented various safety and health measures in addressing the potential health and safety risks at the construction sites to safeguard our employees as well as contractors and subcontractors from unnecessary work-related injuries. The surrounding of construction sites is fully barricaded by protective hoarding before the commencement of construction works so that the general public would be protected from work in progress and unauthorised personnel are prohibited from entering the work sites. In addition, all personnel are required to report to the security personnel for access to the work sites in order to ensure only the authorised and qualified personnel are granted the access to the work sites. Safety notice and indicators are also placed at the relevant and strategic areas to further ensure that health and safety in the workplaces are not being compromised. Besides, the safety and health of the construction sites are also further enhanced by having ad-hoc visits and inspections by the Department of Occupational Safety and Health ("DOSH") and a logbook is maintained by the Group at respective construction sites with observations and remarks on safety and health concerns recorded by DOSH officer in the logbook.

Apart from the above safety measures implemented, the operation of the construction equipment and scaffolds are guided by the Factories and Machinery Act 1967 and Factories and Machinery (Building Operations and Works of Engineering Construction) (Safety) Regulations 1986. These construction equipment and scaffolds are subject to routine inspections, service and maintenance by the competent person or qualified vendor at predetermined interval to ensure the safe operation of the equipment and scaffolds. Fogging and mosquito prevention activities at construction sites are carried out at the work sites too at a regular interval to prevent the breeding of Aedes aegypti mosquitoes.

➢ **Property Investment**

KSL Hot Spring Resort at Taman Daya, Johor, KSL Hotel and Resort at Johor Bahru and KSL City Mall at Johor Bahru, operating as resort only for the former one and the latter two as an integrated resort and mall opened to the public, placed safety and health of its resorts and mall properties as one of its utmost important elements of sustainable business. The tone from the top with regard to safety and health is communicated through Safety and Health Policy established by the Safety and Health Committee. Safety and Health Committee plays a vital role in the management and monitoring of safety and health in the resorts and mall by formulating safety and health rules and regulations to be strictly complied by all employees, tenants, contractors and subcontractors.

SUSTAINABILITY STATEMENT (Cont'd)

Occupational Safety and Health (Social) (Cont'd)

- **Property Investment (Cont'd)**

  The Group strives to provide a safe and heathy environment for the stakeholders (employees, customers, tenants, contractors and subcontractors) and to ensure safe practices in all aspects of the property investment's business operations. Regular inspections are conducted by representatives of the Safety and Health Committee on the compliance of safety and health rules and regulations, whereby corrective and preventive actions are implemented swiftly and timely for incidents of non-compliances identified. Safety notices or signboards and indicators are placed at strategic and hazard-prone locations to convey safety messages and potential safety hazard information to customers, employees, tenants, contractors and subcontractors. Monitoring of the continuous compliance with all relevant requirements per Occupational Safety and Health Act 1994 and Factories and Machinery Act 1967 (and its orders and regulations) are performed by the Safety and Health Committee from time to time.

  In addition, equipment used by the public are inspected and maintained at predetermined interval to ensure safe usage of the equipment is preserved. Fire preventive equipment and systems are installed, maintained and tested at regular interval too to ensure its functionalities are not being compromised. Besides, an emergency response team is also established and equipped with the knowledge of basic safety and emergency responses.

  As a publicly accessible destination, the hotels and resorts as well as shopping mall can be highly susceptible to safety and security risks. Being aware of this, security guards are employed and deployed at important safety control points in the mall and resorts, including car park areas to ensure general safety of the public within the building is maintained. Regular patrolling of the car parks by our internal security teams are maintained. The car parks are also equipped with panic buttons at appropriate locations for public's usage in the event of any emergencies. Furthermore, door access controls are installed at restricted areas to prevent unauthorised access. Access to the floors with hotel rooms required electronic card access and strategic locations at the mall and resorts are monitored through closed-circuit television system connecting to the surveillance control room. Clear escape route plans and exit signboards are placed at strategic locations and every rooms and function rooms.

For both property development and property investment businesses of the Group in Malaysia, the Group targets zero major incidents with strict compliance to the regulatory requirements imposed by the relevant authority bodies. With the above controls put in place for both property development and property investment businesses, there was no major incidents occurred and reported as well as no major legal action taken against the Group nor any fine or monetary sanction imposed related to occupational safety and health aspects during the financial year under review.

Following the global outbreak of COVID-19 pandemic, for both property development and property investment businesses, the Group has implemented various preventive measures in compliance with the SOPs, guidelines and requirements issued by the Ministry of Health, National Security Council and any other relevant authorities in curbing the spread of COVID-19 virus to ensure business continuity while safeguarding the safety and health of employees, customers, tenants, contractors, subcontractors, visitors and other relevant stakeholders. Upon announcement and implementation of Movement Control Order ("MCO") by the Malaysian Government in March 2020, employees were required to work from home and post-MCO, related employees were allowed to resume work in the office premise on rotation basis while adhering to the required SOPs established by the authorities. The preventive measures put in place include but not limited to the following:-

SUSTAINABILITY STATEMENT (Cont'd)

Occupational Safety and Health (Social) (Cont'd)

(i) Temperature checks at all entrances to offices, mall, hotels and resorts and construction sites;
(ii) Provision of face masks to all employees;
(iii) Mandatory wearing of face masks at all times by all employees, customers, tenants, contractors, subcontractors and visitors;
(iv) Provision of hand sanitiser at public common areas and entrances to offices, mall, hotels and resorts and construction sites;
(v) Compulsory check-in via MySejahtera App;
(vi) Social distancing is practiced with markings at offices, meeting rooms, elevators and etc.;
(vii) Frequent sanitisation and disinfection of public and common areas;
(viii) Frequent cleaning and sanitisation by employees on personal work stations;
(ix) Full set of personal protective equipment are prepared and provided to employees especially for those who are stationed for work at KSL Hot Spring Resort at Taman Daya, Johor which serves as a quarantine hotel;
(x) COVID-19 swab tests on all foreign workers are performed in accordance with the relevant authorities' requirements;
(xi) Employees are advised to avoid crowded areas or gatherings;
(xii) Ensure compliance with the minimum standard for space requirement for workers' accommodations in accordance with the Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446);
(xiii) Construction sites' workers are advised to appoint representatives for group purchases of groceries and necessities;
(xiv) Various COVID-19 safety signages are placed at key locations of the offices, mall, hotel and resorts and construction sites.
(xv) Employees are advised to declare the countries and/ or local areas, especially high risks areas, that they have visited for the past 14 days;
(xvi) Employees shall report to Human Resource Department immediately for further action and advise should the employees have been in close contact with suspected or confirmed COVID-19 patient; and
(xvii) Employees are briefed and updated with all COVID-19 directives issued by government to ensure strict compliance

Apart from the preventive measures abovementioned, our employees have attended the briefing organised by the Ministry of Tourism, Art and Culture ("MOTAC") related to Johor Tourism Safety Standard ("JTSS") for hotel sector on the hotel safety standard and procedures to be practiced and complied with during the outbreak of COVID-19. Besides, weekly reports on compliance of SOPs related to COVID-19 are required to be filled in for respective on-going property development projects for submission via online to the Ministry of International Trade and Industry.

SUSTAINABILITY STATEMENT (Cont'd)

Waste and Effluent, Compliance (Environmental)

The Group is mindful of conducting businesses and operations in an environmentally responsible manner that leave a positive impact on society and the environment. In consistent with one of the values and aspirations championed by the Group in creating a quality lifestyle and eco-friendly living environment for the residents as well as other related stakeholders, we are dedicated to continuously improve our environmental performance in order to exist in harmony with our mother nature. The Group is committed to comply with the environmental laws and regulations of the jurisdictions the Group is operating, i.e. Environmental Quality Act and its regulations. As an accountable group of companies involved in property development and property investment activities, the Group is committed wholeheartedly to ensure strict compliance of relevant environmental laws and regulations pertaining to the property development and property investment activities. The Group has been mindful and remained committed to protecting and enhancing the environment surrounding the Group's operations by minimising our environmental footprint for the benefits of the future generations.

For property development activity carried out by the Group, the compliance of environmental related laws and regulations are delegated to the Executive Directors and Senior Management whereby the relevant environmental preservation practices are formulated for compliance by the employees and contractors/ subcontractors. For every development project of more than 50 acres, relevant subsidiary is required to perform Environmental Impact Assessment, together with the approved Environmental Impact Assessment consultant, during the feasibility study stage and only to commence construction works upon obtaining approval from the Director General of Environmental and Ministry of Natural Resources and Environment. The project team is required to monitor closely to ensure the development works performed by the employees and contractors/ subcontractors are within the parameters of Environmental Impact Assessment submitted and approved.

Open burning is strictly prohibited on all sites and routine site inspections are conducted by the Site Supervisor to ensure strict compliance to all regulatory standards set by the local authority and the government. The noise level at construction sites is observed by Site Supervisors and Manager to ensure that the noise level is maintained at acceptable recommended level for residential areas in sub-urban and urban areas. Besides, there is no construction activity being undertaken during night time unless it is approved by the Project Manager for works with low noise level without affecting the quality of living of the people staying in the nearby residential areas.

It is the practice of the Group that, at construction sites, construction wastes are to be reused and recycled to the extent possible. All construction wastes that cannot be reused and recycled are obliged to be disposed in compliance with the requirements of the relevant environmental laws and regulations and illegal dumping is strictly disallowed. The usage of pesticides is in compliance with the Pesticides (Highly Toxic Pesticides) Regulations 1996. It is the policy of the Group that adequate sized silt traps and other forms of sediment retention and control facilities to be set up at each construction site to minimise the impact of the construction activities to the environment. Furthermore, the scheduled wastes, mandated under Environmental Quality (Scheduled Waste) Regulation 2005, generated from the construction activities are monitored by the Project Department and disposed to the approved scheduled waste operators in Malaysia in accordance with the regulation. Besides, rainwater harvesting tank is constructed and installed for every high rise and residential project for retention of rainwater harvested for future usage.

SUSTAINABILITY STATEMENT (Cont'd)

Waste and Effluent, Compliance (Environmental) (Cont'd)

On the other hand, as for property investment activity, the management and monitoring of the environmental compliance is assigned to the Executive Directors and Safety and Health Committee, whereby relevant policies and procedures are established to ensure strict compliance to the applicable regulations and requirements governing the Group's business activities. In order to ensure effective implementation of environmental management, all employees, suppliers or contractors are required to adhere to the Group's policy and procedures in relation to hazardous materials as well as other environmental preservation related activities and procedures. All hazardous materials are required to be kept securely in a separate storage room and away from the food storage and preparation areas, whereby only the authorised personnel are allowed to access the storage room. Suppliers are required to provide the necessary trainings or awareness briefings to the relevant staffs of the Group on the proper handling procedures of the hazardous materials in order to minimize wastage or spillage and to avoid unnecessary incidents happen from mishandling of such hazardous materials. Stickers related to the hazardous chemicals or materials are also provided by suppliers or contractors to the staffs as a reminder of the threat of such hazardous chemicals or materials.

The Group practices the "Reduce, Reuse and Recycle" policy to uphold its value on environmental proposition. The Board placed importance on the reduction of food wastes through effective material planning and utilisation process. For instance, food consumption is monitored by the Management on daily basis in order to have a better material planning on food preparation to reduce unnecessary food wastage. The food wastage generated are weighed and recorded by the management in order to comprehend and analyse further on more possible approaches to reduce the generation of such wastages. In the event that the disposal of food and general wastes is inevitable, such disposal of wastes is processed through authorized landfill's operators. Recyclable items or materials are also gathered and sent for recycle by the Group in endorsing the recycle aspect of the Group's "3Rs" (reduce, reuse and recycle) initiative. Furthermore, the effluent discharged from the operation is to be treated in compliance with the relevant laws and regulations before such discharge is made.

In addition, a printed green card stated with environmental related reminder is placed in every hotel room to remind guests of their commitment to the environment and how they can be involved. Besides, all dry amenities used by the hotel and resorts are of biodegradable plastics that decomposes naturally in the environment. The air conditioner's temperature of every hotel room is also set and controlled at the range of 22 to 24 degree Celsius in order to reduce energy usage. In order to reduce chemical usage for cleaning purpose, enzymes are used by the hotel and resorts to clean the equipment. However, following the COVID-19 global outbreak, appropriate cleaning chemicals and disinfectants are necessary to be used in performing housekeeping and disinfections of the rooms in hotel and resorts, offices and mall. Nevertheless, the Group is mindful to continuously commit in reducing its negative environmental impact in the course of conducting its businesses.

It is worth noting that the KSL Hotel and Resort at Johor Bahru is equipped with solar water heating system to generate and supply hot water to the hot water system of the property. Furthermore, there is an on-site retention storage being maintained in KSL Hotel and Resort at Johor Bahru, whereby the water is recycled for the usage of toilet flushing and gardening in order to reduce water usage. Whereas, a rainwater harvesting tank is also constructed and installed in the Group's new hotel and resort, namely KSL Hot Spring Resort at Taman Daya, Johor in collecting the harvested rainwater. Furthermore, dual flush toilets installed in offices, mall and hotel and resorts are able to reduce the water consumption which consequently decrease the expenses incurred and better for the environment. On the other hand, the Group has also appointed an independent consultant in studying the electricity consumption of the KSL Hotel and Resort at Johor Bahru and carrying out the proposed electricity conservation program focusing on chiller plant and air handling unit ("AHU").

SUSTAINABILITY STATEMENT (Cont'd)

Waste and Effluent, Compliance (Environmental) (Cont'd)

As a result of the lockdowns implemented by most of the countries world-wide including Malaysia's MCO with travel restrictions imposed and border closures that significantly impacted the property investment business of the Group, its electricity and water consumption during the year are reduced too. As part of the cost-efficiency management while encouraging the enhancement of environmental sustainability within the Group, the management had implemented various strategies in managing the operation of its hotel and resorts (KSL Hotel and Resort at Johor Bahru which is not a quarantine hotel), by allocating adequate numbers of floors of rooms (on rotation basis) for customers' occupancy while shutting down the electricity and lift operation to the remaining floors not in service. The food and general wastes produced especially from the KSL Hotel and Resort at Johor Bahru are reduced too partly due to the temporary closure of some of the cafeterias and banquet operations following the COVID-19 SOPs imposed by authority bodies.

For both property development and property investment businesses of the Group in Malaysia, there were no incidences of non-compliance and penalties or fines taken against the Group in relation to waste and effluent and environmental related aspects during the financial year under review. Actions and steps were taken to ensure relevant environmental factors remained within the regulatory requirements of our operations.

During the implementation of structured sustainability management system, the Risk and Sustainability Management Committee and the Board had yet to finalise the performance indicator(s) and target(s) to be used to measure progress, effectiveness or efficiency of the policies, measures or actions taken to manage associated risks in relation to waste and effluent. The Risk and Sustainability Management Committee and the Board will continue to review and finalise the indicator(s) and target(s) to be used in relation to the management of waste and effluent during the financial year ending 31 December 2021 and to report the actual performance with comparison to preceding financial year(s) and target(s) in the subsequent financial year's annual report.

Compliance (Social)

The Group recognises the importance to uphold the social value along with its value chain to accommodate the needs of stakeholders affected by its activities undertaken. The employees are recognised as an important and valuable asset as well as a key business differentiator for the Group to support the continued growth and expansion of the Group. The Group's success lies heavily in every employee and it is essential to treat them equally, provide them with a safe and sustainable working environment and assist them to further develop their skills, knowledge and competencies.

The Group champions the culture that respects and leverages on the diverse ethnicities and cultures of our country, hence, to recognize the needs of respective ethnic groups and cater their needs and requirements in our businesses and operations. The Group practices fair treatment and equitable opportunities for all stakeholders regardless of race, religion, nationality, age, marital status, or any other characteristics as protected by the local legislation and regulations. Hence, all employees have the opportunity to contribute to the Group as well as achieving their own career goals.

As a responsible corporate citizen, the Group strives to undertake sustainable and responsible practices to add value to sustainable business growth, environmental stewardship and social responsibility. In fostering the aspect of social responsibility, the Group observes strict compliance with the applicable laws and regulations, such as, the Federal Constitution, Employment Act and Regulations, Minimum Wages Order, Competition Act, Personal Data Protection Act, Minimum Retirement Age Act, Children and Young Persons Act and Workers' Minimum Standards of Housing and Amenities Act, just to name a few important ones.

SUSTAINABILITY STATEMENT (Cont'd)

Compliance (Social) (Cont'd)

For employees, administration of human resources is embodied in the Employee Handbook and human resource related memorandums, policies and procedures issued by the Senior Management for group-wide execution, whereby minimum requirements of fair treatment of legitimate employees are specified for strict compliance. The Group forbids all forms of discriminations in the workplace, such as, race, religion, nationality, gender, colour, age, marital status, pregnancy status, sexual orientation and physical disability. The Group respects and embraces that every individual has an equal right and voice to make a difference in driving and strengthening the sustainable growth of the Group. The Group also observes strict enforcement of no illegal employment in the workplace, including contractors and subcontractors.

All employees are allowed to receive fair treatment while working with the Group such as equality in terms of wages, work hours and overtime allowed, annual leaves, sick leaves, maternity and paternity leaves, compassionate leaves, matrimonial leaves, medical benefits, terminations, non-discrimination, access to complaint mechanisms and other established protection policies.

Apart from the whistle blowing mechanism put in place, specific grievance procedure is established by the Management to enable the employees to voice their grievances through multiple communication channels to the appropriate level of authority. This serves as part of the Group's efforts to establish and uphold impartiality in the workplace. Besides, Privacy Policy is also put in place by the Group to collect and manage the confidential personal data collected from employees in compliance with Personal Data Protection Act 2010.

For both property development and property investment businesses of the Group in Malaysia, the Group committed to comply strictly with all applicable laws and regulations in relation to the social aspects. There was no major legal action taken nor any fine or monetary sanction imposed against the Group in relation to the social aspects during the financial year under review.

Anti-Corruption (Social)

The Group is holding the integrity value close to its heart and walks the extra-mile to combat corruption and bribery practices throughout the Group and along the value chain. The Group is mindful of the importance of conducting businesses in responsible and transparent manner and is committed to behaving professionally and with integrity in our business dealings with our business associates which include but not limited to the customers, tenants, suppliers, contractors, subcontractors, agents and consultants.

Pursuant to the enforcement of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 with effective from 1 June 2020, the Group is continuously embarking on initiatives to ensure that adequate measures are in place as a defence mechanism based on the TRUST principle under the Guidelines on Adequate Procedures issued by the Prime Minister's Department. In order to demonstrate an adequate level of top level commitment, Group Anti-Bribery and Anti-Corruption Policy is established to provide guideline and parameters in preventing any corrupt activities involving the Directors, employees, business associates and all parties related to the Group businesses. The Group Anti-Bribery and Anti-Corruption Policy is also set to ensure the compliance of all preventive system and the relevance law in force.

Anti-Corruption (Social) (Cont'd)

The Group upholds highest standards of integrity in all business interactions and adopts a strict zero tolerance of any forms of bribery and corruption in its working environment. The core principle in relation to anti-bribery and corruption of the Group is enshrined in the Code of Conduct and Ethics and Conflict of Interest Framework approved by the Board as well as the ethic requirements and misconducts, gift policy, conflicts of interest and anti-fraud policy as specified in the Human Resource Procedure and Employee Handbook. Therefore, these have explicitly defined the expectations of the Board on each employee, Director as well as business associates to strictly comply with the terms of good business practices and to uphold high personal conduct and integrity. Besides, the Group continuously conducts awareness programs for all new and existing employees to refresh awareness of anti-bribery and anti-corruption measures, and to continuously promote integrity and ethics.

The Group recognises the importance of lawful and ethical conducts in its business activities and is committed to comply with the ethical principles of transparency, integrity, objectivity and accountability in the conduct of its businesses and affairs at its workplace. The Group has put in place a whistle-blowing policy which is approved by the Board and administered by the Audit Committee Chairman and Senior Independent Director to support the Group's principles and code of conduct. A proper channel for whistle blowing is established to encourage all stakeholders (including but not limited to, employees, customers, suppliers, government bodies and financial institutions) to raise genuine concerns about possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity and in an appropriate way on a confidential basis, unless prohibited by law, without fear of any form of reprisal, harassment, victimisation or retaliation as well as with safeguard of the interest of the whistle blower in place.

In line with government's policy and efforts towards prohibition and prevention of bribery and corruption, the Group is committed to the highest standard of integrity and preserving a high standard of accountability while exercising proper care and judgement in discharging the daily business activities. Appropriate due diligence is required to be practiced to assess the integrity of the business dealings undertaken to avoid any allegations of bribery and corruption. As aforementioned, the Group has zero tolerance on all forms of bribery and corruption while conducting its business operations. Throughout the five (5) financial years under review from year 2016 to year 2020, there was zero bribery and corruption related incident reported through the established whistleblowing channel.

For both property development and property investment businesses in Malaysia, there was no legal action taken against the Group nor any fine or monetary sanction imposed in relation to the corruption or bribery practice during the financial year under review.

SUSTAINABILITY STATEMENT (Cont'd)

Other Major Economic and Social Activities Undertaken During Financial Year

Apart from the control activities undertaken to manage the material sustainability matters identified as stated above, the Group had undertaken the following control activities in managing other sustainability matters identified by the Group during the financial year under review.

A. Our Employees and Workforce

The Group recognises that our employees are integral to the sustainable growth, competitive advantage and success of the Group. As such, the Group strongly believes that human capital development and availability of a highly resilient workforce is particularly important to support the continued expansion and growth of the businesses. Having a diverse team of employees, across age, gender, ethnicity and industry experience, encourages open-minded dialogues, broadens our positive influence and reach, helps bridge gaps and brings in new perspectives and strategies. Therefore, we value our employees and we strive to treat the employees equally, provide them with a safe, healthy and sustainable working environment as well as to actively develop, invest in and foster growth amongst our employees to further develop the skills and talents of our employees. Employee Handbook and Human Resource policies and procedures are established in that respect for transparency in employee's benefits and entitlements.

We appreciate and respect our employees and strive to develop talented and motivated employees to support their performance delivery and growth for our business operations. It is our top priority to build a sense of purpose among our employees in the work performed throughout the Group. Hence, employees are provided with induction programmes to further equip them with the basic knowledge and skill sets for their job requirements with continuous on-the-job trainings being provided to develop their skills and talents for a better career development. Furthermore, external trainings on technical knowledge and soft skills developments are planned by the Management for the identified employees for their personal and professional development and to prepare them for the next level of long-term career with the Group.

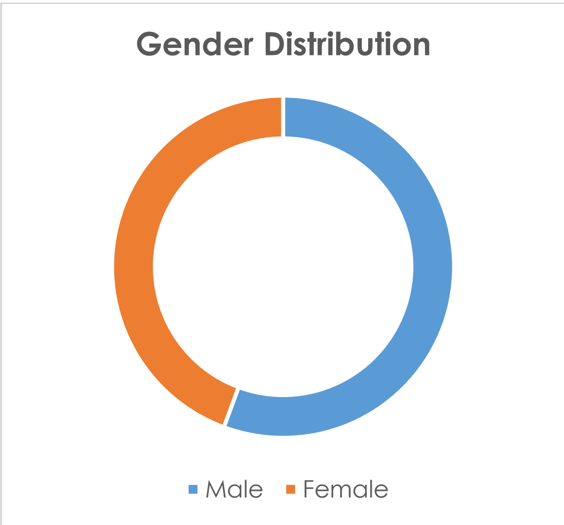
The Board acknowledges the efforts of the employees and remunerates our people with remuneration and benefits commensurate with their duties and responsibilities, offer on-going opportunities for trainings and developments, and long-term career prospects. The Board is committed to build performance-based culture by allowing the employees to demonstrate their capabilities and recognising their potential to be leaders. We are mindful that fair compensation is essential in motivating and engaging workforce to achieve our growth target. Thus, employees are to be reasonably rewarded based on the competencies demonstrated and efforts dedicated by them in delivering their duties and responsibilities. Approved career scale with relevant salary range is established and implemented. Annual performance appraisals are undertaken by the Management, not only for the performance-based remuneration, but also to have effective two-way communication with the employees whereby the past performance and expectations for the future years by the Management on the employees are communicated while the employees' commitment and concerns are conveyed for future monitoring and sustainable development of the Group.

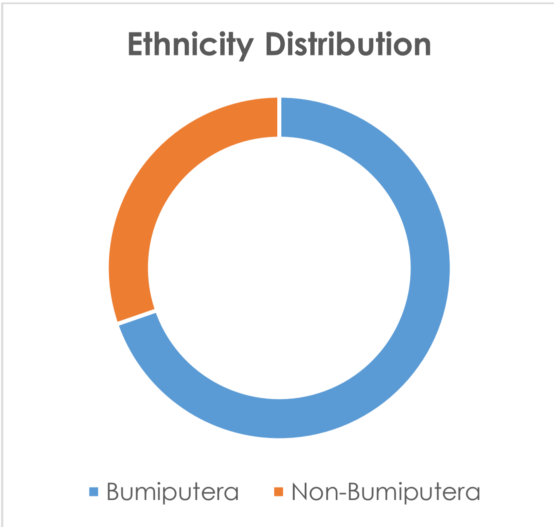
By having a diverse workforce in the Group, the Board is also championing equal opportunities for all employees, regardless of race/ethnicity, religion, nationality, age, gender, marital status, or any other characteristics. We are committed to providing a work environment that is free from any forms of discrimination for our employees. Notwithstanding the nature of our property development operation which comes with non-conducive working environment, equal access and opportunities are provided to our employees in terms of recruitment, salary increment, promotion, retention and training. A full breakdown of our workforce is illustrated below.

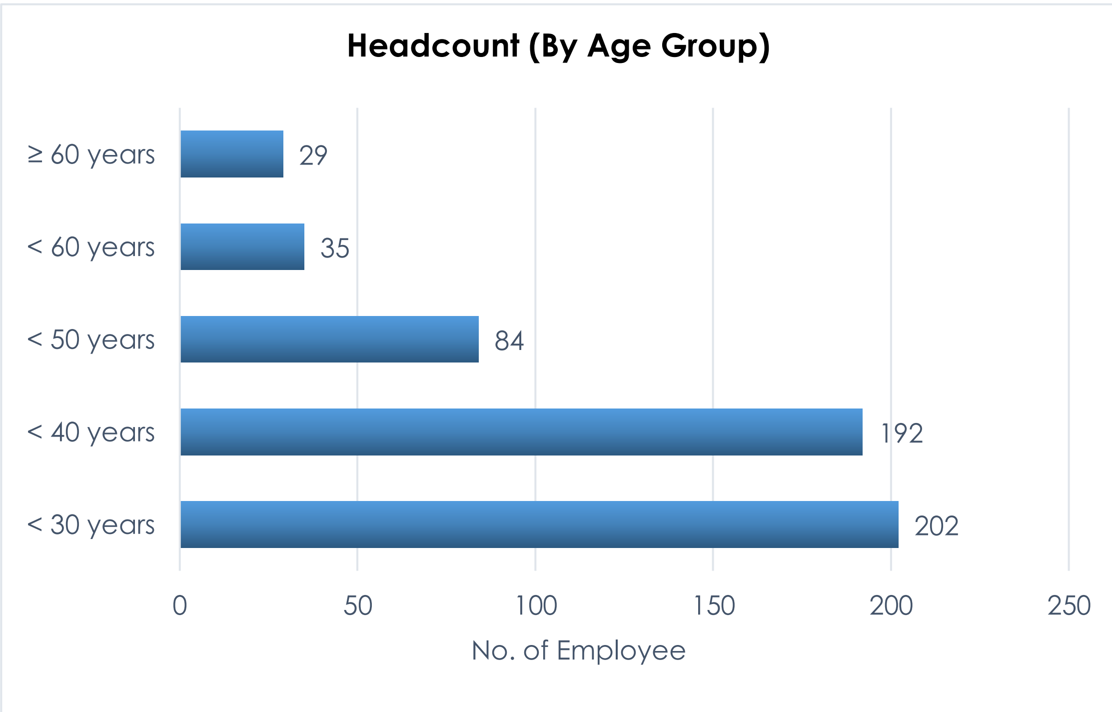
SUSTAINABILITY STATEMENT (Cont'd)

	Johor		Klang Valley		Total	
No. of Employees	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
Permanent [1]	242	212	37	38	279	250

	Property Development		Property Investment		Total	
No. of Employees	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
Permanent [1]	95	96	184	154	279	250







[1] Exclude members of the Board of Directors

SUSTAINABILITY STATEMENT (Cont'd)

B. Our Community Commitments

The Group strongly emphasizes on being a responsible corporate citizen by giving back and investing in the community in which the Group operates. "Greening Environment, Good Education and Best of Health" are the three core components of KSL Group's Corporate Social Responsibility ("CSR") key platforms in giving back to the communities.

Our strategy is to generate sustainable value for both the community and economic growth through effective use of the Group's capabilities and resources as well as sharing of financial resources with local community for their developments. Despite challenges are faced by the Group with disruptions to its businesses especially the property investment operation following the COVID-19 global outbreak, the Group is still committed to continue investing in community programmes and other corporate social responsibility initiatives to contribute towards the betterment of local communities.

Since the enforcement of MCO by the Malaysian government with subsequent announcement made by the government in using hotels as quarantine centres for Malaysians returning from overseas, one of the hotel and resorts of the Group, namely, KSL Hot Spring Resort is then turned into a quarantine hotel. Such step taken by the Group not only enables the property investment business of the Group to generate some revenues amid the hospitality related businesses that are severely impacted globally, but also enables the Group's property investment business to remain sustainable socially and economically with sufficient workforce maintained. Other forms of aid were also provided by the Group to various tenants of the mall, such as, rental discounts in order to assist the tenants to brace through this challenging period while the economy remained soft.

Our Group's policy has always been to construct quality and affordable houses for the community to buy and own. Over the years, in response to the voice to provide houses at prices not to burden further on the general public, our Group has helped hundreds and thousands of people to have their own houses at an affordable price. We will continue to strive to provide affordable opportunities to people to have their own shelters over their heads which is also in line with the Government's desire to realise more home ownerships.

Over the years, in order to promote education and literacy in next generations which enable next generations to be well-educated and armed with relevant knowledge so that people's quality of life is improved and sustainable development is enhanced, the Group has always contributed to the development of education of the young children. Donations are made not limited to only education but also to sport associations and clubs for sport development and health awareness in Johor, as well as to non-profit associations for the social and economic development initiatives.

C. Awards and Recognitions of Excellence

The Group's strong commitment to excellence in its business operations has been and continues to be attested by numerous awards and recognition over the past few years in recognition of its exemplary performance. This year, KSL Resort Johor Bahru has received the Best City Hotel Award from Asia Pacific Tourism and Travel Federation. KSL Resort Johor Bahru is also officially endorsed and certified as Member of Asia Leading Resort Inc. These awards and recognitions received do motivate the Group to continue its commitment to excellence in its performance as well as to continue to embrace its vision and remain innovative to deliver the best to its customers and other stakeholders.

FIVE YEARS GROUP FINANCIAL HIGHLIGHTS

Financial Year Ended 31 December	2016	2017	2018	2019	2020
INCOME STATEMENT					
Revenue *(RM Million)*	689.1	697.5	710.2	712.2	**340.7**
Profit/(Loss) Before Taxation *(RM Million)*	386.5	*285.5	320.3	323.7	**(51.7)**
Profit/(Loss) Attributable to Shareholders *(RM Million)*	314.5	*224.7	223.2	249.9	**(63.5)**
BALANCE SHEET					
Issued and Paid Up Capital *(Million Unit)*	1,037.5	1,037.5	1,037.5	1,037.5	**1,037.5**
Shareholders' Equity *(RM Million)*	*2,380.7	*2,599.9	2,815.3	3,065.2	**3,001.7**
SHARE INFORMATION					
Basic Earnings Per Share *(Sen)*	30.98	*21.95	21.91	24.57	**(6.24)**
Dividend Per Share – Gross *(Sen)*	-	-	-	-	**-**
Net Assets Per Share *(RM)*	*2.31	*2.54	2.77	3.01	**2.95**
Return on Shareholders' Equity *(%)*	13%	9%	8%	8%	**-2%**

* restated – effect of transition to MFRS

LIST OF MAJOR PROPERTIES HELD BY THE GROUP
AS AT 31 DECEMBER 2020

No.	Lot No.	Description	Land Area (sq. ft.)	Existing Use	Tenure	Approximate Age (Year)	Net Book Value as at 31.12.2020 (RM)	Date of Last Revaluation or if none, Date of Acquisition
01.	PTB 22817 Mukim of Johor Bahru District of Johor Bahru Johor Darul Takzim	Commercial complex	295,515	KSL City Mall	Freehold	10	355,330,000	30.11.2020
02.	PT 143339 Mukim of Klang District of Klang Selangor Darul Ehsan	Commercial complex	788,000	Propose KSL Esplanade Mall	Freehold	-	208,487,803	31.12.2020
03.	Lot 113158,113159,113162, Lot 113164, 113165, 55044, Lot 55054, 55056 & 63409 Mukim of Pulai District of Johor Bahru Johor Darul Takzim	Land held for development	8,208,099	Vacant Land	Freehold	-	186,547,769	20.03.2018
04.	Lot 6412 & Lot 6415 Mukim of Klang District of Klang Selangor Darul Ehsan	Subdivided land under development	6,373,555	Bandar Bestari	Freehold	-	171,541,750	01.11.2007
05.	Lot 2437 Mukim of Tebrau District of Johor Bahru Johor Darul Takzim	Subdivided land under development	9,772,242	Taman Bestari Indah	Freehold	-	151,472,159	27.02.2002
06.	PTD 163673 – 163674 Mukim of Tebrau District of Johor Bahru Johor Darul Takzim	Land held for development	5,137,998	Vacant Land	Leasehold	-	138,429,749	12.03.2018
07.	Lot 18973 – 19011, Lot 19013 – 19040, Lot 19048 – 19054, Lot 19062 – 19063, Lot 19105 – 19113, Lot 19041 – 19047, Lot 19055 – 19061, Lot 19064 – 19104, Lot 19114 – 19136 Mukim Simpang Kanan District of Batu Pahat Johor Darul Takzim	Propose land for mix development	12,945,196	Bukit Banang	Freehold	-	104,373,435	30.01.2015
08.	Lot 123 CT 12738 Town of Kuala Lumpur District Kuala Lumpur	High-rise residential development	35,622	18 Madge	Freehold	-	82,733,475	14.06.2010
09.	PTD 113647 PTD 113648 Mukim of Pulai District of Johor Bahru Johor Darul Takzim	Subdivided land under development	400,055	KSL Residensi @ Kangkar Tebrau	Freehold	-	71,142,501	10.08.2006
10.	PTB 22817 Mukim of Johor Bahru District of Johor Bahru Johor Darul Takzim	Resort	295,515	KSL Resort	Freehold	8	68,380,053	21.03.2006

STATEMENT OF SHAREHOLDINGS
AS AT 12 APRIL 2021

Total number of issued shares	:	1,037,508,399
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

ANALYSIS OF SHAREHOLDINGS

Holdings	Number of Holders	Number of Shares	% of Shares
Less than 100	588	23,154	0.00
100 – 1,000	811	421,132	0.04
1,001 – 10,000	3,067	16,545,863	1.63
10,001 – 100,000	2,218	74,771,778	7.35
100,001 to less than 5% of issued shares	434	309,852,401	30.46
5% and above of issued shares	4	615,601,671	60.52
	7,122	1,017,215,999*	100.00

** excluding a total of 20,292,400 ordinary shares bought back and retained as treasury shares.*

THIRTY LARGEST SHAREHOLDERS

No.	Shareholders	Number of Shares	Percentage of Shares (%)
1.	PREMIERE SECTOR SDN BHD	323,546,642	31.81
2.	KHOO CHENG HAI @ KU CHENG HAI	108,394,051	10.66
3.	KU HWA SENG	104,889,521	10.31
4.	KU TIEN SEK	78,771,457	7.74
5.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO. LTD.	49,338,898	4.85
6.	GORGEOUS HORIZON SDN BHD	23,129,200	2.27
7.	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD	14,486,295	1.42
8.	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	11,697,586	1.15
9.	KU WA CHONG	9,249,879	0.91
10.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	6,097,616	0.60
11.	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR CHONG SIN YONG	5,985,400	0.59
12.	LTK (MELAKA) SDN BHD	4,911,315	0.48

STATEMENT OF SHAREHOLDINGS (Cont'd)
AS AT 12 APRIL 2021

THIRTY LARGEST SHAREHOLDERS (Cont'd)

NO.	SHAREHOLDERS	NUMBER OF SHARES	PERCENTAGE OF SHARES (%)
13.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SUSY DING	4,236,600	0.42
14.	KHOO KENG GHIAP	3,967,680	0.39
15.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI	3,400,000	0.33
16.	KU WA CHONG	3,129,196	0.31
17.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAY HOCK SOON	2,942,300	0.29
18.	AMSEC NOMINEES (TEMPATAN) SDN BHD AMBANK (M) BERHAD	2,936,900	0.29
19.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SUSY DING	2,922,500	0.29
20.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NGENG ENG CHENG	2,910,900	0.29
21.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAY LEK HENG	2,710,400	0.27
22.	GOH CHEAH HONG	2,655,140	0.26
23.	LIM SOON HUAT	2,651,782	0.26
24.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR DANA MAKMUR PHEIM	2,093,863	0.21
25.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD	2,030,070	0.20
26.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR ACADIAN EMERGING MARKETS SMALL CAP EQUITY FUND, LLC	1,892,783	0.19
27.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI	1,867,000	0.18
28.	LIM CHIAN CHEE	1,754,100	0.17
29.	YO KOK KONG @ YUE KOK KONG	1,577,900	0.16
30.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PUA WOON SHYANG	1,567,569	0.15

SUBSTANTIAL SHAREHOLDERS

According to the Register required to be kept under Section 144 of the Companies Act, 2016, the following are the substantial shareholders of the Company:

No.	Substantial Shareholders	Direct Interest Number of Shares	Direct Interest % of Shares	Deemed Interest Number of Shares	Deemed Interest % of Shares
1.	PREMIERE SECTOR SDN BHD	323,546,642	31.81	-	-
2.	KHOO CHENG HAI @ KU CHENG HAI	108,394,051	10.66	351,496,922(2)	34.56
3.	KU HWA SENG	104,889,521	10.31	346,675,842(2)	34.08
4.	KU TIEN SEK	78,771,457	7.74	323,546,642(1)	31.81

Notes:
(1) Deemed interested through his shareholdings by virtue of Section 8 of the Companies Act, 2016.
(2) Deemed interested pursuant to Section 8 and Section 59 (11) (c) of the Companies Act, 2016.

LIST OF DIRECTORS' SHAREHOLDINGS

No.	Directors	Direct Interest Number of Shares	Direct Interest % of Shares	Deemed Interest Number of Shares	Deemed Interest % of Shares
1.	KHOO CHENG HAI @ KU CHENG HAI	108,394,051	10.66	351,496,922(2)	34.56
2.	KU HWA SENG	104,889,521	10.31	346,675,842(2)	34.08
3.	KU TIEN SEK	78,771,457	7.74	323,546,642(1)	31.81
4.	LEE CHYE TEE	-	-	-	-
5.	GOW KOW	-	-	-	-
6.	GOH TYAU SOON	-	-	-	-
7.	TEY PING CHENG	-	-	-	-

Notes:
(1) Deemed interested through his shareholdings by virtue of Section 8 of the Companies Act, 2016.
(2) Deemed interested pursuant to Section 8 and Section 59 (11) (c) of the Companies Act, 2016.

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2020

CORPORATE INFORMATION

Registered Office

Wisma KSL, No. 148
Batu 1 ½, Jalan Buloh Kasap
85000 Segamat
Johor Darul Ta'zim

Principal Place of Business

Wisma KSL, No. 148
Batu 1 ½, Jalan Buloh Kasap
85000 Segamat
Johor Darul Ta'zim

Company Secretaries

Lim Pei Cheng (MAICSA 7071988)

Auditors

ECOVIS MALAYSIA PLT
201404001750 (LLP0003185-LCA) & AF 001825
No. 54, Jalan Kempas Utama 2/2
Taman Kempas Utama
81200 Johor Bahru
Johor Darul Ta'zim

Principal Bankers

AmBank (M) Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
RHB Bank Berhad

DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and provision of management services to its subsidiaries which are principally engaged in property development and hotel operations. The details of the subsidiaries are disclosed in Note 5 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
(Loss)/Profit for the year attributable to owners of the Company	(63,480,206)	192,748,349

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of previous financial year. The directors do not recommend any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

There was no issue of shares or debentures by the Company during the financial year.

SHARE BUY-BACK

The Company did not repurchase any of its issued ordinary shares from the open market during the financial year.

As at 31 December 2020, the Company held 20,292,400 issued ordinary shares as treasury shares out of its total issued and paid-up share capital of 1,037,508,399 shares. Such treasury shares are held at a carrying amount of RM24,776,017. Further information is disclosed in Note 13 to the financial statements.

DIRECTORS' REPORT (Cont'd)

OPTIONS

No option has been granted during the financial year covered by the Statement of Profit or Loss and Other Comprehensive Income to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

DIRECTORS

The directors who served during the financial year up to the date of this report are: -

Khoo Cheng Hai @ Ku Cheng Hai
Ku Hwa Seng
Ku Tien Sek
Lee Chye Tee
Gow Kow
Goh Tyau Soon
Tey Ping Cheng

The name of the directors of the Company's subsidiaries in office during the financial year and up to the date of this report other than those named above are as follows: -

Ku Wa Chong
Khoo Lee Feng
Khoo Keng Ghiap
Ku Keng Leong
Ku Ek Mei
Ku Keng Yaw

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit, other than a benefit included in the aggregate amount of fees and emoluments received or due and receivable by the directors from the Company, or the fixed salary of a full time employee of the Company as disclosed in the financial statements, by reason of a contract made by the Company with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than certain directors who have substantial financial interests in companies which traded with the Company in the ordinary course of business, other than as disclosed in Note 28 to the financial statements.

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Company was a party, being arrangements with the object of enabling directors of the Company to acquire benefits by means of the acquisitions of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REPORT (Cont'd)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016, the interests and deemed interests of directors in office at the end of the financial year in the shares of the Company during the financial year are as follows: -

	<-------------------- Number of ordinary shares ------------------->			
	As at 1.1.2020	Acquired	Disposed	As at 31.12.2020
Company				
Direct interest				
Khoo Cheng Hai @ Ku Cheng Hai	84,394,051	24,000,000	-	108,394,051
Ku Hwa Seng	80,889,521	24,000,000	-	104,889,521
Ku Tien Sek	54,971,457	23,800,000	-	78,771,457
Indirect interest (+)				
Khoo Cheng Hai @ Ku Cheng Hai	4,821,080	-	-	4,821,080
Deemed interest (#)				
Khoo Cheng Hai @ Ku Cheng Hai	323,546,642	-	-	323,546,642
Ku Hwa Seng	323,546,642	-	-	323,546,642
Ku Tien Sek	323,546,642	-	-	323,546,642
Deemed interest (*)				
Khoo Cheng Hai @ Ku Cheng Hai	23,129,200	-	-	23,129,200
Ku Hwa Seng	23,129,200	-	-	23,129,200

+ By virtue of his children's direct shareholding
# Held through Premiere Sector Sdn. Bhd.
* Held through Gorgeous Horizon Sdn. Bhd. by their children

By virtue of their interests in the shares of the Company, Khoo Cheng Hai @ Ku Cheng Hai, Ku Hwa Seng and Ku Tien Sek are also deemed interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest.

None of the other directors in office at the end of the financial year hold any shares in the Company or its related corporations during the financial year.

DIRECTORS' REMUNERATION

Details of directors' remuneration are set out in Note 28 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

No indemnity has been given to or insurance effected for the directors or officers of the Company pursuant to Section 289 of the Companies Act, 2016.

To the extent permitted by the Act, the Company has agreed to indemnify its auditors as part of the terms of their engagement against claims by third parties arising from the audit. No payment has been made to indemnify the auditors during or since the financial year.

DIRECTORS' REPORT (Cont'd)

OTHER STATUTORY INFORMATION

(a) The directors, before the Statements of Profit or Loss and Other Comprehensive Income and Statements of Financial Position of the Group and of the Company were prepared, took reasonable steps: -

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that there are no known bad debts and that no allowance for doubtful debts was necessary; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

(b) The directors are not aware of any circumstances, at the date of this report, which would render: -

(i) it necessary to write off any bad debts or to providing of allowance for doubtful debts in respect of the financial statements of the Group and of the Company; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist: -

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors: -

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 21 to the financial statements.

SIGNIFICANT EVENT DURING AND SUBSEQUENT TO THE FINANCIAL YEAR END

The significant event during and subsequent to the financial year end is as disclosed in Note 29 to the financial statements.

DIRECTORS' REPORT (Cont'd)

AUDITORS

The auditors, ECOVIS MALAYSIA PLT, have expressed their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors,

KHOO CHENG HAI @ KU CHENG HAI

LEE CHYE TEE

JOHOR BAHRU

Date: 20 April 2021

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, KHOO CHENG HAI @ KU CHENG HAI and LEE CHYE TEE, being two of the directors of KSL HOLDINGS BERHAD, do hereby state that, in the opinion of the directors, the financial statements set out on pages 114 to 175 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2020 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors,

KHOO CHENG HAI @ KU CHENG HAI

LEE CHYE TEE

JOHOR BAHRU

Date: 20 April 2021

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, LEE CHYE TEE (MIA 8492), being the director primarily responsible for the financial management of KSL HOLDINGS BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 114 to 175, are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed)
LEE CHYE TEE (MIA 8492) at Johor Bahru in the state)
of Johor Darul Ta'zim on 20 April 2021)

LEE CHYE TEE (MIA 8492)

Before me,
Commissioner of Oath

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KSL HOLDINGS BERHAD

(Incorporated in Malaysia)

Report on the Financial Statements

Opinion

We have audited the financial statements of KSL HOLDINGS BERHAD, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KSL HOLDINGS BERHAD (Cont'd)

(Incorporated in Malaysia)

Key audit matter	How our audit addressed the key audit matter
Accounting for property development activities The Group recognises revenue from ongoing property development projects in the statement of profit or loss by using the stage of completion method. The stage of completion is measured by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for the property development projects. The Group recognised revenue of RM139,100,956 from property development activities, recognised over time, during the financial year ended 31 December 2020. Given the nature of property development projects, we focused on this area as significant estimates and judgements are required in: • measuring stage of completion; • determining the extent of property development costs incurred to date; and • estimating total property development costs. Refer to Note 7(ii), 17 and 18 to the financial statements.	We checked the revenue recognised, on a sampling basis, by agreeing the computation to the contracted selling prices of the property units multiplied with their respective stage of completion of respective development. We recomputed the stage of completion percentages by calculating the proportion of property development costs incurred for work performed to date to the estimated total property development costs. We evaluated variances between actual costs incurred and budgeted property development costs to assess whether total estimated costs to completion have been properly estimated and updated to reflect current conditions. We agreed, on a sampling basis, the costs incurred to supporting documentation such as the sub-contractors' claim certificates which have been approved by the project architects, and invoices from vendors. We checked the reasonableness of the estimated total property development costs of major projects, allocation of costs and subsequent changes to the costs by agreeing to supporting documentation.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KSL HOLDINGS BERHAD (Cont'd)

(Incorporated in Malaysia)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	***External valuations***
Referring to Note 4 to the financial statements, as at 31 December 2020, the Group's investment properties, which are carried at fair value, amounted to approximately RM818 million. Significant judgement is required by the directors in determining the fair value of the properties and for the purpose of our audit, we identified the valuation for investment properties as representing a key audit matter due to the significance of the estimation uncertainty, coupled with the fact that a small percentage difference in individual property valuation assumptions, when aggregated, could result in material misstatement. The valuations were carried out annually by third party independent valuers engaged by the Group, and the models used to determine the fair values depends on the nature of the properties. Under the profits method, the valuers take into account specific current information of the property such as the current tenancy agreements and rental income earned by the assets. They then apply assumptions in relation to rates of return, based on available market data and transactions, to arrive at a range of valuation outcomes, from which they derive a point estimate. Under the comparison approach, the valuation is based on assumptions, amongst others, comparable historical transactions and factoring adjustments to comparable transactions including location, size, condition, accessibility, design and market knowledge, and estimated rental value per square foot.	It was evident from our discussions with management and the valuers and from our review of the valuation reports, that we noted the valuers have considered factors related to each property's individual characteristics and its overall quality, geographical location and desirability as a whole in arriving to fair value. There was no evidence of management bias or influence on the valuers. We assessed the competence, capability and objectivity of the independent valuers, and verified their professional qualifications. In addition, we discussed the scope of their work with management to determine that there were no matters that would have affected their independence and objectivity, or imposed scope limitations upon them. We have also considered other engagements which might exist between the Group and the valuers. We found no evidence to suggest that the objectivity of any valuers in their performance of the valuations was compromised. ***Assumptions*** Valuation of properties using the comparison approach was made by reference to similar transactions with adjustments made for relevant differences in order to arrive at a common basis for comparison. We compared the fair values of a few samples of the properties with the average values of several similar properties in and around the area. We found the comparisons to be within a reasonable range. For valuation of certain properties using the profits method, we tested a selection of data inputs underpinning the investment property valuation including rental income, tenancy schedules and estimated expenses, against appropriate supporting documentation. We found that the models used and discount rates for the various properties were appropriate.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KSL HOLDINGS BERHAD (Cont'd)

(Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report and other information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KSL HOLDINGS BERHAD (Cont'd)

(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

(d) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KSL HOLDINGS BERHAD (Cont'd)

(Incorporated in Malaysia)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ECOVIS MALAYSIA PLT
AF 001825
Chartered Accountants

KHOR KENG LIEH
02733/07/2021 J
Chartered Accountant

JOHOR BAHRU

Date: 20 April 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

		Group	
		2020	2019
	Note	RM	RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	152,345,270	165,301,276
Investment properties	4	818,091,587	907,261,687
Other investment	6	1,268,094	1,094,994
Inventories	7	1,067,092,946	1,017,844,835
		2,038,797,897	2,091,502,792
CURRENT ASSETS			
Inventories	7	874,854,111	797,260,023
Trade and other receivables	8	89,489,247	169,237,806
Contract assets	9	16,672,346	14,136,544
Current tax assets		902,680	-
Cash and bank balances	11	283,875,142	367,162,723
		1,265,793,526	1,347,797,096
TOTAL ASSETS		3,304,591,423	3,439,299,888
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	12	699,234,524	699,234,524
Reserves	13	2,302,480,764	2,365,960,970
TOTAL EQUITY		3,001,715,288	3,065,195,494

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)
AS AT 31 DECEMBER 2020

		Group	
		2020	2019
	Note	RM	RM
NON-CURRENT LIABILITIES			
Other payables	14	23,020,366	26,198,858
Loans and borrowings	15	88,154,607	101,692,624
Deferred tax liabilities	16	55,343,071	72,145,065
		166,518,044	200,036,547
CURRENT LIABILITIES			
Trade and other payables	14	116,996,420	140,381,637
Contract liabilities	9	7,023,654	7,741,600
Loans and borrowings	15	12,338,017	6,933,348
Current tax liabilities		-	19,011,262
		136,358,091	174,067,847
TOTAL LIABILITIES		302,876,135	374,104,394
TOTAL EQUITY AND LIABILITIES		3,304,591,423	3,439,299,888

The accompanying notes form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	Company 2020 RM	2019 RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	2	2
Investment in subsidiaries	5	175,521,958	175,521,958
		175,521,960	175,521,960
CURRENT ASSETS			
Trade and other receivables	8	-	1,472
Amount due by subsidiaries	10	1,067,569,117	1,005,030,518
Cash and bank balances	11	31,115,964	30,446,748
		1,098,685,081	1,035,478,738
TOTAL ASSETS		1,274,207,041	1,211,000,698
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	12	699,234,524	699,234,524
Reserves	13	558,514,854	365,766,505
TOTAL EQUITY		1,257,749,378	1,065,001,029
CURRENT LIABILITIES			
Trade and other payables	14	167,355	187,326
Amount due to subsidiaries	10	14,636,270	143,685,223
Current tax liabilities		1,654,038	2,127,120
		16,457,663	145,999,669
TOTAL LIABILITIES		16,457,663	145,999,669
TOTAL EQUITY AND LIABILITIES		1,274,207,041	1,211,000,698

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
REVENUE	17	340,674,083	712,234,871	178,261,100	92,933,000
COST OF SALES	18	(159,895,766)	(280,967,765)	-	-
GROSS PROFIT		180,778,317	431,267,106	178,261,100	92,933,000
ADD: OTHER INCOME	19	18,534,834	46,457,047	22,994,765	29,836,383
LESS: DISTRIBUTION EXPENSES		(21,122,354)	(28,622,856)	(5,915)	(6,106)
LESS: ADMINISTRATIVE EXPENSES		(82,472,845)	(117,325,395)	(1,004,024)	(1,143,560)
LESS: OTHER EXPENSES		(142,778,711)	(41,045)	-	-
LESS: FINANCE COSTS	20	(4,645,258)	(8,028,164)	(2,814,686)	(3,790,817)
(LOSS)/PROFIT BEFORE TAX	21	(51,706,017)	323,706,693	197,431,240	117,828,900
INCOME TAX EXPENSE	22	(11,774,189)	(73,799,558)	(4,682,891)	(6,234,035)
(LOSS)/PROFIT FOR THE YEAR		(63,480,206)	249,907,135	192,748,349	111,594,865
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE (EXPENSE) INCOME FOR THE YEAR		(63,480,206)	249,907,135	192,748,349	111,594,865
(LOSS)/EARNINGS PER ORDINARY SHARE (SEN): -					
Basic	23	(6.24)	24.57		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	<---------------- Attributable to owners of the Company			---------------->	
	< ----------------*Non-distributable*	---------------------->		*Distributable*	
Group	**Share capital (Note 12) RM**	**Treasury shares (Note 13) RM**	**Revaluation reserve (Note 13) RM**	**Retained earnings (Note 13) RM**	**Total equity RM**
At 1 January 2019	699,234,524	(24,776,017)	17,397,274	2,123,432,578	2,815,288,359
Realisation of revaluation surplus	-	-	(7,552)	7,552	-
Profit/Total comprehensive income for the year	-	-	-	249,907,135	249,907,135
At 31 December 2019	699,234,524	(24,776,017)	17,389,722	2,373,347,265	3,065,195,494
Realisation of revaluation surplus	-	-	(376,576)	376,576	-
Loss/Total comprehensive expense for the year	-	-	-	(63,480,206)	(63,480,206)
At 31 December 2020	699,234,524	(24,776,017)	17,013,146	2,310,243,635	3,001,715,288

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY (Cont'd)
FOR THE YEAR ENDED 31 DECEMBER 2020

Company	<---------------- *Non-distributable*	---------------->	*Distributable*	
	Share capital (Note 12) RM	Treasury shares (Note 13) RM	Retained earnings (Note 13) RM	Total equity RM
At 1 January 2019	699,234,524	(24,776,017)	278,947,657	953,406,164
Profit/Total comprehensive income for the year	-	-	111,594,865	111,594,865
At 31 December 2019	699,234,524	(24,776,017)	390,542,522	1,065,001,029
Profit/Total comprehensive income for the year	-	-	192,748,349	192,748,349
At 31 December 2020	699,234,524	(24,776,017)	583,290,871	1,257,749,378

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before tax	(51,706,017)	323,706,693	197,431,240	117,828,900
Adjustments for: -				
Depreciation of property, plant and equipment	11,179,679	11,485,080	-	-
Cost of land in land held for development	22,542,470	-	-	-
Net loss on disposal of property, plant and equipment	14,000	76,661	-	-
Loss on fair value of equity investment	67,708	41,045	-	-
Interest expenses	4,236,387	7,071,011	2,812,179	3,788,342
Property, plant and equipment written off	109,317	203,322	-	-
Fair value adjustment of investment properties	142,778,711	(27,052,629)	-	-
Dividend income from other investment	(19,797)	-	-	-
Sale of land	(25,066,616)	-	-	-
Interest income	(7,793,209)	(10,303,994)	(22,994,765)	(29,836,383)
Operating profit before working capital changes	96,342,633	305,227,189	177,248,654	91,780,859
Decrease/(Increase) in working capital				
Inventories of property development costs	(116,251,736)	(60,708,485)	-	-
Inventories of completed projects	59,062,980	103,833,322	-	-
Other inventories	213,345	(168,712)	-	-
Contract assets and liabilities	(3,253,748)	(7,647,816)	-	-
Trade and other receivables	79,748,559	(60,710,754)	1,472	(1,064)
Trade and other payables	(26,563,709)	(483,056)	(19,971)	22,686
Amount due by/(to) subsidiaries	-	-	(191,587,552)	(81,331,073)
Cash generated from operations	89,298,324	279,341,688	(14,357,397)	10,471,408
Interest paid	(4,236,387)	(7,071,011)	(2,812,179)	(3,788,342)
Tax paid	(48,490,125)	(67,600,635)	(5,155,973)	(6,167,535)
Net cash from/(used in) operating activities	36,571,812	204,670,042	(22,325,549)	515,531

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS (Cont'd)
FOR THE YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Addition of land held for property development	(92,409,258)	(27,492,535)	-	-
Addition of investment properties	(53,608,611)	(53,713,346)	-	-
Purchase of property, plant and equipment	(697,930)	(3,424,778)	-	-
Acquisition of other investment	(221,011)	(1,136,039)	-	-
Proceeds from disposal of property, plant and			-	-
equipment	2,350,940	2,056,351	-	-
Proceeds from disposal of land held for development	25,066,616	-	-	-
Interest received	7,793,209	10,303,994	22,994,765	29,836,383
Net cash (used in)/from investing activities	(111,726,045)	(73,406,353)	22,994,765	29,836,383
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of term loans	-	84,965,000	-	-
Repayment of term loans	(8,133,348)	(6,933,348)	-	-
Repayment of revolving credit	-	(139,000,000)	-	-
Net cash used in financing activities	(8,133,348)	(60,968,348)	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	(83,287,581)	70,295,341	669,216	30,351,914
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	367,162,723	296,867,382	30,446,748	94,834
CASH AND CASH EQUIVALENTS AT END OF YEAR	283,875,142	367,162,723	31,115,964	30,446,748
Cash and cash equivalents comprise the following: -				
Cash and bank balances	283,875,142	367,162,723	31,115,964	30,446,748

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The principal activities of the Company are those of investment holding and provision of management services to its subsidiaries which are principally engaged in the property development and hotel operations. The details of the subsidiaries are disclosed in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company is located at Wisma KSL, No. 148, Batu 1 ½, Jalan Buloh Kasap, 85000 Segamat, Johor Darul Ta'zim.

The consolidated financial statements of the Group as at and for the financial year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities").

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 20 April 2021.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by Group entities unless otherwise stated.

(a) Basis of preparation

The financial statements of the Group and the Company have been prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and comply with Malaysian Financial Reporting Standards (MFRSs), International Financial Reporting Standards (IFRSs) and the Companies Act, 2016 in Malaysia.

The financial statements are reported in Ringgit Malaysia ("RM"), which is the Company's functional currency.

(b) Statement of compliance

The followings are accounting standards, amendments and interpretations of the MFRSs framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- Amendments to MFRS 16, Leases – Covid-19-Related Rent Concessions

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 17 August 2020

- Amendments to MFRS 4, Insurance Contracts – Extension of the Temporary Exemption from Applying MFRS 9

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Statement of compliance (Cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9, Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7, Financial Instruments, MFRS 4, Insurance Contracts and MFRS 16, Leases - Interest Rate Benchmark Reform (Phase 2)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 April 2021

- Amendment to MFRS 16, Leases - Covid-19-Related Rent Concessions beyond 30 June 2021

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendment to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018 – 2020)
- Amendments to MFRS 3, Business Combinations — Reference to the Conceptual Framework
- Amendment to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018 – 2020)
- Amendments to MFRS 116, Property, Plant and Equipment - Proceeds before Intended Use
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets — Onerous Contracts - Cost of Fulfilling a Contract
- Amendment to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018 – 2020)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, Insurance Contracts and Amendments to MFRS 17, Insurance Contracts
- Amendments to MFRS 101, Presentation of Financial Statements – Classification of liabilities as current or non-current
- Amendments to MFRS 101, Presentation of Financial Statements – Disclosure of Accounting Policies
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

M**FRSs, Interpretations and amendments effective for a date yet to be confirmed**

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group plans to apply the abovementioned standards, amendments and interpretations in the respective financial years when the above standards, amendments and interpretations become effective.

The initial application of the accounting standards, amendments and interpretations are not expected to have any material financial impacts to the current and prior period financial statements of the Group and of the Company.

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combination

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Basis of consolidation (Cont'd)

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investment in an associate is accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associate, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

When the Group's interest in an associate decrease but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investment in an associate is measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(vi) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

(i) A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

(ii) A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Basis of consolidation (Cont'd)

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associate and joint venture are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(d) Financial instruments

(i) Initial recognition and measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group or the Company becomes a party to the contractual provisions for the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivate is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contact is not measured at fair value through profit or loss. The host contract, in the event embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Classification and subsequent measurement

Financial assets: Classification

On initial recognition, a financial asset is classified as measured at:

(a) amortised cost;
(b) fair value through other comprehensive income ("FVOCI") – debt investment;
(c) fair value through other comprehensive income ("FVOCI") – equity investment; or
(d) fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Financial instruments (Cont'd)

(ii) Classification and subsequent measurement (Cont'd)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as at FVTPL.

A debt investment is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at FVTPL.

An equity investment is measured at FVOCI if it is not held for trading and the Group or the Company can irrevocably elects to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on investment-by-investment basis. If not elected, equity investment is measured at FVTPL.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

(a) Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

(b) Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

(c) Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

(d) Equity investments at FVTPL

These assets are subsequently measured at fair value. Dividend and other net gains and losses are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

All financial assets, except for those measured at FVTPL, are subject to review for impairment.

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Financial instruments (Cont'd)

(ii) Classification and subsequent measurement (Cont'd)

Financial liabilities: Classification and subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expenses, are recognised in profit or loss. For financial liabilities categorised as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liabillity's credit risk would create or enlarge an accounting mismatch.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified terms are substantially different. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group and the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount or which a property could be exchanged knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within 'other income' or 'other expenses' respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction is not depreciated until the assets are ready for their intended use.

The annual depreciation rates used for the current and comparative periods are as follows: -

	%
Buildings	2
Plant and machinery	10 - 20
Motor vehicles	20
Other assets	
- Office equipment	10 - 25
- Tele-communication equipment	10 - 20
- Renovation	10
- Sales office	10
- Site office	10
- Signboards	10
- Furniture and fittings	5 - 10
- Hotel equipment	20
- Food and beverage equipment	20

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Leased asset

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Leased asset (Cont'd)

(ii) Recognition and initial measurement (Cont'd)

(a) As a lessee (Cont'd)

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

The Group recognises assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group uses the interest rate implicit in the lease to measure the net investment in the lease.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Leased asset (Cont'd)

(iii) Subsequent measurement (Cont'd)

(b) As a lessor

Operating lease
The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

Finance lease
The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, Financial Instruments.

(g) Goodwill

Goodwill which arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investees.

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that it may be impaired.

(h) Investment property

(i) Investment property carried at fair value
Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Investment property (Cont'd)

(ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings, the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its deemed cost for subsequent accounting.

(i) Inventories

(i) Land held for property development

Land held for property development consists of land where no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(ii) Property development cost

Property development costs are properties being constructed for sale in the ordinary course of business and are stated at the lower of costs and net realisable value. The cost of land, related development costs common to whole projects and direct building costs less cumulative amounts recognised as expense in the profit or loss for property under development are carried in the statements of financial position as property development costs.

The property development cost is subsequently recognised as an expense in profit or loss as and when the control of the inventory is transferred to the customer. Property development cost of unsold unit is transferred to completed development unit once the development is completed.

(iii) Completed development units

Units of development properties completed and held for sale are stated at the lower of cost and net realisable value. Costs comprise costs of acquisition of land including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended use, related development costs to projects and direct building costs.

(iv) Food and beverage and other hotel supplies

Inventories are stated at the lower of cost and net realisable value. Cost includes cost of purchase plus incidental cost and other costs of bringing the inventories to their present location and condition. The cost of inventories is determined on a weighted average basis.

Net realisable value is the estimate of the selling price in the ordinary course of business, less costs to completion and selling expenses.

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Contract assets and liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. Contract asset is recognised when the entity has performed under the contract but has not yet billed the customer. Contract asset is stated at cost less accumulated impairment.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer. Contract liability is recognised when the entity has not yet performed under the contract but has received advanced payments from the customer. Contract liabilities also include down payments received from customers.

Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the entity performs under the contract.

(k) Contract cost

(i) Incremental cost of obtaining a contract

The Group or the Company recognises incremental costs of obtaining contracts when the Group or the Company expects to recover these costs.

(ii) Cost to fulfil a contract

The Group or the Company recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(m) Impairment

Financial instruments and contract assets

The Group and the Company recognise loss allowances for expected credit losses ("ECL") on financial assets measured at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets and lease receivables.

The Group and the Company apply a two-step approach to measure the ECL on financial assets other than trade receivables, contract assets and lease assets.

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Impairment (Cont'd)

Financial instruments and contract assets (Cont'd)

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balances and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

The Group and the Company assess at each financial year end whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group or the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group and the Company expect to receive). ECLs are discounted at the effective interest rate of the financial asset.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debts investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Impairment (Cont'd)

Write-off

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery amounts due.

Other assets

The carrying amounts of the other assets (except for inventories, deferred tax asset, assets arising from employee benefits, investment property measured at fair value and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purposes of impairment testing, is allocated to group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating unit) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that asset's carrying amount does not exceed the carrying amount that amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses
Cost directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares
Ordinary shares are classified as equity.

(iii) Repurchase, disposal and reissue of share capital (treasury shares)
When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount to the treasury shares is recognised in equity.

(o) Employee benefits

(i) Short-term employee benefits
Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans
The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(p) Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(q) Revenue

Revenue is measured at the fair value of consideration received or receivable in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. Revenue is recognised when the Group or the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service.

The Group recognises revenue from contracts with customers at a point in time unless one of the following over time criteria is met:

(i) Does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to-date; or
(ii) Creates or enhances an asset that the customer controls as the asset is created or enhanced; or
(iii) Provides benefits that the customer simultaneously receives and consumes as the Group performs.

(a) Revenue from contracts with customers

(i) Revenue from development property
The Group develops and sells residential and commercial properties before and after completion of construction of the properties. The revenue from property development is measured at the fixed transaction price agreed under the sales and purchase agreement. Revenue is recognised when control over the property has been transferred to customer, either over time or at a point in time, depending on the contractual terms.

For development properties whereby the Group is restricted contractually from directing the properties for another use, has no alternative use and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred.

For development properties whereby the entity does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset, usually upon transfer of legal title.

Progress billings to the customers based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones.

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the consideration to which it will be entitled to in exchange for the assets sold.

(ii) Sales of land
Revenue relating to sale of land is recognised at a point in time when control of the asset is transferred to customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of land.

(iii) Services
Revenue is recognised at a point in time as those services are provided. The total consideration in the service contracts is allocated to all services based on their relative stand-alone selling prices.

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(q) Revenue (Cont'd)

(a) Revenue from contracts with customers (Cont'd)

(iv) Hotel and food and beverage revenue
Hotel room revenue is recognised when service is rendered to the customer over their stay at the hotel. The transaction price is the net amount collected from the customer. Advance deposits on hotel rooms are recorded as customer deposits (i.e. contract liability) until services are provided to the customer.

Revenue from the sale of goods or services is recognised when the food and beverage, entertainment and attractions and retail goods is delivered, rendered or control transferred to the customer. Payment of the transaction price is due immediately when the customer purchases the food and beverage, retail goods or services. Advance ticket sales for entertainment and attractions are recorded as customer deposits (i.e. contract liability) until services are rendered to the customer.

(v) Car park income
Car park income is accounted for on receipt and receivable basis.

(vi) Management fees
Management fees are recognised at a point in time when services are rendered.

(b) Dividend income
Dividend income is recognised in profit or loss on the date the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(c) Rental income
Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from investment and subleased properties are recognised as other income.

(d) Interest income
Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(r) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Company will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis in the useful life of the asset.

Grants that compensate the Company for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same period in which the expenses are recognised.

(s) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(s) Borrowing costs (Cont'd)

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing eligible for capitalisation.

(t) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Any unutilised portion of a tax incentive that is not a tax base of an asset is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(u) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(u) Earnings per ordinary share (Cont'd)

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(v) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker, which in this case is the managing director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(w) Contingencies

(i) Contingent liabilities
Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets
Where it is not probable that there is an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the statement of financial position and is disclosed as a contingent asset, unless the probability of inflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

(x) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted price (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or a liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfer between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(y) Use of estimates and judgments

The preparation of the financial statements in conformity with MFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies, and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

(i) Valuation of investment properties

The fair value of investment property is arrived at by reference to market evidence of transaction prices for similar property or by considering the aggregate of the present value of the estimated cash flows expected to be received from renting out the property and is performed by registered independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

(ii) Revenue and cost recognition from property development activities

Revenue is recognised as and when the control of the asset is transferred to customers and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation based on the contract work-to-date. Significant judgement is required in determining the progress towards complete satisfaction of that performance obligation based on the contract work-to-date corroborated by the level of completion of the development based on actual costs incurred to date over the estimated total property development costs. The total estimated costs are based on approved budgets, which require assessments and judgements to be made on changes in, for example, work scope, changes in costs and costs to completion. In making these judgements, management relies on past experience and the work of specialists.

(iii) Classification between investment property and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portion separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

3. PROPERTY, PLANT AND EQUIPMENT

Group 2020 **Cost**	As at 1.1.2020 RM	Additions RM	Disposals/ Written off RM	As at 31.12.2020 RM
Freehold land	13,830,084	-	-	13,830,084
Buildings	136,765,033	-	-	136,765,033
Plant and machinery	17,682,605	64,950	(2,586,020)	15,161,535
Motor vehicles	9,816,329	366,167	(319,696)	9,862,800
Other assets	67,157,425	266,813	(23,830)	67,400,408
	245,251,476	697,930	(2,929,546)	243,019,860

Group 2020 **Accumulated depreciation**	As at 1.1.2020 RM	Charge for the year RM	Disposals/ Written off RM	As at 31.12.2020 RM
Buildings	22,405,965	4,030,968	-	26,436,933
Plant and machinery	4,540,639	707,762	(145,962)	5,102,439
Motor vehicles	6,755,641	583,568	(294,696)	7,044,513
Other assets	46,247,955	5,857,381	(14,631)	52,090,705
	79,950,200	11,179,679	(455,289)	90,674,590

Group 2019 **Cost**	As at 1.1.2019 RM	Additions RM	Disposals/ Written off RM	As at 31.12.2019 RM
Freehold land	13,830,084	-	-	13,830,084
Buildings	136,765,033	-	-	136,765,033
Plant and machinery	19,962,533	48,250	(2,328,178)	17,682,605
Motor vehicles	10,345,970	296,815	(826,456)	9,816,329
Other assets	64,330,303	3,079,713	(252,591)	67,157,425
	245,233,923	3,424,778	(3,407,225)	245,251,476

Group 2019 **Accumulated depreciation**	As at 1.1.2019 RM	Charge for the year RM	Disposals/ Written off RM	As at 31.12.2019 RM
Buildings	18,374,997	4,030,968	-	22,405,965
Plant and machinery	3,539,723	1,119,755	(118,839)	4,540,639
Motor vehicles	6,877,082	590,015	(711,456)	6,755,641
Other assets	40,744,209	5,744,342	(240,596)	46,247,955
	69,536,011	11,485,080	(1,070,891)	79,950,200

Net carrying amount	2020 RM	2019 RM
Freehold land	13,830,084	13,830,084
Buildings	110,328,100	114,359,068
Plant and machinery	10,059,096	13,141,966
Motor vehicles	2,818,287	3,060,688
Other assets	15,309,703	20,909,470
	152,345,270	165,301,276

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Signboard	
	2020	**2019**
	RM	**RM**
Company		
Cost	27,853	27,853
Accumulated depreciation	(27,851)	(27,851)
Net carrying amount	2	2

Property, plant and equipment of the Group at cost of RM16,638,088 (2019: RM16,338,092) are fully depreciated and still in use.

4. INVESTMENT PROPERTIES

	Group	
	2020	**2019**
	RM	**RM**
At 1 January	907,261,687	841,633,162
Additions	53,608,611	53,713,346
Transfer to property development cost (Note 7(ii))	-	(15,137,450)
Fair value adjustments	(142,778,711)	27,052,629
	(89,170,100)	65,628,525
At 31 December	818,091,587	907,261,687
Included in the above are:		
At fair value:-		
Land	449,531,743	592,310,454
Buildings	200,035,973	207,160,330
	649,567,716	799,470,784
At cost:-		
Building-in-progress	168,523,871	107,790,903
	818,091,587	907,261,687

Included in the investment property is land and building with carrying amount of RM42,720,000 (2019: RM57,000,000) held under the name of third party, with power of attorney granted to the Group.

Investment properties with an aggregate carrying amount of RM376,053,000 (2019: RM486,580,000) are pledged as securities for loans and borrowings as referred to in Note 15.

Investment properties comprise a number of freehold shop houses and commercial properties leased to third parties. Each of the leases contains an initial non-cancellable period of average 2 years and subsequent renewals are negotiated with the lessee and average renewal period is 2 years.

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

4. INVESTMENT PROPERTIES (Cont'd)

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2020	2019
	RM	RM
Rental income	47,822,262	95,975,507
Direct operating expenses - income generating investment property	(11,577,092)	(14,200,669)
- non-income generating investment property	(322,687)	(73,766)

The fair values of the investment properties were based on indicative valuation by external, independent valuers having appropriate recognised professional qualification as follows:

(a) RM232,783,932 (2019: RM360,470,784) arrived at by reference to transaction prices for comparable properties. The most significant input into this valuation approach is price per square foot of comparable properties. The estimated fair value would increase if the higher of the price per square foot.

(b) RM416,783,784 (2019: RM439,000,000) determined by considering the aggregate of the present value of the estimated cash flows expected to be received from renting out the property using yield rates range from 6% to 8% (2019: 6% to 9%) and weighted average rate at 7% (2019: 8%). The estimated fair value would decrease if the lower of the yield rate or the higher of the discount rate.

Fair value of investment properties are categorised as Level 3 as described in Note 2(x) to the financial statements.

Building-in-progress is measured at cost because the fair value of properties under construction is not yet determinable as of reporting date. The fair value of the property is expected to be reliably determinable when construction is complete.

5. INVESTMENT IN SUBSIDIARIES

	Company	
	2020	2019
	RM	RM
At cost:-		
Unquoted shares	175,521,958	175,521,958

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

5. INVESTMENT IN SUBSIDIARIES (Cont'd)

Details of the subsidiaries are as follows: -

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest 2020	Effective ownership interest 2019
Bintang-Bintang Development Sdn Bhd	Malaysia	Property investment and development	100%	100%
Bintang-Bintang Enterprise Sdn Bhd	Malaysia	Property development	100%	100%
Clarion Housing Development Sdn Bhd	Malaysia	Property investment	100%	100%
Eversonic Sdn Bhd	Malaysia	Property investment and development	100%	100%
Exportex Sdn Bhd	Malaysia	Property development	100%	100%
Goodpark Development Sdn Bhd	Malaysia	Property development	100%	100%
Harapan Terang Sdn Bhd	Malaysia	Property development	100%	100%
Harapan Terang Properties Sdn Bhd	Malaysia	Property development	100%	100%
Harapan Terang Realty Sdn Bhd	Malaysia	Property development	100%	100%
Khoo Soon Lee Realty Sdn Bhd	Malaysia	Property investment and development	100%	100%
KSL Medini Development Sdn Bhd	Malaysia	Property development	100%	100%
KSL City Management Sdn Bhd	Malaysia	Property management	100%	100%
KSL Perfect Builder Sdn Bhd	Malaysia	Property investment	100%	100%
KSL Properties Construction Sdn Bhd	Malaysia	Dormant	100%	100%

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

5. INVESTMENT IN SUBSIDIARIES (Cont'd)

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest 2020	Effective ownership interest 2019
KSL Properties Sdn Bhd	Malaysia	Property investment, development and hotel operations	100%	100%
KSL Properties Management Sdn Bhd	Malaysia	Car park operations and property management services	100%	100%
Prosper Plus Industry Sdn Bhd	Malaysia	Property development	100%	100%
Sejota Sdn Bhd	Malaysia	Property development	100%	100%
Sering Cemerlang Sdn Bhd	Malaysia	Dormant	100%	100%
Sure Success Properties Sdn Bhd	Malaysia	Property investment and hotel operations	100%	100%
Tai Lik Development (Batu Anam) Sdn Bhd	Malaysia	Property development	100%	100%
Villa Bestari Sdn Bhd	Malaysia	Property investment	100%	100%
VIP Beyond Sdn Bhd	Malaysia	Property development	100%	100%
Held through subsidiary:				
KSL Development Sdn Bhd *	Malaysia	Property investment and development	100%	100%
Gantang Jaya Sdn Bhd **	Malaysia	Property development	100%	100%

* Subsidiary of Harapan Terang Sdn. Bhd.
** Subsidiary of KSL Perfect Builder Sdn. Bhd.

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

6. OTHER INVESTMENT

	Group	
	2020	2019
	RM	RM
At fair value through profit or loss:-		
Quoted shares, in Singapore	1,268,094	1,094,994

7. INVENTORIES

	Group	
	2020	2019
	RM	RM
Non-current		
Land held for property development	1,067,092,946	1,017,844,835
Current		
Property development cost	386,463,740	317,710,073
Completed development units, at cost	487,767,294	478,713,528
Food and beverages and other hotel supplies, at cost	623,077	836,422
	874,854,111	797,260,023
Total inventories	1,941,947,057	1,815,104,858

(i) Land held for property development

	2020	2019
	RM	RM
At 1 January	1,017,844,835	1,012,814,485
Additions	92,409,258	27,492,535
Disposal	(22,542,470)	-
Transfer to property development costs (Note 7(ii))	(20,618,677)	(22,462,185)
At 31 December	1,067,092,946	1,017,844,835

Included in the above are:

Freehold land, at surrogate cost	690,258,123	677,095,360
Leasehold land, at cost	190,381,095	189,281,095
Development costs, at cost	186,453,728	151,468,380
	1,067,092,946	1,017,844,835

Included in the land held for property development is land with carrying amount of RM2,667,792 (2019: RM22,828,020) held under the name of a third party, with power of attorney granted to the Group.

Freehold land of the Group with carrying amount of RM144,816,020 (2019: RM10,408,437) is pledged as security for loans and borrowings as referred to in Note 15.

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

7. INVENTORIES (Cont'd)

(ii) Property development costs

	Group 2020 RM	Group 2019 RM
At 1 January:		
- Freehold land	118,096,869	129,486,855
- Leasehold land	4,700,131	4,700,131
- Development expenditure	332,639,317	386,085,190
- Cumulative costs recognised to profit or loss	(137,726,244)	(101,324,272)
	317,710,073	418,947,904
Cost incurred during the year:		
- Development expenditure	175,974,959	198,434,729
Recognised during the year (Note 18)	(59,723,223)	(137,726,244)
	116,251,736	60,708,485
Transfer from land held for property development (Note 7(i))	20,618,677	22,462,185
Transfer from investment properties (Note 4)	-	15,137,450
Transfer to inventories of completed development units	(68,116,746)	(199,545,951)
	(47,498,069)	(161,946,316)
At 31 December	386,463,740	317,710,073
Freehold land, at cost	125,499,516	118,096,869
Leasehold land, at cost	-	4,700,131
Development costs	375,504,911	332,639,317
Recognised in profit or loss	(114,540,687)	(137,726,244)
	386,463,740	317,710,073

Included in the development costs of the Group are following expenses capitalised during the financial year:

	Group 2020 RM	Group 2019 RM
Rental of machinery	5,281,883	5,098,754

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Trade receivables:-				
Receivables from contracts with customers	77,552,187	142,909,432	-	-
Other receivables:-				
Contract cost	142,571	1,945,010	-	-
Deposit for acquisition of land	1,066,287	-	-	-
Sundry receivables	3,938,577	4,983,587	-	1,472
Sundry deposits	6,609,072	9,012,844	-	-
Prepayments	180,553	10,386,933	-	-
	11,937,060	26,328,374	-	1,472
	89,489,247	169,237,806	-	1,472

Credit terms of trade receivables range from 1 to 3 months (2019: 1 to 3 months).

Contract cost represents cost to obtain a contract which incremental costs as a result of obtaining contracts and they are recoverable. It primarily comprises promotion expenses, sales commission and legal costs. Capitalised contract costs are amortised when the related revenues are recognised for the respective financial years.

	Group	
	2020	2019
Contract costs	RM	RM
At 1 January	1,945,010	2,943,003
Incurred during the year	142,571	1,945,010
Less: Amortised to profit or loss	(1,945,010)	(2,943,003)
At 31 December	142,571	1,945,010

The Group applies the practical expedient in MFRS 15 and recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

9. CONTRACT ASSETS AND CONTRACT LIABILITIES

	Group 2020 RM	Group 2019 RM
Contract assets		
Property development	16,672,346	14,136,544
Contract liabilities		
Property development	7,023,654	7,741,600

The Group issues progress billings to purchasers when the billing milestones are attained. The contract assets primarily relate to the Group's rights to consideration for work completed on property development but not yet billed at the reporting date. The contract liabilities primarily relate to the advance consideration received from a customer for property development, which revenue is recognised when the performance obligation is satisfied over time.

Significant changes to contract assets and contract liabilities balances during the year are as follows:

	Group 2020 RM	Group 2019 RM
Revenue recognised that was included in the contract liability balance at the beginning of the year	7,741,600	14,653,192
Transfer from contract assets recognised at the beginning of the year to trade receivables	14,136,544	13,400,320

The revenue in related to unsatisfied performance obligations at the end of the reporting period are expected to be recognised in the following periods:

	Group 2020 RM	Group 2019 RM
Within 1 year	23,356,120	79,570,278
Between 1 and 4 years	3,676,681	852,295
	27,032,801	80,422,573

10. AMOUNT DUE BY/(TO) SUBSIDIARIES

The amounts due by/(to) subsidiaries are unsecured, bear interest at average of 2.15% (2019: 3.33%) per annum and are repayable on demand.

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

11. CASH AND BANK BALANCES

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Deposits placed with licensed banks	143,480,645	171,189,093	-	-
Short-term investments	72,923,323	71,214,039	30,862,652	30,163,054
Bank balances and cash	67,471,174	124,759,591	253,312	283,694
	283,875,142	367,162,723	31,115,964	30,446,748

(a) Included in bank balances and cash of the Group is amount of RM8,495,560 (2019: RM11,876,521) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

(b) Short-term investments represent investment in highly liquid money market instruments which are readily convertible to known amount of cash and are subject to an insignificant risk of change in value.

(c) The reconciliation of liabilities arising from financing activities are as follows:

	Term loans RM	Revolving credit RM	Total RM
Group			
At 1 January 2019	30,594,320	139,000,000	169,594,320
Cash flows:			
Drawdown	84,965,000	-	84,965,000
Repayment	(6,933,348)	(139,000,000)	(145,933,348)
At 31 December 2019	108,625,972	-	108,625,972
Cash flows:			
Repayment	(8,133,348)	-	(8,133,348)
At 31 December 2020	100,492,624	-	100,492,624

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

12. SHARE CAPITAL

	Group/Company			
	2020		2019	
	Number	RM	Number	RM
Issued and fully paid shares classified as equity instrument:				
Ordinary shares:-				
As at 1 January/31 December	1,037,508,399	699,234,524	1,037,508,399	699,234,524

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In respect of the Company's treasury shares that are held by the Company as referred to in Note 13(b), all rights are suspended until those shares are reissued.

13. RESERVES

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Distributable				
Retained earnings	2,310,243,635	2,373,347,265	583,290,871	390,542,522
Non-distributable				
Treasury shares	(24,776,017)	(24,776,017)	(24,776,017)	(24,776,017)
Revaluation reserve	17,013,146	17,389,722	-	-
	(7,762,871)	(7,386,295)	(24,776,017)	(24,776,017)
	2,302,480,764	2,365,960,970	558,514,854	365,766,505

(a) **Revaluation reserve**

Group	2020 RM	2019 RM
At 1 January	17,389,722	17,397,274
Realised revaluation surplus	(376,576)	(7,552)
At 31 December	17,013,146	17,389,722

Prior to adoption of FRS 140 on 1 January 2006, the revaluation reserve is used to record increase in fair value of investment properties and land held for property development and decreases to the extent that such decrease relates to an increase on the same asset in this reserve.

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

13. RESERVES (Cont'd)

(b) Treasury shares

The shareholders of the Company, by an ordinary resolution passed in the Annual General Meeting held on 30 July 2020, renewed their approval for the Company's plan to repurchase its own shares. The directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

The Company did not repurchase any of its issued ordinary shares from the open market during the financial year.

Treasury shares have no rights in voting, dividends and participation in any other distribution. Treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including substantial shareholding, take-overs, notices, the requisition of meeting, the quorum for a meeting and the result of a vote on a resolution at a meeting.

At 31 December 2020, the Company held 20,292,400 (2019: 20,292,400) of the Company's shares. The number of outstanding ordinary shares in issue after deducting treasury shares is therefore 1,017,215,999 (2019: 1,017,215,999) ordinary shares.

14. TRADE AND OTHER PAYABLES

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Non-current				
Retention sums	51,457	51,457	-	-
Deposits payable	22,968,909	26,147,401	-	-
	23,020,366	26,198,858	-	-
Current				
Trade payables	46,061,905	43,312,499	-	-
Other payables: -				
Sundry payables	14,070,356	20,319,498	2,880	24,652
Deposits payable	5,322,345	5,309,680	-	-
Accrued construction costs	41,090,036	56,392,961	-	-
Accruals	10,451,778	15,046,999	164,475	162,674
Total other payables	70,934,515	97,069,138	167,355	187,326
	116,996,420	140,381,637	167,355	187,326
	140,016,786	166,580,495	167,355	187,326

Credit terms of trade payable range from 1 to 3 months (2019: 1 to 3 months).

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

15. LOANS AND BORROWINGS

	Group	
	2020	2019
	RM	RM
Non-current		
Secured		
- Term loans	12,338,017	6,933,348
	12,338,017	6,933,348
Current		
Secured		
- Term loans	88,154,607	101,692,624
	88,154,607	101,692,624
	100,492,624	108,625,972

The loans and borrowings are secured by means of: -

(a) fixed charge over the investment properties of the Group as referred to in Note 4;
(b) fixed charge over the land held for property development of the Group as referred to in Note 7(i);
(c) corporate guarantee by the Company.

16. DEFERRED TAX LIABILITIES

	Group	
	2020	2019
	RM	RM
Movement in temporary differences during the year		
At 1 January	(72,145,065)	(69,544,665)
Recognised in profit or loss (Note 22)	16,801,994	(2,600,400)
At 31 December	(55,343,071)	(72,145,065)
Represented by:		
Deferred tax liabilities	(55,343,071)	(72,145,065)
	(55,343,071)	(72,145,065)

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

16. DEFERRED TAX LIABILITIES (Cont'd)

The components of deferred tax liabilities as at the end of the financial year, prior to offsetting are as follows: -

	Fair value adjustment RM	Unrealised revaluation surplus RM	Accelerated capital allowances and others RM	Total RM
Group				
Deferred tax liabilities				
2020				
At 1 January	(57,610,677)	(8,807,295)	(5,727,093)	(72,145,065)
Recognised in profit or loss	15,804,400	56,594	941,000	16,801,994
At 31 December	(41,806,277)	(8,750,701)	(4,786,093)	(55,343,071)
2019				
At 1 January	(55,012,877)	(8,809,695)	(5,722,093)	(69,544,665)
Recognised in profit or loss	(2,597,800)	2,400	(5,000)	(2,600,400)
At 31 December	(57,610,677)	(8,807,295)	(5,727,093)	(72,145,065)

17. REVENUE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Revenue from contract with customers	292,851,821	616,259,364	861,100	1,033,000
Other revenue:-				
Rental income	47,822,262	95,975,507	-	-
Dividend income	-	-	177,400,000	91,900,000
	47,822,262	95,975,507	177,400,000	91,900,000
	340,674,083	712,234,871	178,261,100	92,933,000

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

17. REVENUE (Cont'd)

Disaggregation of the revenue from contract with customers:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Major goods and services				
Sale of development properties	139,100,956	322,906,046	-	-
Sale of completed development units	99,223,969	209,897,193	-	-
Hotel and food and beverage	27,163,074	76,078,974	-	-
Car park income	1,320,318	4,906,885	-	-
Sale of land	25,066,616	-	-	-
Other trade sales	976,888	2,470,266	-	-
Management fees from subsidiaries	-	-	861,100	1,033,000
	292,851,821	616,259,364	861,100	1,033,000
Timing of revenue recognised				
At a point in time	153,750,865	293,353,318	-	-
Over time	139,100,956	322,906,046	861,100	1,033,000
	292,851,821	616,259,364	861,100	1,033,000

18. COST OF SALES

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Property development costs (Note 7(ii))	59,723,223	137,726,244	-	-
Cost of inventories sold	57,388,933	103,833,322	-	-
Cost of land	22,542,470	-	-	-
Post construction cost	4,744	3,463,882	-	-
Cost of running hotel and food and beverage	8,576,441	20,972,554	-	-
Cost of running investment properties	10,964,975	13,887,322	-	-
Cost of car park	52,810	70,045	-	-
Other trade cost	642,170	1,014,396	-	-
	159,895,766	280,967,765	-	-

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

19. OTHER INCOME

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Interest income of financial assets at amortised cost	7,793,209	10,303,994	22,994,765	29,836,383
Rental income	5,632,189	5,220,224	-	-
Sundry income	3,976,770	3,046,917	-	-
Forfeiture income	837,469	789,598	-	-
Dividend income from other investment	19,797	-	-	-
Gain on disposal of property, plant and equipment	-	13,339	-	-
Fair value adjustment of investment property	-	27,052,629	-	-
Realised gain on foreign exchange	-	30,346	-	-
Government grant	275,400	-	-	-
	18,534,834	46,457,047	22,994,765	29,836,383

20. FINANCE COSTS

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Interest expense of financial liabilities that are not at fair value through profit or loss:				
Revolving credit interest	-	3,370,451	-	-
Term loans interest	4,236,387	3,700,560	-	-
Inter-company loan interest	-	-	2,812,179	3,788,342
	4,236,387	7,071,011	2,812,179	3,788,342
Bank charges	408,871	957,153	2,507	2,475
	4,645,258	8,028,164	2,814,686	3,790,817

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

21. PROFIT BEFORE TAX

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit before tax are stated after charging/(crediting): -				
Auditors' remuneration:				
Statutory				
- current year	224,000	228,730	20,000	20,000
- prior year	-	7,080	-	-
Non-statutory	9,200	13,403	3,000	7,963
Depreciation of property, plant and equipment	11,179,679	11,485,080	-	-
Fair value adjustment of investment property	142,778,711	-	-	-
Non-executive directors' remuneration:				
- fees	90,000	90,000	90,000	90,000
- other emoluments	15,000	13,000	15,000	13,000
Executive directors' remuneration:				
Other emoluments				
- directors of the Company	16,590,003	30,012,639	667,094	831,459
- directors of subsidiaries	6,428,773	15,239,375	-	-
Loss on disposal of property, plant and equipment	14,000	90,000	-	-
Loss on fair value of equity investment	67,708	41,045	-	-
Property, plant and equipment written off	109,317	203,322	-	-
Rental of equipment	2,830	-	-	-
Rental of premises	174,600	189,600	-	-
Staff costs (excludes directors' remuneration):				
- wages, salaries and others	21,158,218	30,494,468	-	-
- contribution to state plans	1,995,787	2,684,751	-	-
- retrenchment costs	479,709	-	-	-
- other personnel costs	1,118,123	3,066,722	-	-

The details of executive directors' remuneration of the Company during the year are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other emoluments:				
- salary and bonus	13,969,000	25,243,000	580,000	721,000
- contribution to state plans	2,619,260	4,766,700	85,350	107,520
- other personnel costs	1,743	2,939	1,744	2,939
	16,590,003	30,012,639	667,094	831,459

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

22. INCOME TAX EXPENSE

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Recognised in profit or loss: -				
Current tax expense: -				
Malaysian				
- current year	28,727,150	72,503,327	4,685,000	6,221,000
- prior years	(150,967)	(1,304,169)	(2,109)	13,035
	28,576,183	71,199,158	4,682,891	6,234,035
Deferred tax expense: -				
Relating to origination and reversal of temporary differences (Note 16)	(16,801,994)	2,600,400	-	-
	(16,801,994)	2,600,400	-	-
Total income tax expense	11,774,189	73,799,558	4,682,891	6,234,035
Reconciliation of tax expense: -				
(Loss)/Profit before tax	(51,706,017)	323,706,693	197,431,240	117,828,900
Income tax calculated using Malaysian tax rate of 24%	(12,409,444)	77,689,608	47,383,498	28,278,936
Income not subject to tax	(150,154)	(39,000)	(42,744,000)	(22,095,000)
Non-deductible expenses	7,013,451	6,334,219	45,502	37,064
Effect of lower tax rate	16,462,723	(6,081,100)	-	-
Deferred tax asset not recognised during the year	1,416,326	-	-	-
Tax savings arising from Investment Tax Allowance	-	(2,800,000)	-	-
Utilisation of previously unrecognised unabsorbed capital allowances	(407,746)	-	-	-
(Over)/Underprovided in prior years	(150,967)	(1,304,169)	(2,109)	13,035
Tax expense for the year	11,774,189	73,799,558	4,682,891	6,234,035

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

22. INCOME TAX EXPENSE (Cont'd)

Unrecognised deferred tax assets
Deferred tax assets have not been recognised in respect of the following items:

	2020 RM	2019 RM
Unabsorbed capital allowances	6,804,000	7,638,000
Unutilised tax losses	15,401,400	9,278,000

Potential deferred tax assets are not recognised in the financial statements because it is not probable that sufficient taxable profit will be available in the future to offset the tax losses. The unutilised tax losses can be carried forward for 7 consecutive years of assessment and the unabsorbed capital allowances do not expire under current tax legislation.

23. (LOSS)/EARNINGS PER ORDINARY SHARE

Basic (loss)/earnings per ordinary share

The calculation of basic earnings per ordinary share at the end of reporting period was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding excluding treasury shares held by the Company, calculated as follows:

	Group	
	2020	**2019**
(Loss)/Profit attributable to ordinary shareholders (RM)	(63,480,206)	249,907,135
Weighted average number of ordinary shares at 31 December	1,017,215,999	1,017,215,999
Basic (loss)/earnings per ordinary share (sen)	(6.24)	24.57

Diluted (loss)/earnings per ordinary share

There are no dilutive potential ordinary shares.

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

24. OPERATING SEGMENTS

The Group has four reportable segments, as described below, which are offer different products and services. For each of the business segments, the Group Managing Director reviews the internal management reports on monthly basis. The following summary describes the operations in each of the Group's reportable segments:

(i)	*Property development*	- The development of residential and commercial properties;
(ii)	*Property investment*	- Investment of real properties, mall and hotel operator;
(iii)	*Investment holding*	- Provision of management services to the subsidiaries; and
(iv)	*Car park operation*	- Car park management services

Other non-reportable segments comprise operations mainly related to sales of construction materials. None of these segments met the quantitative thresholds for reporting segments in 2020 and 2019.

Performance is measured based on revenue and operating profit as the management believes that such information is the most relevant in evaluating the results of the operation.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed upon.

Segment assets
The total of segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group Managing Director. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities
Segment liabilities information is also included in the internal management reports provided to the Group Managing Director.

Segment capital expenditure
Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment and investment properties.

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

24. OPERATING SEGMENTS (Cont'd)

Group	Property development RM	Property investment RM	Carpark operation RM	Investment holding RM	Others RM	Elimination RM	Total RM
2020							
Revenue							
External sales							
- Sales of properties	263,391,541	-	-	-	-	-	263,391,541
- Rental income	-	47,954,862	-	-	-	(132,600)	47,822,262
- Hotel, food and beverage	-	27,163,074	-	-	-	-	27,163,074
- Carpark income	-	-	1,320,318	-	-	-	1,320,318
- Other trade sales	976,888	-	-	-	-	-	976,888
Inter-segment	-	-	-	178,261,100	-	(178,261,100)	-
	264,368,429	75,117,936	1,320,318	178,261,100	-	(178,393,700)	340,674,083
Other income							
- Rental income	5,745,692	104,561	-	-	-	(218,064)	5,632,189
- Others	10,726,127	1,432,791	29,241	704,868	9,618	-	12,902,645
Inter-segment	2,482,844	289,175	40,160	22,289,896	-	(25,102,075)	-
	18,954,663	1,826,527	69,401	22,994,764	9,618	(25,320,139)	18,534,834
Results							
Segment results	25,980,936	(71,156,173)	844,653	200,245,926	(474,026)	(202,502,075)	(47,060,759)
Finance cost							(4,645,258)
Income tax							(11,774,189)
Net loss for the year							(63,480,206)

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

24. OPERATING SEGMENTS (Cont'd)

Group	Property development RM	Property investment RM	Carpark operation RM	Investment holding RM	Others RM	Elimination RM	Total RM
Other information							
Segment assets	2,371,223,660	926,886,444	1,771,693	1,274,207,040	1,816,181	(1,271,313,595)	3,304,591,423
Consolidated total assets							3,304,591,423
Segment liabilities	1,319,664,102	50,424,063	253,036	16,457,662	2,012,833	(1,085,935,561)	302,876,135
Consolidated total liabilities							302,876,135
Capital expenditure	564,100	133,830	-	-	-	-	697,930
Depreciation of property, plant and equipment	1,659,678	9,400,028	119,973	-	-	-	11,179,679
2019							
Revenue							
External sales							
- Sales of properties	532,803,239	-	-	-	-	-	532,803,239
- Rental income	-	96,095,507	-	-	-	(120,000)	95,975,507
- Hotel, food and beverage	-	76,078,974	-	-	-	-	76,078,974
- Carpark income	-	-	4,906,885	-	-	-	4,906,885
- Other trade sales	-	-	-	-	2,470,266	-	2,470,266
Inter-segment	-	-	-	92,933,000	-	(92,933,000)	-
	532,803,239	172,174,481	4,906,885	92,933,000	2,470,266	(93,053,000)	712,234,871

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

24. OPERATING SEGMENTS (Cont'd)

Group	Property development RM	Property investment RM	Carpark operation RM	Investment holding RM	Others RM	Elimination RM	Total RM
Other income							
- Fair value adjustment	-	39,756,534	-	-	-	(12,703,905)	27,052,629
- Rental income	5,376,990	30,286	-	-	-	(187,052)	5,220,224
- Others	12,706,281	1,250,388	53,569	168,476	5,480	-	14,184,194
Inter-segment	3,712,823	2,612	72,907	29,667,907	-	(33,456,249)	-
	21,796,094	41,039,820	126,476	29,836,383	5,480	(46,347,206)	46,457,047
Results							
Segment results	213,889,378	115,856,690	4,306,879	121,619,718	1,418,441	(125,356,249)	331,734,857
Finance cost							(8,028,164)
Income tax							(73,799,558)
Net profit for the year							249,907,135
Other information							
Segment assets	2,516,741,689	1,038,840,262	3,743,272	1,211,000,698	1,514,663	(1,332,540,696)	3,439,299,888
Consolidated total assets							3,439,299,888
Segment liabilities	1,317,535,763	60,542,481	377,254	145,999,669	1,655,709	(1,152,006,482)	374,104,394
Consolidated total liabilities							374,104,394
Capital expenditure	1,710,805	1,713,770	203	-	-	-	3,424,778
Depreciation of property, plant and equipment	1,877,931	9,472,192	134,957	-	-	-	11,485,080

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

25. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(i) Financial assets measured at amortised cost ('FAAC')
(ii) Financial liabilities measured at amortised cost ('FLAC')
(iii) Financial assets measured at fair value through profit or loss ('FVTPL')

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Financial assets					
FAAC					
Trade and other receivables, exclude prepayments and contract cost	8	89,166,123	156,905,863	-	1,472
Amount due by subsidiaries	10	-	-	1,067,569,117	1,005,030,518
Cash and bank balances, exclude short-term investments	11	210,951,819	295,948,684	253,312	283,694
		300,117,942	452,854,547	1,067,822,429	1,005,315,684
FVTPL					
Other investment	6	1,268,094	1,094,994	-	-
Cash and bank balances - Short-term investments	11	72,923,323	71,214,039	30,862,652	30,163,054
		374,309,359	525,163,580	1,098,685,081	1,035,478,738
Financial liabilities					
FLAC					
Trade and other payables	14	(140,016,786)	(166,580,495)	(167,355)	(187,326)
Amount due to subsidiaries	10	-	-	(14,636,270)	(143,685,223)
Loans and borrowings	15	(100,492,624)	(108,625,972)	-	-
		(240,509,410)	(275,206,467)	(14,803,625)	(143,872,549)

25. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk

(c) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

(i) Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk
Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

Exposure to credit risk, credit quality and collateral
As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statement of financial position.

The Group does not require collateral in respect of trade receivables and contract assets. The Group does not have trade receivable and contract asset for which no loss allowance is recognised because of collateral.

Concentration of credit risk
The exposure to credit risk for trade receivables (Note 8) and contract assets (Note 9) by operating segments was as follows:

	2020 RM	2019 RM
Operating segments		
Property development	83,503,875	142,364,836
Property investment	10,652,635	14,600,107
Others	68,023	81,033
	94,224,533	157,045,976

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

(c) Credit risk (Cont'd)

(i) Trade receivables and contract assets (Cont'd)

Impairment losses

(i) Credit risk arising from property development
The Group does not have any significant credit risk as its services and products are predominantly rendered and sold to a large number of customers using financing from reputable end-financiers. Credit risks with respect to trade receivables are limited as the ownership and rights to the properties revert to the Group in the event of default.

(ii) Credit risk arising from property investment
Credit risk arising from outstanding receivables from tenants is minimised by closely monitoring the limit granted to the tenants and their credit worthiness. In addition, the tenants have placed security deposits with the Group which act as collateral.

As at 31 December 2020, the carrying amount of the security deposits is approximately RM22,968,909 (2019: RM25,739,000).

The Group does not have any significant exposure to any individual or counterparty nor does it has any major concentration of credit risk related to any financial instruments.

	Property development	Property investment	Others	Total
	RM	RM	RM	RM
2020				
Current (Not past due)	36,881,117	1,720,513	38,802	38,640,431
Past due 1 to 30 days	14,955,602	6,700,656	23,621	21,679,879
Past due 31 to 60 days	5,888,146	934,300	3,294	6,825,740
Past due 61 to 90 days	8,264,368	298,656	2,306	8,565,329
Past due 91 to 120 days	2,766,862	3,800	-	2,770,662
Past due more than 121 days	14,747,781	994,711	-	15,742,492
	83,503,875	10,652,635	68,023	94,224,533
Trade receivables	66,831,529	10,652,635	68,023	77,552,187
Contract assets	16,672,346	-	-	16,672,346
	83,503,875	10,652,635	68,023	94,224,533
2019				
Current (Not past due)	49,726,689	4,160,249	42,896	53,929,834
Past due 1 to 30 days	28,388,441	2,347,469	24,693	30,760,603
Past due 31 to 60 days	22,748,360	7,225,114	824	29,974,298
Past due 61 to 90 days	18,449,068	867,275	7,546	19,323,889
Past due 91 to 120 days	15,222,594	-	2,769	15,225,363
Past due more than 121 days	7,829,684	-	2,305	7,831,989
	142,364,836	14,600,107	81,033	157,045,976
Trade receivables	128,228,292	14,600,107	81,033	142,909,432
Contract assets	14,136,544	-	-	14,136,544
	142,364,836	14,600,107	81,033	157,045,976

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

(c) Credit risk (Cont'd)

(i) Trade receivables and contract assets (Cont'd)

Impairment losses (Cont'd)

No allowance is made for impairment for trade receivables that are neither past due nor credit impaired and contract assets based on the Group's historical credit loss experience and forecast of economic conditions.

The Group's trade receivables that are past due but not credit impaired relate to customers for which there is low probability that the receivables are not fully recoverable.

(ii) Cash and bank balances

The cash and bank balances are mainly held with bank and financial institution counterparties, which have financial strength and are reputable with high credit rating and no history of default. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment on cash and bank balances has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group and the Company consider that their cash and bank balances have low credit risk based on the creditworthiness of the counterparties.

(iii) Other receivables

Credit risk on other receivables are mainly arising from sundry debtors and deposits receivables. The Group monitors the repayment on an individual and 12-month expected loss basis.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, the Group did not recognise any allowance for impairment losses.

(iv) Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to service their loan on an individual basis by using internal information available.

The maximum exposure to credit risk is the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(v) Inter-company loans and advances

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Generally, the Company consider amounts due from fellow subsidiaries as low credit risk. As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable.

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

(d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company actively manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments.

Group **2020**	**Note**	**Carrying amount** **RM**	**Contractual interest rate**	**Contractual cash flows** **RM**	**Under 1 year** **RM**	**1-5 years** **RM**	**Over 5 years** **RM**
Non-derivative financial liabilities							
Trade and other payables	14	140,016,786	-	140,016,786	116,996,420	23,020,366	-
Term loans	15	100,492,624	3.48% - 3.73%	114,284,399	15,243,800	90,486,076	8,554,523
		240,509,410		254,301,185	132,240,220	113,506,442	8,554,523
2019							
Non-derivative financial liabilities							
Trade and other payables	14	166,580,495	-	166,580,495	140,381,637	26,198,858	-
Term loans	15	108,625,972	4.35% - 4.77%	120,574,449	6,933,348	83,883,870	29,757,231
		275,206,467		287,154,944	147,314,985	110,082,728	29,757,231

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

(d) Liquidity risk (Cont'd)

Company 2020	Note	Carrying amount RM	Contractual interest rate	Contractual cash flows RM	Under 1 year RM	1-5 years RM	Over 5 years RM
Non-derivative financial liabilities							
Other payables	14	167,355	-	167,355	167,355	-	-
Amount due to subsidiaries	10	14,636,270	2.15%	14,636,270	14,636,270	-	-
		14,803,625		14,803,625	14,803,625	-	-
2019							
Non-derivative financial liabilities							
Other payables	14	187,326	-	187,326	187,326	-	-
Amount due to subsidiaries	10	143,685,223	3.14%	143,685,223	143,685,223	-	-
		143,872,549		143,872,549	143,872,549	-	-

(e) Market risk

Market risk is the risk that changes in market prices, such as interest rates that will affect the Company's financial position or cash flows.

Interest rate risk
The Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk
The Company managed interest rate risk through effective use of its floating and fixed rate debts.

Exposure to interest rate risk
The interest rate profile of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Fixed rate instruments					
Financial assets	11	143,480,645	171,189,093	-	-
Floating rate instruments					
Financial assets		72,923,323	71,214,039	1,098,431,769	1,035,193,572
Financial liabilities	15	(100,492,624)	(108,625,972)	(14,636,270)	(143,685,223)
		(27,569,301)	(37,411,933)	1,083,795,499	891,508,349

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

(e) Market risk (cont'd)

Interest rate risk sensitivity analysis

- *Fair value sensitivity analysis for fixed rate instruments*
  The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

- *Cash flow sensitivity analysis for variable rate instruments*
  A change of 100 basis points ("bp") in interest rates during the reporting period would have increased/(decreased) Group's pre-tax profit or loss by approximately RM276,000 (2019: RM374,000).

(f) Fair value of financial instruments

The carrying amounts of cash and bank balances, short-term receivables and payables, amount due by/(to) subsidiaries and short-term borrowings approximate fair values due to the relatively short-term nature of these financial instruments.

The determination of fair value of other investment is categorised as Level 1, based on quoted prices in active markets.

The carrying amount of the current portion of loans and borrowings are reasonable approximate of fair value due to the insignificant impact of discounting.

The carrying amount of the non-current portion of term loans that carry floating interest rates approximate their fair value as they are re-priced to market interest rates on or near the reporting date.

26. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2020.

The Group monitors capital using a debt-to-capital ratio, which is net debt divided by total capital plus net debt. Net debt comprises borrowings and trade and other payables, less cash and bank balances whereas total capital comprises the equity attributable to equity holders of the Company.

26. CAPITAL MANAGEMENT (Cont'd)

The gearing ratios were as follows:

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Trade and other payables	14	140,016,786	166,580,495	167,355	187,326
Amount due to subsidiaries	10	-	-	14,636,270	143,685,223
Loans and borrowings	15	100,492,624	108,625,972	-	-
Less: Cash and bank balances	11	(283,875,142)	(367,162,723)	(31,115,964)	(30,446,748)
Net debt		(43,365,732)	(91,956,256)	(16,312,339)	113,425,801
Total capital		3,001,715,288	3,065,195,494	1,257,749,378	1,065,001,029
Capital and net debt		2,958,349,556	2,973,239,238	1,241,437,039	1,178,426,830
Debt-to-capital ratio		N/A	N/A	N/A	9.63%

N/A = not applicable

The Group is not subject to any externally imposed capital requirements.

27. COMMITMENTS

(i) Capital commitments

This represents the balance of the contracted purchase price of land.

	Group	
	2020	2019
	RM	RM
Capital expenditure		
Contracted but not provided for:		
Freehold land	9,564,956	4,730,624

(ii) Operating lease arrangements (as lessor)

The Group has entered into non-cancellable operating leases agreements on its investment property. The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the reporting date but not recognised as receivables, are as follows:

	Group	
	2020	2019
	RM	RM
Not later than 1 year	24,987,902	3,456,875
Later than 1 year but not later than 5 years	13,650,056	28,436,698
	38,637,958	31,893,573

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

28. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the directors of the Group.

The Group has related party relationship with its subsidiaries, significant investors, directors and key management personnel.

Significant related party transactions

The significant related party transactions of the Group and the Company are shown below:

Group		**2020 RM**	**2019 RM**
A. Companies in which certain directors have interest			
Rental income from:			
- Harapan Terang Motor Sdn. Bhd.	(a)	20,400	20,400
- Bestari Bestmart Sdn. Bhd.	(b)	3,322,400	1,976,400
Rental expense to:			
- Bintang-Bintang Sdn. Bhd.	(c)	200,000	200,000
B. Key management personnel			
Directors			
- Fee		90,000	90,000
- Other emoluments		19,646,754	38,637,334
- Contribution to state plans		3,387,022	6,627,680
		23,123,776	45,355,014

Company	**2020 RM**	**2019 RM**
A. Subsidiary companies		
Management fees income	861,100	1,033,000
Loan interest income	22,289,896	29,667,907
Loan interest expense	2,812,179	3,788,342
Dividend income	177,400,000	91,900,000
B. Key management personnel		
Directors		
- Fee	90,000	90,000
- Other emoluments	596,744	736,939
- Contribution to state plans	85,350	107,520
	772,094	934,459

NOTE TO THE FINANCIAL STATEMENTS (Cont'd)

28. RELATED PARTIES (Cont'd)

Significant related party transactions (Cont'd)

Note:

(a) In which Ku Tien Sek has interest.
(b) In which Ku Hwa Seng has interest.
(c) In which Khoo Cheng Hai @ Ku Cheng Hai, Ku Hwa Seng, Ku Tien Sek and directors of certain subsidiary companies, Ku Wa Chong, Ku Keng Leong, Ku Ek Mei, Ku Keng Yaw have interest.

Significant related party balances related to the above transactions are disclosed in respective notes to the financial statements.

29. SIGNIFICANT EVENT DURING AND SUBSEQUENT TO THE FINANCIAL YEAR END

Coronavirus disease ("COVID-19") pandemic

The outbreak of COVID-19 has evolved into a global pandemic, adversely affecting economies worldwide due to the imposition of travel restrictions, constraints on the people's movement and the suspension of many business operations to curb the spread of COVID-19 virus.

In compliance with the Movement Control Order ("MCO") imposed by the Government of Malaysia ("Government") effective from 18 March 2020, all operation activities within the Group are maintained at a very minimal scale and had faced a downturn in revenue. When the number of daily new infections began to fall, the MCO was lifted on 12 May 2020 and was replaced with less restrictive forms of MCO. On 13 January 2021, following the start of a second wave of infections in Malaysia, the Government re-imposed the MCO in most states across Malaysia.

The Group and the Company have performed assessments on the overall impact of the situation on the Group's and the Company's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that the financial performance for the financial year ending 31 December 2021 is expected to remain challenging. Nevertheless, the Group holds sufficient capital and will continue to prudently manage risks to ensure that it remains resilient through this period of uncertainty.

KSL HOLDINGS BERHAD

Townships

High rise residences

Ksl city shopping mall

Ksl hotel & resorts