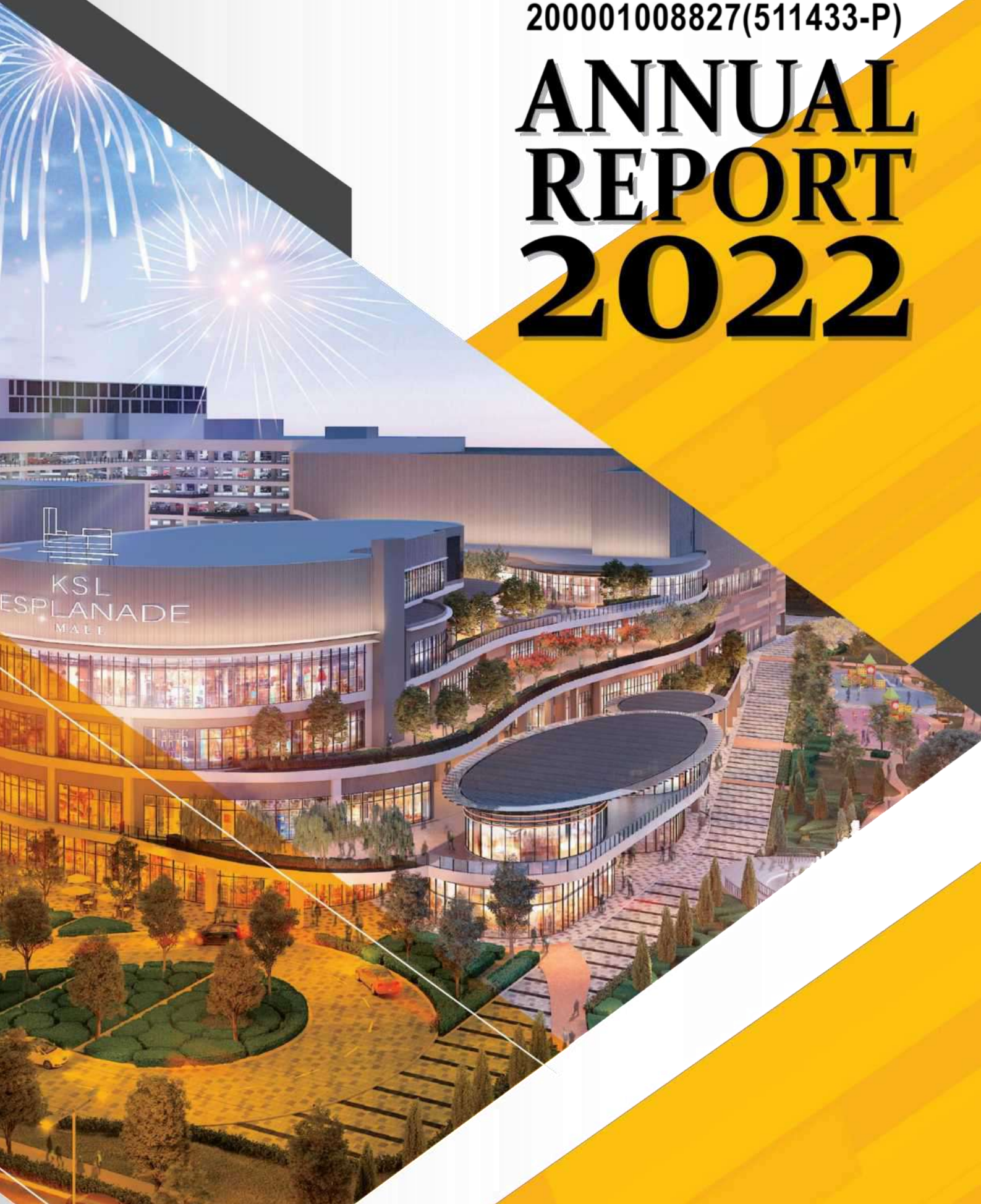




KSL HOLDINGS BERHAD
200001008827(511433-P)

ANNUAL REPORT 2022



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Ku Hwa Seng (Executive Chairman)
Khoo Cheng Hai @ Ku Cheng Hai (Group Managing Director)
Ku Tien Sek (Executive Director)
Pang Ah Kow (Independent Non-Executive Director)
Tan Swee Geok (Independent Non-Executive Director)
Wong Lee Lee (Independent Non-Executive Director)

AUDIT COMMITTEE

Pang Ah Kow (Chairperson)
Tan Swee Geok (Member)
Wong Lee Lee (Member)

REMUNERATION COMMITTEE

Wong Lee Lee (Chairperson)
Tan Swee Geok (Member)
Pang Ah Kow (Member)

NOMINATION COMMITTEE

Tan Swee Geok (Chairperson)
Wong Lee Lee (Member)
Pang Ah Kow (Member)

COMPANY SECRETARIES

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

Ng Chui Yen
SSM PC No. 202208000325 (MIA 23826)

RISK MANAGEMENT COMMITTEE

Pang Ah Kow (Chairperson)
Tan Swee Geok (Member)
Wong Lee Lee (Member)
Khoo Cheng Hai @ Ku Cheng Hai (Member)

CORPORATE INFORMATION (Cont'd)

AUDITORS

UHY (AF1411)
Suite 11.05, Level 11, The Gardens South Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur, Malaysia
Tel: 03-2279 3088 / Fax: 03-2279 3099
Website: <https://www.uhy.com.my>

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: <http://www.boardroomlimited.com>

REGISTERED OFFICE

Wisma KSL, 148, Batu 1 ½, Jalan Buloh Kasap,
85000 Segamat, Johor Darul Takzim.
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 (Malaysia) Berhad
RHB Bank Berhad
AmBank (M) Berhad

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

STOCK EXCHANGE LISTING

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



- 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 PROPERTIES SDN. BHD.
- 100% HARAPAN TERANG REALTY SDN. BHD.
- 100% HARAPAN TERANG SDN. BHD. — 100% KSL DEVELOPMENT SDN. BHD.
- 100% KHOO SOON LEE REALTY SDN. BHD.
- 100% KSL CITY MANAGEMENT SDN. BHD.
- 100% KSL MEDINI DEVELOPMENT SDN. BHD.
- 100% KSL PERFECT BUILDER SDN. BHD – 100% GANTANG JAYA SDN. BHD.
- 100% KSL PROPERTIES CONSTRUCTION SDN. BHD.
- 100% KSL PROPERTIES MANAGEMENT SDN. BHD.
- 100% KSL PROPERTIES SDN. BHD.
- 100% OMEGA PRESTASI SDN BHD.
- 100% PINGAT PELITA SDN BHD.
- 100% PROSPER PLUS INDUSTRIES 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-THIRD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Third 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, 25 May 2023 at 11.00 a.m. for the following purposes:-

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 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 2023 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-elect the following Directors who are retiring in accordance with Article 99 of the Company's Constitution:-
 - (a) Mr. PANG AH KOW **Resolution 4**
 - (b) Ms. TAN SWEE GEOK **Resolution 5**
 - (c) Ms. WONG LEE LEE **Resolution 6**
5. To re-appoint Messrs. UHY (AF1411), the retiring Auditors of the Company and to authorise the Board of Directors to fix their remuneration. **Resolution 7**

SPECIAL BUSINESS

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

6. **AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** **Resolution 8**

“**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-THIRD ANNUAL GENERAL MEETING (Cont'd)

7. **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 **PROVIDED 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 Secretaries 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.”

8. 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)

NG CHUI YEN (SSM PC No. 202208000325) (MIA 23826)

Company Secretaries

Johor Bahru

27 April 2023

Notes: -

A. Live Streaming Meeting

- (i) *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 23rd 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 23rd AGM.*

B. Appointment of Proxy

- (i) *Members whose names appear in the Record of Depositors as at 9 May 2023 shall be eligible to attend, speak and vote at the 23rd 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 23rd AGM.*
- (vi) *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.*

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

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.

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 23rd 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 2023 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 2022 be maintained as the previous FY subject to the performance of the Company and the current economy. The remuneration policy for Non-Executive Directors fees is clarified in page 45 of the Corporate Governance Report.

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 (6), 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 23rd 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 re-election at the relevant Board meeting.

Re-election of Directors who retire in accordance with Article 99 of the Company's Constitution (Resolutions 4, 5 and 6)

Article 99 of the Company's Constitution provides that the Directors appointed to fill casual vacancy shall hold office only until the next AGM of the Company and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting. Mr. PANG AH KOW, Ms. TAN SWEE GEOK and Ms. WONG LEE LEE are appointed as Independent Non-Executive Directors of the Company on 1 December 2022, hence they shall hold office only until this AGM and shall be eligible for re-election.

Re-appointment of Auditors (Resolution 7)

Pursuant to Section 273(b) of the Act, the term of office of the present Auditors, Messrs. UHY, shall lapse at the conclusion of this AGM unless they are re-appointed by the shareholders to continue in office. Messrs. UHY have indicated their willingness to continue their service. The re-appointment of Messrs. UHY as Auditors has been considered against the relevant criteria prescribed by Paragraph 15.21 of the MMLR. This proposed Resolution 7, if passed, will also give the Directors of the Company, the authority to determine the remuneration of the Auditors.

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

Authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 (Resolution 8)

The proposed Resolution 8 above, if passed, will empower the Directors of the Company, from the date of the 23rd 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 22nd 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 22nd Annual General Meeting as there was no need for any fund raising activity for the purpose of investment, acquisition or working capital.

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 9 May 2023. Only a depositor whose name appears on the Record of Depositors as at 9 May 2023 shall be entitled to attend this meeting or appoint proxy/proxies to attend, speak, participate and/or vote in his stead. The AGM registration process will be opened on 12 May 2023 as per the Administrative Guide.

KSL HOLDINGS BERHAD

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

Administrative Guide for General Meeting (“the Meeting”)

Meeting Day and Date : Thursday, 25 May 2023
Time : 11.00 a.m.
Broadcast Venue : L1-95, KSL City, 33, Jalan Seladang, Taman Abad, 80250 Johor Bahru
Meeting Platform : www.vpoll.com.my (Domain Registration No. D1A457149)

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 **9 May 2023** 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 **23 May 2023 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.vpoll.com.my 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”)

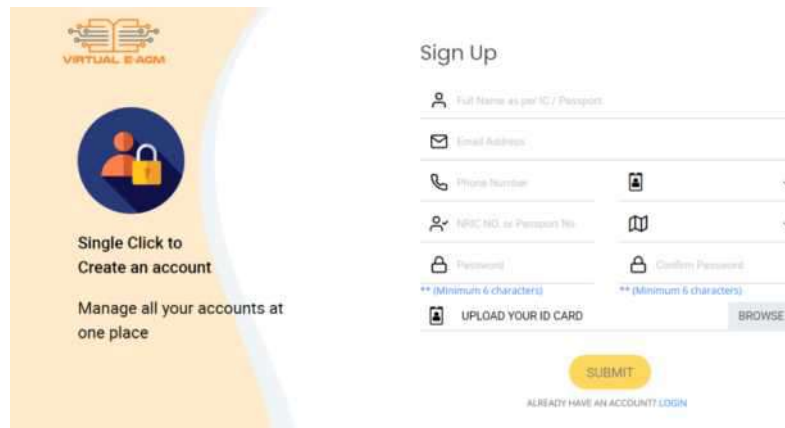
- 6.1 Please note that all shareholders including (i) individual shareholders; (ii) corporate shareholders; (iii) authorised nominees; and (iv) exempt authorised nominees, and proxies shall use the RPV facilities to participate and/or vote remotely at the meeting [(ii) to (iv) through their authorised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

Appendix I

SMARTUAL E-PORTAL USER GUIDE

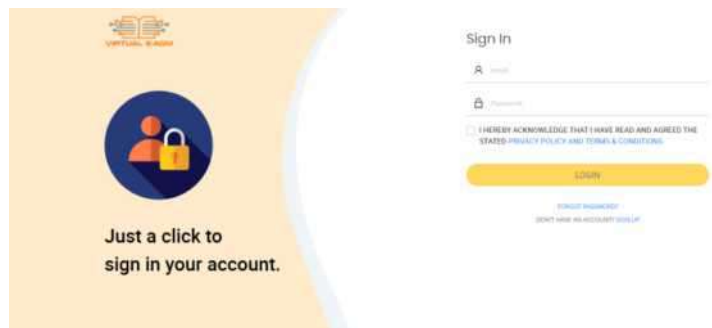
STEP 1: Please go to url www.vpoll.com.my to go to the Login Page as shown below to

a. Sign up



The 'Sign Up' interface consists of a banner on the left and a registration form on the right. The banner, titled 'VIRTUAL SIGN', features a circular icon with a person and a padlock, and the text: 'Single Click to Create an account' and 'Manage all your accounts at one place'. The registration form, titled 'Sign Up', includes the following fields: 'Full Name as per IC / Passport', 'Email Address', 'Phone Number', 'NRIC NO. or Passport No.', 'Password', and 'Confirm Password'. There are also checkboxes for 'I HEREBY ACKNOWLEDGE THAT I HAVE READ AND AGREE THE STATED PRIVACY POLICY AND TERMS & CONDITIONS' and a 'BROWSE' button for 'UPLOAD YOUR ID CARD'. A 'SUBMIT' button is at the bottom, and a link 'ALREADY HAVE AN ACCOUNT? LOGIN' is at the bottom right.

b. Log in



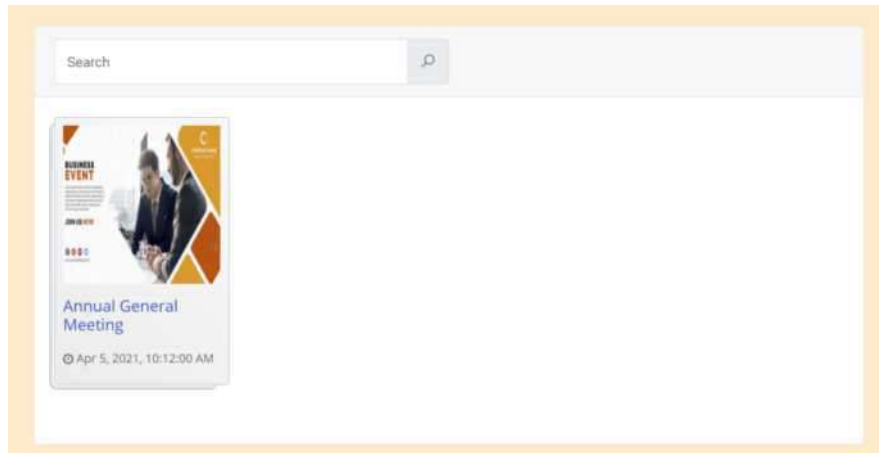
The 'Sign in' interface consists of a banner on the left and a login form on the right. The banner, titled 'VIRTUAL SIGN', features a circular icon with a person and a padlock, and the text: 'Just a click to sign in your account.' The login form, titled 'Sign in', includes the following fields: 'Email' and 'Password'. There is a checkbox for 'I HEREBY ACKNOWLEDGE THAT I HAVE READ AND AGREE THE STATED PRIVACY POLICY AND TERMS & CONDITIONS' and a 'LOGIN' button. A link 'FORGOT PASSWORD? (DON'T HAVE AN ACCOUNT? SIGN UP)' is at the bottom right.

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) The AGM registration process will be opened on 12 May 2023 at 5.00 p.m.
- 4) All users must register latest by **24 May 2023 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, 23 May 2023 at 11.00 a.m.

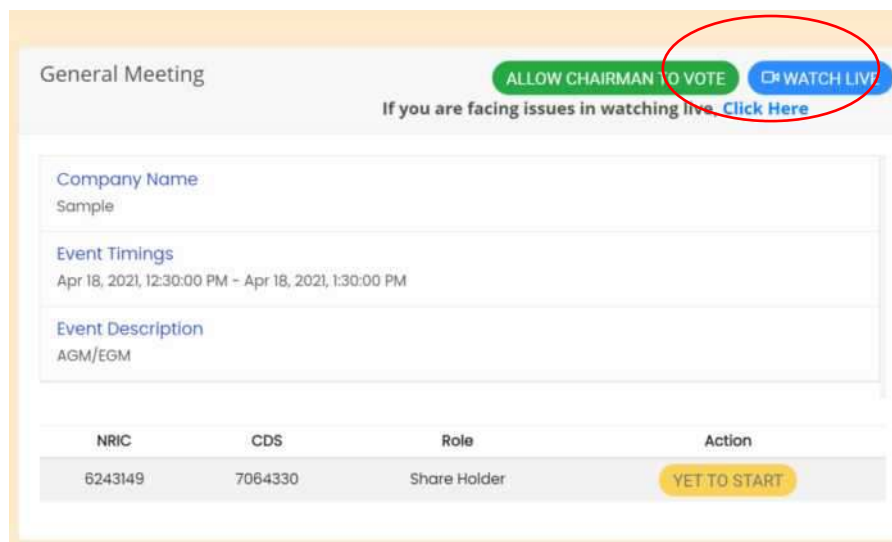
STEP 2: You will see a DASHBOARD screen as shown below. Click on event icon.



Notes:

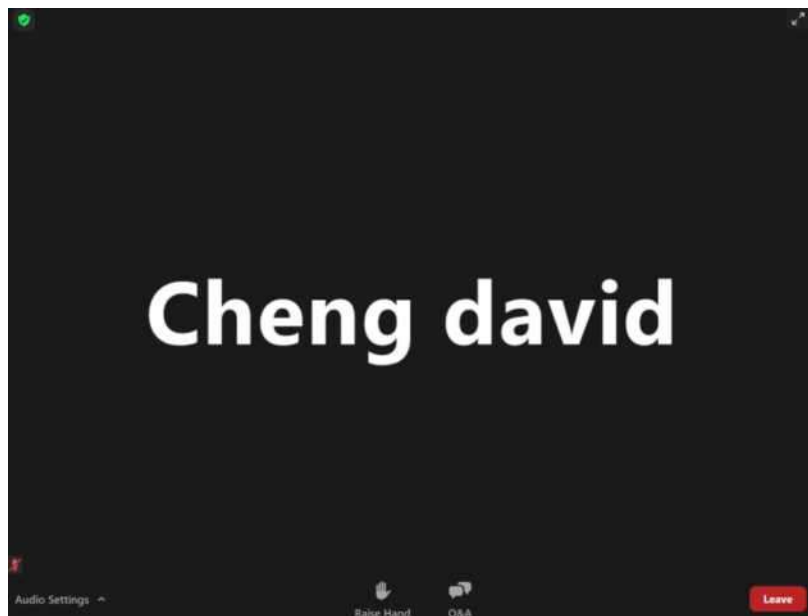
- 1) You can start to log in one hour (1) hour before the commencement of the meeting. i.e. 25 May 2023 at 10.00 a.m.
- 2) The quality of the live streaming is dependent on the stability of the internet connection at the location of the user.
- 3) Log in to www.vpoll.com.my with your registered User 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.



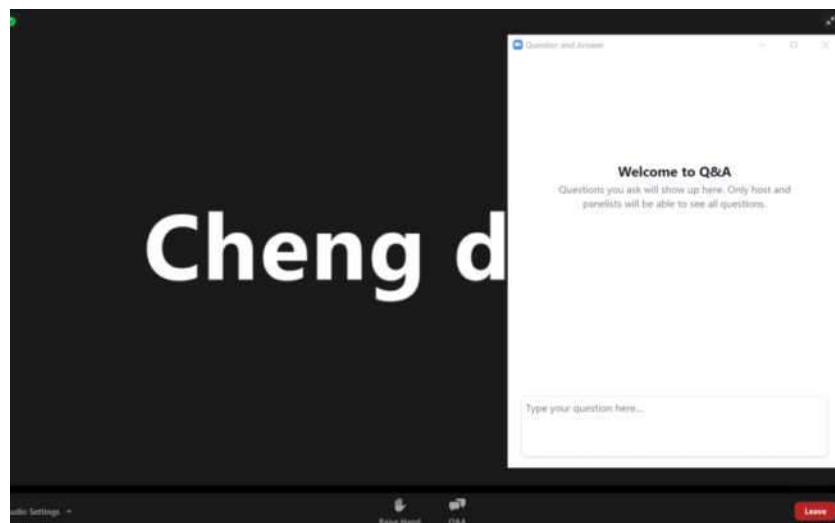
To watch live streaming, please click on the BLUE BUTTON as shown in the top right corner. If you are facing issues in watching live, click the “Click Here” to open the Zoom application directly.

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.

General Meeting ALLOW CHAIRMAN TO VOTE WATCH LIVE
If you are fa

Company Name
Sample

Event Timings
Apr 18, 2021, 12:30:00 PM – Apr 18, 2021, 1:30:00 PM

Event Description
AGM/EGM

NRIC	CDS	Role	Action
6243149	7064330	Share Holder	VOTE

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.

General Meeting

Non Voting Resolution
To receive the Audited Financial Statements for the financial year ended 30 September 2020 together with the Reports of the Directors and Auditors thereon.

Sample Ordinary Resolution
Vote Question 1

Sample Special Resolution
Vote Question 2

FOR (thumbs up icon) AGAINST (thumbs down icon) ABSTAIN (no icon)

Make sure you vote for all questions. If skipped, your response for that resolution will be saved as **ABSTAIN**

CONFIRM DETAILS AND SUBMIT VOTE

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

The image shows two screenshots from the Smartual e-Portal. The top screenshot is the 'General Meeting' page, which includes fields for 'Company Name' (Sample), 'Event Timings' (Apr 18, 2021, 12:30:00 PM - Apr 18, 2021, 1:30:00 PM), and 'Event Description' (AGM/EGM). Below these fields is a table with columns: NRIC, CDS, Role, and Action. The table contains one row with NRIC 6243149, CDS 7064330, and Role Share Holder. In the Action column, there are two buttons: 'VIEW' and 'RESULTS'. The 'RESULTS' button is circled in red. The bottom screenshot is the 'VOTING RESULTS' page, which shows a thumbs-up icon and a thumbs-down icon. It displays 'ORDINARY RESOLUTION' with 'Sample Ordinary Resolution Resolution 1' and '3333 Units (100%)' for the thumbs-up and '0 Units (0%)' for the thumbs-down. It also displays 'SPECIAL RESOLUTION' with 'Sample Special Resolution Resolution 2' and 'Units (%)' for both thumbs-up and thumbs-down.

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 : 23-5, Menara Bangkok Bank
Berjaya Central Park
Jalan Ampang, 50450 Kuala Lumpur, Malaysia

Email : davidcheng@aismartuallearning.com

Contact person : Mr. David Cheng

Telephone No. : 6017 7700887



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 23rd 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, 25 May 2023 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 (Article 93)		
3.	Re-election of Mr. KU TIEN SEK (Article 93)		
4.	Re-election of Mr. PANG AH KOW (Article 99)		
5.	Re-election of Ms. TAN SWEE GEOK (Article 99)		
6.	Re-election of Ms. WONG LEE LEE (Article 99)		
7.	Re-appointment of Messrs. UHY as Auditors of the Company		
8.	Authority to Issue and Allot Shares		
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 2023

Signature/Common Seal of Member

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

Fold this flap for sealing

A. Live Streaming Meeting

- (i) *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 23rd 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 23rd AGM.*

Then fold here

B. Appointment of Proxy

- (i) *Members whose names appear in the Record of Depositors as at 9 May 2023 shall be eligible to attend, speak and vote at the 23rd 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 23rd AGM.*
- (vi) *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.*

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

STAMP

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of KSL Holdings Berhad ("KSL" or "The Group"), I am pleased to present the Annual Report and the Audited Financial Statements of the Group for the financial year ended on 31 December 2022 ("FY2022").

With countries reopened their borders, we see growth rebounding in 2022 as activities and mobility recovered. Malaysia has also transitioned into endemicity and economic activities resumed to normal levels, supported by the increased mobility given that the population was no longer hindered by containment measures.

During the year, we continued our focus on achieving sustainable milestones as we embarked on various strategic initiatives underpinned by our prudent financial management and strong capital discipline which enabled us to remain agile to navigate the challenging market conditions.

The Group's property development segment in Johor and Klang are receiving optimistic market response and promising track record. In addition to our key achievements, we also see a robust performance from the investment properties segment for our business. KSL City Mall, KSL Hotel & Resort and KSL Hot Spring Resort in Johor Bahru continue to contribute steadily to the Group. On 18 March 2023, The Group has announced the grand opening of KSL Esplanade Hotel in Klang. The Hotel aims to boost tourism through innovative and sustainable investment in hospitality infrastructure. In order to provide business travellers, leisure guests and locals a superb culinary and leisure experiences, the hotel features a rooftop bar, a coffee house, a fitness centre, an onsen spa and a variety of elegant event spaces.

Taking this opportunity, we would like to congratulate Mr Pang Ah Kow, Ms Wong Lee Lee and Ms Tan Swee Geok being appointed as our new Independent Non-Executive Directors, effective from 1 December 2022. We look forward to their valuable contributions going forth.

Special thanks go to Mr Lee Chye Tee who resigned from his role as Executive Director. We value his contributions throughout his tenure with the Board. The Board would also like to extend our gratitude to Mr Gow Kow, Mr Goh Tyau Soon and Mr Tey Ping Cheng, for their guidance and contributions as the Company's Independent Non-Executive Directors.

In closing, I would like to express my heartfelt appreciation to the management team, all employees, bankers, business associates and regulatory bodies and various other stakeholders for their on-going support during FY2022. We also wish to express our gratitude towards our shareholders for their continued vote of confidence. Sky's the Limit! We look forward to your continued support as we soar greater heights. The future is challenging but it remains bright, with promising prospects and potential for all stakeholders.

Thank you.

For and on behalf of KSL Holdings Berhad
Ku Hwa Seng
Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

1. Overview of the Group's Business and Operations

We are pleased to present the Management Discussion and Analysis ("MD&A") for the financial year ended 2022 with the highlights of the Group's performance as we remain committed to uphold shareholder's value.

In the financial year 2022, the global economy is still feeling the impacts of the Covid-19 pandemic, although the rollout of vaccines and adapting to the new normal has led to a gradual recovery. However, the recovery is uneven across countries, depending on the success rate of vaccination programs and the ability to ease restrictions. The global economy continues to face challenges such as financial market volatility, supply chain disruptions, higher commodity prices, and labor shortages.

As the world continues to navigate the ongoing Covid-19 pandemic, Malaysia has also transitioned into the endemic phase with the easing of restrictions and the resumption of economic activities. The reopening of the Johor-Singapore borders since 1st April 2022 by both governments has had a positive impact on the economy of Johor. However, the escalation of geopolitical tensions due to the Russia-Ukraine conflict presents new macroeconomic challenges for the country as it continues to recover from the effects of the pandemic.

Similarly, Malaysia faced challenges in the early part of the year with the resurgence of Covid-19 cases and the rapid spread of new variants. The National Covid-19 Immunisation Programme has played a crucial role in gradually opening up the economy, but support for households and businesses remains necessary. Despite this, Malaysia's GDP is expected to rebound to between 5% and 6.5% due to the relaxation of restrictions on economic and social sectors, as well as increased external demand from major trading partners. Other growth drivers include higher commodity prices, improved labor market conditions, rapid digitalization, and infrastructure projects with multiplier effects.

Inflationary pressures remain manageable due to accommodative monetary policies, with the Overnight Policy Rate (OPR) and Statutory Reserve Requirement (SRR) remaining steady at 1.75% and 2.00%, respectively, during the first seven months of the year. These policies will continue to cushion the adverse effects of the prolonged nationwide lockdown on the economy while simultaneously supporting recovery.

During the financial year, the Group has completed various projects, such as 18 Madge, Taman Bestari Indah Zone D Phase 2, Taman Mengkibol Phase 5 & 6 and Taman Bukit Mutiara.

2. Financial Performance

Group's revenue increase by 23% RM575 million, compared to RM468 million in the previous year. Easing up of the restriction on construction work in year 2022 has seen more project was able to be completed comparing to year 2021. The Group profitability expanded, pre-tax profit recorded at RM217.2 million, in the year under review comparing to the profit of RM140.7 million previously. The Group's nett profit recorded at RM179.5 million, increased by 57% comparing to the profit recorded at RM114.4 million in 2021.

On segmental basis, the Group's property development segment emerged as the majority revenue contributor with 79% of total FY2022 group revenue, while property investment made up the balance 20%.

The Group financial position as at end of December 2022 also expanded with our retained profit and profitability, with shareholders' equity increased to RM3,296 million from RM3,116 million in the previous year end.

The Five-Year Group Financial Highlights are set out on page 28 of this Annual Report.

The Group did not purchase any of its issued ordinary shares from the open market during the year 2022.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

3. Operating Activities, Risks and Future Outlook

3.1 Property Development

In 2022, the property market had a strong recovery, with the lifting of containment measures and the opening of the economy. Despite the challenging economic environment, the property market is poised to gain momentum, driven by various incentives outlined under Budget 2022, with a specific focus on the residential sector. "Initiative 2: Home Ownership" under Budget 2022 provides a RM1.5 billion allocation for low-income groups housing projects, lifting the imposition of Real Property Gains Tax and guarantees of up to RM2 billion to bank via Skim Jaminan Kredit Perumahan. If executed properly, these measures could support the growth of the property sector, leading to more sales and transactions.

Malaysia's total property transaction value hit RM179.07 billion in 2022, the highest-ever value recorded by the National Property Information Centre (NAPIC) since 2001. Last year's transaction value was 23.6% year-on-year (y-o-y) higher than RM144.87 billion posted for 2021.

As for total transactions, the 2022 tally also saw double-digit growth, increasing by 29.5% y-o-y to 389,000, from 300,497 transactions in 2021, NAPIC said in a statement in conjunction with the release of its Property Market Report 2022.

NAPIC attributed this growth to strong economic growth and the homeownership campaign. The property market is expected to continue growing in line with moderately lower economic growth projected for 2023, due to accommodative policies and continuous government support. The Ministry of Finance projects GDP growth to moderate to between 4% and 5% in 2023.

NAPIC commented that the current overnight policy rate (OPR) of 2.75% remains accommodative for property buyers when it comes to financing, citing that this is because the current OPR rate is still below than the pre-pandemic level of 3%.

The Group is of the view that the property market performance is expected to grow in line with the moderately lower economic growth projected for 2023, given the unpredictable external environment. The accommodative policies, continuous government support, and execution of all planned measures outlined in the revised Budget 2023, and the proper implementation of strategies and initiatives under the 12th Malaysia Plan are expected to remain supportive of the property sector.

Moving forward, the Group will continue to build affordable houses because we see the potential of this market sector. We hope that the measures taken by Government to rehabilitate the economy will stabilize the property market and restore buyer purchasing power.

3.2 Property Investment

The tourism industry continued to suffer the consequences of the COVID-19 pandemic in 2022, with many hotels and resorts still struggling to stay afloat. According to Tourism Malaysia, the average occupancy rate for January to December 2022 remained low at 24.5%, a slight improvement from 2021 but still significantly lower than the pre-pandemic levels of 2019. Many countries continue to impose travel restrictions and quarantine requirements, making it difficult for international travellers to visit Malaysia. The tourism industry remains a critical sector for Malaysia's economy, and efforts are ongoing to boost domestic tourism and attract international visitors in a safe and sustainable manner.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

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

3.2 Property Investment (Cont'd)

In 2022, the commercial property segment saw a significant increase in both volume and value, with 32,809 transactions worth RM32.61 billion, representing a 46.3% increase in volume and a 16.7% increase in value compared to the previous year. Shops accounted for more than half of these transactions, with 16,862 transactions worth RM14.2 billion, with the majority of them located in Selangor (19.0%) and Johor (17.1%).

As of April 2022, the gradual reopening of country borders and the relaxation of COVID-19 restrictions have brought some improvements to the tourism sector, providing a much-needed boost to the economy. However, ongoing concerns regarding new variants and sporadic outbreaks have resulted in continued uncertainty and caution within the industry.

The retail and office segment is expected to face continued challenges in 2023 as remote work and digital marketing become more prevalent. Many businesses are re-evaluating their space needs and opting for more flexible work arrangements, which could lead to a further decline in demand for commercial office space. In the retail sector, online shopping is expected to continue its upward trend, which could impact the demand for physical stores. However, innovative solutions such as pop-up stores and experiential retail may help to offset some of these challenges.

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 454 million for FY2022. (2021: RM 414 million).

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 D phase 2 had fully completed during the year consists of 284 units of double storey terrace houses. Zone A Phase 15 which consists of 84 units double storey cluster houses, 4 units semi-D, 4 units link bungalow are targeted to complete on 1st Quarter of 2023. Zone D Phase 3 which consists of 304 units of double storey terrace houses begin to start construction work and is targeted to complete in 1st Quarter of 2025.

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.

Phase 3 of Mutiara Bestari consist of total 268 units of 2 storey, 3 storey cluster and 2 storey semi-detached are under active construction and is targeted to complete in 1st Quarter of 2023.

A.1.3 KSL Residence 2 @ Kangkar Tebrau

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

REVIEW OF OPERATIONS (Cont'd)

A. PROPERTY DEVELOPMENT (Cont'd)

A.1 JOHOR BAHRU (Cont'd)

A.1.3 KSL Residence 2 @ Kangkar Tebrau (Cont'd)

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 3 towers are targeted to complete in year 2023.

A.1.4 Pangsapuri KSL Bukit Gemilang

Pangsapuri KSL Bukit Gemilang is a high rise residential and commercial development situated in Taman Bukit Gemilang, Skudai which consists of 2 Towers of apartments with 476 units, which size ranging from 850sq.ft. to 915 sq.ft. and 24 units of shoplot in ground floor, which size ranging from 1,876sq.ft. to 3,634sq.ft.

Pangsapuri KSL Bukit Gemilang is a leasehold property with a remaining tenure of 991 years. This provides residents with a sense of security and stability in their investment, as the property ownership is guaranteed for a long period.

The strategic location of Taman Bukit Gemilang provides residents with easy access to major highways such as the North-South Expressway, Skudai-Pontian Highway, and the Second Link Expressway. It is located in close proximity to various amenities such as Aeon Mall Bukit Indah, Sutera Mall, and Paradigm Mall Johor Bahru. Moreover, residents can also access healthcare facilities such as Columbia Asia Hospital and Gleneagles Medini Hospital within a few minutes' drive.

The residential units are designed 3 bedrooms and 2 bathrooms with modern concepts and practical layouts to provide comfortable living spaces for residents. It offers a range of facilities to cater to the lifestyle needs of its residents. These include a swimming pool, gym, playground, multipurpose hall, and 24-hour security.

Currently, Pangsapuri KSL Bukit Gemilang are open for registration and will be officially launched on 1st Quarter of 2023.

A.1.5 KSL Pulau Bestari

KSL Pulau Bestari is a 190-acre mixed development township. The project comprises both residential and commercial buildings, offering a complete range of amenities and facilities to residents. The township is strategically located in Pulau, Johor, a beautiful residential area that offers easy access to the Sungai Pulau Bridge. It is a new road infrastructure that connects Gelang Patah with Tanjung Bin, providing residents with shorter travel time.

KSL Pulau Bestari Phase 1 is scheduled to launch on 2nd Quarter of 2023. This initial launch will consist of 183 units of 2 storey terrace houses with spacious living spaces and modern design. The terrace houses will be designed to cater to the needs of families, offering a comfortable and secure living environment.

The launch of Phase 1 is just the beginning of KSL Pulau Bestari. The township will continue to grow and expand with future developments planned for the coming years.

REVIEW OF OPERATIONS (Cont'd)

A. PROPERTY DEVELOPMENT (Cont'd)

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 complexes are Songmart, Kluang Mall, Kluang Parade, Aeon Big Hypermarket and Eonsave which located within 5-8 km away. Target Grand Hypermarket which located within 2km away was open in December 2022. In addition, Lotus Hypermarket which located within 5km away is target to be completed in the early of Year 2023.

The group plans to develop the project in various phases. There are 2 phases were completed during year 2022, which consists of 29 units double storey terrace houses and 153 units RMBJ. As at the year-end 2022, we have new phase started construction which consists of 72 units single storey terrace house. There is phase under active constructions and targeted to complete by 2nd quarter of year 2023.

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.

During the year of review, The Group has launched 144 units of single storey cluster houses and now in active construction and estimated to complete in year 2024.

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.

The project, of which comprises of 78 double storey terrace houses have been completed in 2022.

A.3.3 Taman Pesona @ Kg Tengah

These 3.3 acres freehold land residential project, namely Taman Pesona is situated at Kg Tengah, Segamat, Johor. The project surrounded by mature housing projects. With the green environment sure will provide fresh air and healthy environment to the residents. It comprises of total 47 units of various houses.

The project has been launched in 2022 and now in active construction and estimated to complete in 2nd quarter 2024.

REVIEW OF OPERATIONS (Cont'd)

A. PROPERTY DEVELOPMENT (Cont'd)

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 to south-west of Kuala Lumpur City Centre and approximately 8 km from Klang town centre.

It is accessible from Kuala Lumpur City centre by 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.

A.4.1 Canary Garden @ Bandar Bestari

The Canary Garden Homes depicts 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, phase Bandar Bestari Phase 2D consist of 86 units semi-D is under active constructions and is targeted to complete in 2023.

The Group has active plan to commence for its upcoming projects in year 2023, namely Green Pine (Bandar Bestari Phase 3) with double storey cluster semi-detached.

A.4.2 Raintree Residences @ Bandar Bestari

The Group will start a new project in year 2023, consists of retail and residential development located adjacent to Canary Garden @ Bandar Bestari. It is Raintree Residences, a high-rise Service Apartment, which comprises of 3 towers with 25 storey.

A.4.3 18 Madge

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

It comprises 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 is completed in year 2022.

REVIEW OF OPERATIONS (Cont'd)

B. PROPERTY INVESTMENT

During the year under review, property investment continues to be an important driver for the Group, contributing RM119 million in revenue, which makes up for 21% of the Group's total revenues.

B.1 KSL City Mall

KSL City Mall has a gross floor space of 1 million sqft, making it one of the largest mall 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 travellers 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.

B.3 KSL Hot Spring Resort

KSL Hot Spring Resort comprises 308 rooms with 4 types of rooms & suites featuring urbanised 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 Hotel & Mall, 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 uplift with the job opportunities which will be created for the locals.

The KSL Esplanade Hotel comprises 403 rooms with 4 types of rooms & suites which provides a modern, luxurious setting during your business trip or leisure vacation.

The KSL Esplanade Hotel will be commencing operations in 1st Quarter 2023 and KSL Esplanade Mall will open in 2nd Quarter 2023.

REVIEW OF OPERATIONS (Cont'd)

C. GROWTH STRATEGIES

The Group strives to ensure that its property development and investment segments continue to remain profitable besides finding more opportunities to sustain our growth in the long term.

C.1 Property Development

The property industry remains challenging with escalating cost of building materials, supply chain disruptions, shortage of workers and uptrend in interest rate. The Group has continued to exercise caution in its business plans and activities. At the same time, the Group continued to place greater emphasis on building capacities, expertise and improving management effectiveness and efficiency so that the Group will remain strong and resilient in facing the current and future challenges.

C.2 Property Investment

The Group continues to intensify our promotional and marketing campaigns, events and roadshows to further increase the patronage to our KSL City Mall & Hotel, KSL Hot Spring Resort and KSL Esplanade Hotel & Mall Klang .

We will also continue to collaborate with various parties to boost tourism to Johor Bahru and Klang. Besides that, the Group is also exploring more opportunities to add more investment properties to our portfolio to further strengthen our recurring income stream.

D. LAND BANKING

As at 31 December 2022, KSLH has approximately of 2,500 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.

FIVE YEARS GROUP FINANCIAL HIGHLIGHTS

Financial Year Ended 31 December	2018	2019	2020	2021	2022
INCOME STATEMENT					
Revenue <i>(RM Million)</i>	710.2	712.2	340.7	467.8	575.0
Profit/(Loss) Before Taxation <i>(RM Million)</i>	320.3	323.7	(52.9)	140.7	217.2
Profit/(Loss) Attributable to Shareholders <i>(RM Million)</i>	223.2	249.9	(64.4)	114.4	179.5
BALANCE SHEET					
Issued and Paid Up Capital <i>(Million Unit)</i>	1,037.5	1,037.5	1,037.5	1,037.5	1,037.5
Shareholders' Equity <i>(RM Million)</i>	2,815.3	3,065.2	3,000.8	3,116.1	3,295.6
SHARE INFORMATION					
Basic Earnings Per Share <i>(Sen)</i>	21.91	24.57	(6.33)	11.25	17.65
Dividend Per Share – Gross <i>(Sen)</i>	-	-	-	-	-
Net Assets Per Share <i>(RM)</i>	2.77	3.01	2.95	3.06	3.24
Return on Shareholders' Equity <i>(%)</i>	8%	8%	-2%	4%	5%

DIRECTORS' PROFILE

KU HWA SENG

Executive Chairman

Ku Hwa Seng, aged 67, 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 forty (40) 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

Member of Risk Management Committee

Khoo Cheng Hai @ Ku Cheng Hai, aged 72, 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 and countless challenges in the past forty (40) over 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.

KU TIEN SEK

Executive Director

Ku Tien Sek, aged 66, 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.

DIRECTORS' PROFILE (Cont'd)

PANG AH KOW

*Independent Non-Executive Director
Chairman of Audit Committee and Risk Management Committee
Members of Nomination Committee and Remuneration Committee*

Mr Pang Ah Kow, aged 66, male, Malaysian, was appointed to the Board on 1 December 2022 as an Independent Non-Executive Director. He is a member of the Malaysia Institute of Accountants, the Malaysia Institute of Certified Public Accountants, the Chartered Accountants Australia and New Zealand and a fellow of Fellow of the Malaysian Institute of Taxation. He holds a Bachelor of Commerce from University of Canterbury, Christchurch, New Zealand.

In 1990, he founded the audit firm Messrs. A.K. Pang & Co., which has since grown to include branches in Segamat and Kluang, Johor. Today, he remains the sole proprietor of the firm, bringing his extensive experience and expertise to his clients.

Prior to founding Messrs. A.K. Pang & Co., Mr Pang Ah Kow worked at Messrs. Ernst & Young in Singapore, Kuala Lumpur, and Sandakan offices. Through his work in these offices, he gained a deep understanding of auditing and financial advisory services, which he has since leveraged to build a successful practice of his own.

Mr Pang Ah 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.

TAN SWEE GEOK

*Independent Non-Executive Director
Chairman of Nomination Committee
Members of Audit Committee, Remuneration Committee and Risk Management Committee*

Ms Tan Swee Geok, aged 67, female, Malaysian, was appointed to the Board on 1 December 2022 as an Independent Non-Executive Director. She holds a Diploma in Education, University of Malaya and Degree in Business, BA (Econ)(Hons), University of Malaya.

Since 1988, Ms Tan Swee Geok has been a valued member of her husband's legal firm Messrs. Lee Fook Leong & Co., where she has played an integral role in the management and administration of offices in Segamat, Tangkak, Johor Bahru, Klang, and TTDI, Kuala Lumpur. In addition to her administrative responsibilities, she has also provided crucial support to the partners of the firm, particularly in the areas of corporate and conveyancing work.

Before joining Messrs. Lee Fook Leong & Co., Ms Tan Swee Geok taught English, Commerce, and Economics at Chung Hwa High School in Seremban and Sekolah Munshi Abdullah in Labis. This experience not only gave her a strong foundation in teaching and communication skills but also instilled in her a deep appreciation for the importance of education and the impact it can have on people's lives.

Ms Tan Swee Geok does not hold any directorships in other public companies. She does not have any family relationship with any Director and/or substantial shareholder of the Company. Her employer, which is also her husband's legal firm, Messrs. Lee Fook Leong & Co. provides legal services to the Company and Group in the ordinary course of business. There is no business arrangement with the Company in which she has personal interest. She has no convictions for any offences within the past five (5) years other than traffic offences, if any.

WONG LEE LEE

*Independent Non-Executive Director
Chairman of Remuneration Committee
Members of Audit Committee, Nomination Committee and Risk Management Committee*

Ms Wong Lee Lee, aged 50, female, Malaysian, was appointed to the Board on 1 December 2022 as an Independent Non-Executive Director. She is a member of Malaysian Institute of Accountants and fellow member of the Association of Chartered Certified Accountants (FCCA).

Since joining Messrs. Gow & Tan in 1996, Ms Wong Lee Lee has made significant contributions to the firm and its clients. Over the years, she has held various positions within the firm, demonstrating her versatility and adaptability, and was appointed as Audit Partner in 2008.

With over twenty years of public practice experience, Ms Wong Lee Lee has developed a wealth of knowledge and expertise in accountancy, auditing, taxation, and management consultancy. She has leveraged this expertise to provide invaluable guidance and support to her clients, helping them to navigate complex financial and business challenges and achieve their goals.

Ms Wong Lee Lee does not hold any directorships in other public companies. She 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 she has personal interest. She has no convictions for any offences within the past five (5) years other than traffic offences, if any.

DIRECTORS' PROFILE (Cont'd)

LEE CHYE TEE – Resigned on 1 December 2022

Executive Director

Mr Lee Chye Tee was appointed to the Board on 1 December 2003 as Executive Director of the Company. His exceptional service of more than 20 years, his professional insights and guidance have been instrumental in driving the Company's growth and success. He also approached his responsibilities with the utmost professionalism and integrity, the Company would like to express its sincere gratitude for his contribution and commitment.

GOW KOW – Resigned on 1 December 2022

Independent Non-Executive Director

Chairman of Audit Committee and Risk Management Committee

Members of Nomination Committee and Remuneration Committee

Mr Gow Kow was appointed to the Board on 19 November 2001 as an Independent Non-Executive Director. For his exceptional service of more than 20 years, his professional insights and guidance have been instrumental in driving the Company's growth and success. He also approached his responsibilities with the utmost professionalism and integrity, the Company would like to express its sincere gratitude for his contribution and commitment.

GOH TYAU SOON – Resigned on 1 December 2022

Independent Non-Executive Director

Chairman of Nomination Committee

Members of Audit Committee, Remuneration Committee and Risk Management Committee

Mr Goh Tyau Soon was appointed to the Board on 1 April 2002 as an Independent Non-Executive Director. For his exceptional service of more than 20 years, his professional insights and guidance have been instrumental in driving the Company's growth and success. He also approached his responsibilities with the utmost professionalism and integrity, the Company would like to express its sincere gratitude for his contribution and commitment.

TEY PING CHENG – Resigned on 1 December 2022

Independent Non-Executive Director

Chairman of Remuneration Committee

Members of Audit Committee, Nomination Committee and Risk Management Committee

Mr Tey Ping Cheng was appointed to the Board on 15 April 2002 as an Independent Non-Executive Director. For his exceptional service of more than 20 years, his professional insights and guidance have been instrumental in driving the Company's growth and success. He also approached his responsibilities with the utmost professionalism and integrity, the Company would like to express its sincere gratitude for his contribution and commitment.

KEY SENIOR MANAGEMENT

TANG CHING TONG

Tang Ching Tong, aged 56, 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 46, 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 traffic offences, if any.

AUDIT COMMITTEE REPORT

A. ESTABLISHMENT AND COMPOSITION

The Audit Committee comprises the following members:-

Chairman:

Mr. Pang Ah Kow (Independent Non-Executive Director)

Members:

Ms. Tan Swee Geok (Independent Non-Executive Director)

Ms. Wong Lee Lee (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, Ms Wong Lee Lee 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 2022 and up to the date of this Report.

The profile of the members can be found presented on page 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 2022, the Audit Committee held five (5) meetings. Details of each member’s meeting attendances are as follows:-

Name of Directors	No. of Meetings Attended
Mr. Gow Kow (Resigned on 01/12/2022)	5/5
Mr. Goh Tyau Soon (Resigned on 01/12/2022)	5/5
Mr. Tey Ping Cheng (Resigned on 01/12/2022)	5/5

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.

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 the Committee meetings held during the financial year under review when required.

AUDIT COMMITTEE REPORT (Cont'd)

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.

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, key audit matters 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.

AUDIT COMMITTEE REPORT (Cont'd)

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

5. Reviewed of Audited Financial Statements and Audit Results with External Auditors (Cont'd)

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 Session with External Auditors

For the financial year ended 31 December 2022, the Audit Committee has met with the External Auditors a total of one (1) time 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 54 to 60 of this Annual Report.

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.

AUDIT COMMITTEE REPORT (Cont'd)

E. INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function to an independent professional firm, namely NeedsBridge Advisory Sdn. Bhd. 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 system of internal control. The outsourced internal audit function reports directly to the Audit Committee. 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 audit engagement of the outsourced internal audit function is governed by the engagement letter and Internal Audit Charter approved by the Board during the financial year under review. Key terms of the engagement 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.

On the other hand, the Internal Audit Charter governs the internal audit function by specifying the purpose and mission of internal audit function, its roles, professionalism required (including adherence to The Institute of Internal Auditors' mandatory guidance including the Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (hereinafter referred to as "Standards")), its authorities, the reporting structure, independence and objectivity, its responsibilities, purpose of internal audit plan, reporting and monitoring, as well as the quality assurance and improvement programme. 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.

The outsourced 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. The scope of review by the outsourced internal audit function, through the internal audit plan, is determined and approved by the Audit Committee with feedback from the Senior Management. In addition, the Audit Committee enhanced their oversight of the internal audit function by reviewing the resources of the outsourced internal audit function provided in terms of qualification, experience 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 performance, independence and objectivity of the internal audit function is formally evaluated by the Audit Committee through prescribed evaluation form adapted from Corporate Governance Guide issued by Bursa Malaysia Berhad.

To preserve the independence and objectivity, the outsourced internal audit function is not permitted to act on behalf of Management, decide and implement management action plan, perform on-going internal control monitoring activities (except for follow up on progress of action plan implementation), authorise and execute transactions, prepare source documents on transactions, have custody of assets or act in any capacity equivalent to a member of the Management or the employee. The outsourced internal audit function is accorded unrestricted access to all functions, records, property, personnel, Audit Committee and other specialised services from within or outside the Group and necessary assistance of personnel in units of the Group where they perform audits.

During the financial year under review, the outsourced internal audit function conducted scheduled internal audits in accordance with the internal audit plan approved by the Audit Committee. Areas of improvement in internal controls identified together with the risk/ potential implications, recommendations, management action plans, person in-charge as well as the target date of implementation were presented to and discussed with the Audit Committee during the corresponding Audit Committee meetings. In addition, the outsourced internal audit function performed follow up reviews to ascertain the status of implementation of the agreed management action plans. The results of the follow up reviews were reported 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 pages 54 to 60 of this Annual Report for the details of the activities of the outsourced internal audit function during the financial year under review.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2022

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 2022, 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 2022 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 2021 (“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 together with the announcement of this Annual Report in accordance with paragraph 15.25 and Practice Note 9 of MMLR. The CG Report for the financial year under review and previous financial years are 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 Corporate Governance Overview Statement (“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.

Unless specified, 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 2022.

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 and internal control system, standards of conduct, sustainability management, 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 property development, hospitality, business management, legal, auditing, accountancy, taxation and management consultancy. 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 54 to 60 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**, **Group 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; and
- Establishing sustainability policy and reviewing the management of material sustainability matters on frequent interval.

The roles and responsibilities of the Board and the application of the MCCG's practice are 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 ("AC"), Remuneration Committee ("RC"), Nomination Committee ("NC") and Risk Management Committee ("RMC")) 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 roles and responsibilities of the Chairman of the Board and the separation of the roles of Chairman and Group Managing Director is disclosed in Practice 1.2 and 1.3 of CG Report, respectively.

In compliance with MCCG, the Executive Chairman was not a member of the AC, NC, RC and RMC nor did he attend the meetings of such board committees by way of invitation during the financial year under review to enhance the independence and oversight roles of the Chairman of the Board in leading the Board of the Company. Kindly refer to Practice 1.4 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)

The Independent and Non-Executive Directors (“INED”) 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 stakeholders are given due considerations during the decision-making process.

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 1.5 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 the Board, the Group Managing Director, the Senior Independent Director and the Company Secretary. The Charter further defines the Board composition, specific responsibilities and matters reserved for the Board, governance structure, Board Committees, delegation of authorities, commitment by the Directors, Independent Directorship, tenure of Independent Directors, appointment and re-election of Directors, 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, investor relation and shareholders’ communication policy, general meetings and attendance and code of conduct.

Further disclosure on the details of the **Board Charter** is disclosed in Practice 2.1 of CG Report.

The **Board Charter** is available for download from “Others” section of the “News” tab of the Company’s website at www.ksl.my with last review and update performed on 26 August 2021.

ii. Code of Conduct and Whistle-Blowing 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. AC 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”), last updated on 26 August 2021, to govern the standards of ethics and good conduct expected that is applicable to all the Group’s employees, customers and vendors worldwide. The Code forms the integrity and ethical value expected from the employees which are incorporated in the Employees Handbook.

To further enhance the ethical value throughout the Group, formal **Group Anti-Bribery and 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 Group. Please refer to Practice 3.2 of CG Report for details.

The **Code of Conduct**, **Group Anti-Bribery and 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 Company’s website at www.ksl.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

1.1 Board leadership (Cont'd)

iii. Board's Meetings

The Chairman of the Board, on the advice of the Company Secretary, determined the agenda of the meetings of the Board during the financial year under review and ensure that sufficient time was allocated during the meeting proceedings so that each agenda items or issues brought up were discussed or deliberated in necessary depth before decisions were made.

Board Committee meetings of the Company, including AC meetings, were not combined with the Board Meetings during the financial year under review and other directors and employees attended any particular Board Committee meeting only at such Board Committee's invitation in order for such Board Committee to discharge its delegated oversight duties by the Board.

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, sustainability oversight, 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 five (5) times during the financial year ended 31 December 2022 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	5	5
Khoo Cheng Hai @ Ku Cheng Hai	5	5
Ku Tien Sek	5	5
Lee Chye Tee [^]	5	5
Gow Kow [^]	5	5
Goh Tyau Soon [^]	5	5
Tey Ping Cheng [^]	5	5
Pang Ah Kow ^{^^}	Not Applicable	Not Applicable
Tan Swee Geok ^{^^}	Not Applicable	Not Applicable
Wong Lee Lee ^{^^}	Not Applicable	Not Applicable

[^] Resigned with effect from 1 December 2022

^{^^} Appointed with effect from 1 December 2022 after the last Board meeting held on 24 November 2022

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 previous Board and individual committee meeting as well as board papers, no less 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

1.1 Board leadership (Cont'd)

iv. Supply of Information (Cont'd)

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 1.6 of CG Report for details of the Board's proceedings on meeting materials and supply of information.

v. Board Composition

The appointment and re-election of Directors of the Company and its subsidiaries are governed by *Fit and Proper Policy*, *Policy and Procedure on Nomination and Selection of Director* and *Policy on Independence Assessment of Independent Directors* (for appointment of INED). NC shall ensure the composition of the Board is refreshed periodically based on the strategies and results of the Board evaluation and performance and the tenure of each Director. The tenure of the Directors of the Company was evaluated by NC in March 2023 and the recommendations for the re-appointment of Directors for the forthcoming Annual General Meeting ("AGM") were made after NC and the Board were satisfied that the current Board composition and the tenure of each Director were able to fulfil the current and future needs of the Group, and that performance and contribution of Directors seek for re-appointment were satisfactorily to the proper governance and oversight responsibilities of the Board. Please refer to Practice 5.1 of the CG report for the detailed disclosure on review of Board composition and tenure of individual Directors and that re-appointment is based on satisfactory evaluation of the Director's performance and contribution to the Board.

The Board currently has six (6) members comprising one (1) Executive Chairman, two (2) Executive Directors (including the Group Managing Director) and three (3) INEDs. The profile of each Director is presented on pages 29 to 31 of this Annual Report. Half of the Board comprises of INEDs which complies with Practice 5.2 of MCCG. Please refer to Practice 5.2 of CG Report for further details.

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. Notwithstanding no formal gender diversity policy established by the Board, there are two (2) female directors appointed as members of the Board of the Company, out of total six (6) directors (i.e. 2/6 or 33.3%) and representation of 2 female management as Directors of the subsidiaries. At present, there was no active politician appointed as a member of the Board of the Company and its subsidiaries.

Please refer to Practice 5.5 of the CG Report for the detailed disclosure on the board diversity as well as Practice 5.9 and 5.10 of the CG Report for the detailed disclosure on the gender diversity.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

1.1 Board leadership (Cont'd)

vii. INED

Independence of the candidates to act as Independent Director is assessed by NC prior to their appointment based on independence assessment as well as nomination and selection process governed by *Fit and Proper Policy*, *Policy and Procedure on Nomination and Selection of Director* and *Policy on Independence Assessment of Independent Directors* with the results of the review reported to the Board for consideration and decision.

On annual basis, all INEDs 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 NC's review and recommendation to the Board to form an opinion on the independence and objectivity of INEDs. Based on the above assessment performed in 2022, the Board is satisfied with the level of independence and objectivity demonstrated by all INEDs, and their ability to bring independent and objective judgement to Board deliberations.

The tenure of an INED, as stated in the *Board Charter*, shall not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an INED may continue to serve the Board subject to such Director re-designated as a Non-Independent Director. In the event that such Director is to be remained as INED, the Board shall first justify and obtain annual shareholders' approval. If the Board is to continue to retain the INED after the ninth (9th) year, the Board should seek annual shareholders' approval through a two-tier voting process. In relation to the amendments to the MMLRs to limit the tenure of INED to twelve (12) years, the Board is in the midst of reviewing the *Constitution* and relevant governance related policies and procedures, including *Board Charter*, and to incorporate such amendments of MMLRs to ensure that the *Constitution*, the *Board Charter* and other governance related policies and procedures remain consistent with the Board's objectives and comply with the current law and practices.

As at the date of this Annual Report, all INEDS (i.e. Mr. Pang Ah Kow, Ms. Wong Lee Lee and Ms. Tan Swee Geok), who were appointed as INED on 1 December 2022, had served the Board of the Company for a tenure less than nine (9) years.

Please refer to Practice 5.3 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 NC for consideration and approved by the Board in accordance with the nomination and selection processes practiced by NC 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 to 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 and criteria for the nomination and selection practiced by NC and the Board involves identification of potential candidates, evaluation of suitability of candidates based on agreed upon criteria, meeting up with candidates and background check, final deliberation by NC and recommendation to the Board. NC may seek independent professional advice, at the Company's expense, to perform its responsibilities under nomination and selection of Directors. The Board endeavours to not solely rely on recommendations from existing board members, management or major shareholders for the nomination of new director and to expand the source to include recommendation by other professionals and open search.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

1.1 Board leadership (Cont'd)

viii. Appointment of Directors and Senior Management and Re-Election of Directors (Cont'd)

All Board members who are newly appointed are subject to retirement at the subsequent AGM 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.

The recommendations of re-appointment of retiring directors during forthcoming 23rd AGM was only made by NC to the Board and the Board for the shareholders of the Company upon satisfactory results of performance evaluation of such Directors and independence assessment (for INED) by NC.

While it is the intention of NC and the Board to have independent sources for the identification of candidates for appointment of Directors, the identification and nomination of candidates for the appointment of three (3) new INEDs on 1 December 2022 were based on recommendations from existing directors and major shareholders without sourcing of candidates from independent sources despite much efforts were made by NC to source for candidates from other professionals to develop pool of candidates for such appointments.

Please refer to Practice 5.6 and 5.7 of CG Report for the details on the nomination, appointment and re-appointment process of the Directors and explanation for departure of Practice 5.6.

ix. Performance Assessment and Evaluation of Board

On annual basis, the Company Secretary circulates to each Director the relevant evaluations and assessments forms/checklists in relation to the evaluation of the Board, Chairman of the Board, Board Committee, AC, the contribution of each individual Director and independence assessment of INED with sufficient time for all the Directors to complete in advance of the meeting of NC and the Board in order for the Company Secretary to collate the assessments/evaluations results for NC to review and report to the Board.

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

1. The Board and Board Committees' performance evaluation (including Board Chairman's role and responsibilities);
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 INED;
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 NC, reviewed and assessed its required mix of skills, 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 2022, the Board, through reports by NC, were satisfied with the composition, performance and effectiveness of the Board, Board Committees and Directors (including Chairman of the Board and Finance Director) and that AC and its members had carried out their duties in accordance with their terms of reference in accordance with the MMLRs.

Please refer to Practice 6.1 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 Chairman of the Board and Finance Director) and independence assessment of INED.

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

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 Remuneration Framework in the next five (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.

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).

RC is responsible for recommending to the Board the remuneration packages of the members of the Board. The Board as a whole determines the remuneration of the Directors. Individual Directors are abstained from deliberation and approval of his own remuneration. Director who are shareholder and controlling shareholder with a nominee or connected Director on the Board will be abstained from voting at general meetings to approve the remunerations to be paid to such interested Director.

Please refer to Practice 8.1 of CG Report for the breakdowns of remuneration of individual Directors (including fees, salary, bonus, benefits in-kind and other emoluments) on named basis for the financial year ended 31 December 2022.

Disclosure on named basis of the Senior Management's remuneration component in bands of RM50,000 is not adopted as the Board is of the opinion that the disclosure may jeopardize the personal security of the individual Senior Management and increase the risk of loss of key personnel if their remuneration packages are published publicly.

Please refer to Practice 8.2 of CG Report for the explanation on the departure in relation to disclosure on named basis of the Senior Management's remuneration component 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 enhance their knowledge and 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.

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 AC) and reviewed by NC 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, AC members should undertake continuous professional development to keep themselves abreast of relevant developments in accounting, auditing, taxation, company secretarial and sustainability 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 2022, all Directors received regular briefings and updates on the Group's business and operations and received updates on new regulations and statutory requirements. All members of the Board have attended training(s) that were organised by regulatory bodies or professional organisations. 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	Updates on MMLR – Enhanced Sustainability Disclosures, Greenhouse Gas Protocol Standard and Task Force on Climate-Related Financial Disclosures	NeedsBridge Advisory Sdn. Bhd.
Khoo Cheng Hai @ Ku Cheng Hai	Updates on MMLR – Enhanced Sustainability Disclosures, Greenhouse Gas Protocol Standard and Task Force on Climate-Related Financial Disclosures	NeedsBridge Advisory Sdn. Bhd.
Ku Tien Sek	Updates on MMLR – Enhanced Sustainability Disclosures, Greenhouse Gas Protocol Standard and Task Force on Climate-Related Financial Disclosures	NeedsBridge Advisory Sdn. Bhd.
Lee Chye Tee	Webinar Series: Meetings, Minutes and Resolutions - Responsibilities of the Secretary	The Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA")
	SSM National Conference 2022 - Corporate Governance and Sustainability Needed Now More than Ever	Suruhanjaya Syarikat Malaysia
Gow Kow	Transfer Pricing Documentations and Latest updates	Chartered Tax Institute of Malaysia
	Latest Tax Developments	Chartered Tax Institute of Malaysia
	MIA Web Series: International Standard on Quality Management (ISQM) – An Overview and Implementation of ISQM 1, ISQM 2 & ISA 220 (Revised)	Malaysian Institute of Accountants
	The Decision to Litigate: Tax Appeals, Procedures and Latest Tax Cases	Chartered Tax Institute of Malaysia
	Comprehensive Tax Updates	Malaysian Institute of Accountants
	MIA Virtual Conference Series: MPERs and SMEs Financial Reporting Conference 2022	Malaysian Institute of Accountants
Goh Tyau Soon	Updates on MMLR – Enhanced Sustainability Disclosures, Greenhouse Gas Protocol Standard and Task Force on Climate-Related Financial Disclosures	NeedsBridge Advisory Sdn. Bhd.
Tey Ping Cheng	Latest Tax Cases – Live webinar	CPA Australia
	Latest Tax Developments	Chartered Tax Institute of Malaysia
	Workshop on Tax Agents Under Section 153(3) of the Income Tax Act 1967	Chartered Tax Institute of Malaysia
	Talk on Navigating Form Q, Form N and Dispute Resolution	Chartered Tax Institute of Malaysia
	SSM Annual Dialogue 2022	Suruhanjaya Syarikat Malaysia
	Practical Approach in Drafting a Constitution in Compliance with Companies Act, 2016	Malaysian Association of Company Secretaries
	- ESG and Sustainability Reporting - A Review of Recent Case Law Involving on the Interpretation of Various Provisions of Companies Act, 2016	Malaysian Association of Company Secretaries

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

1.1 Board leadership (Cont'd)

xii. Board Committees

In discharging its fiduciary duties, the Board has delegated specific duties to four (4) subcommittees (AC, NC, RC and RMC). 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 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 is to brief the Board on the matters discussed at the Committee meetings and minutes of these meetings are circulated at the Board meetings.

• AC

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 36 of the Audit Committee Report.

Please refer to Practice 9.1, 9.2, 9.3, 9.4 and 9.5 of CG Report on disclosure in relation AC.

• NC

NC comprises exclusively of INEDs, in compliance with MMLRs. NC is guided by written *Terms of Reference* duly approved by the Board defining its rights, authorities and responsibilities. NC is chaired by an INED.

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

NC members and the attendance records for meeting held during the financial year ended 31 December 2022 are as follows: -

	<u>No. of Meetings Held</u>	<u>Attendance</u>
Goh Tyau Soon (Chairman) [^]	2	2
Gow Kow [^]	2	2
Tey Ping Cheng [^]	2	2
Tan Swee Geok (Chairperson) ^{^^}	Not Applicable	Not Applicable
Pang Ah Kow ^{^^}	Not Applicable	Not Applicable
Wong Lee Lee ^{^^}	Not Applicable	Not Applicable

[^] Resigned with effect from 1 December 2022

^{^^} Appointed with effect from 1 December 2022 after the last NC meeting held on 24 November 2022

During the financial year ended 31 December 2022, NC conducted evaluations and assessments of the performance of the Board, Chairman of the Board, Board Committees, AC (including members), the contribution by each individual Directors (including Finance Director) and independence assessment of INEDs based on the pre-determined processes and evaluation/review criteria. NC 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. Apart from that, NC met in November 2022 to perform review and assessment on candidates identified for appointment as INED and reported the results of assessment and its recommendations to the Board for consideration and decision.

Please refer to Practice 5.1, 5.2, 5.3, 5.5, 5.6, 5.7, 5.8 and 6.1 of CG Report for details on NC 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)

- RC

RC 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. RC is guided by formal **Terms of Reference**. Further disclosure on RC (and its activities) and remuneration policy and procedure can be found in Practice 7.1 and 7.2 of CG Report.

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

	<u>No. of Meetings Held</u>	<u>Attendance</u>
Tey Ping Cheng (Chairman)^	1	1
Gow Kow^	1	1
Goh Tyau Soon^	1	1
Wong Lee Lee (Chairperson)^	Not Applicable	Not Applicable
Tan Swee Geok^^	Not Applicable	Not Applicable
Pang Ah Kow^^	Not Applicable	Not Applicable

^ Resigned with effect from 1 December 2022

^^ Appointed with effect from 1 December 2022 after the last RC meeting held on 31 March 2022

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

RC held a meeting during the financial year ended 31 December 2022 to review the service contract of Executive Directors, proposed Directors' fees for Non-Executive Directors, proposed remuneration package of Executive Directors (with performance assessment results reported by NC) with such recommended Directors' fees and remuneration packages were reported to the Board for approval and/or recommendation to the shareholders for approval, if applicable.

- RMC

RMC 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 business units. RMC comprises of the Group Managing Director and three (3) INEDs, in compliance with the Step-Up practice recommended by MCCG:

Risk Management Committee	<u>No. of Meetings Held</u>	<u>Attendance</u>
Tey Ping Cheng (Chairman)^	1	1
Khoo Cheng Hai @ Ku Cheng Hai	1	1
Gow Kow^	1	1
Goh Tyau Soon^	1	1
Pang Ah Kow (Chairman)^	Not Applicable	Not Applicable
Wong Lee Lee^^	Not Applicable	Not Applicable
Tan Swee Geok^^	Not Applicable	Not Applicable

^ Resigned with effect from 1 December 2022

^^ Appointed with effect from 1 December 2022 after the last RMC meeting held on 31 March 2022

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)

- **RMC (Cont'd)**

RMC'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, RMC met once to review and assess adequacy and effectiveness of the risk management structure, risk policies, processes and relevant support system. Besides, RMC also reviewed, assessed and deliberated risk profile presented with responses and strategies formulated to the key strategic and operational risks deliberated and reported to the Board on the results of its review.

Further disclosure on the risk management activities during the financial year can be found in Practice 10.1, 10.2 and 10.3 of CG Report and Statement on Risk Management and Internal Control of this Annual Report.

xiii. Sustainability Oversight and Management

In order to promote sustainability of the Group's businesses, one of the business strategies adopted by the Board is to ensure the sustainability 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 social practice.

One of the key responsibilities of the Board of the Company is to establish sustainability policy and to review the management of material sustainability matters on predetermined interval as well as to promote good sustainability practice throughout the Group. The sustainability management of the Group is governed by the **Sustainability Policy** established by the Board. Formal governance structure, stakeholders' engagement and process to identify, assess and formulation and monitoring of responses to material sustainability issues are prescribed in such policy with the assessment results and responses are fed into risk management process of the Group for continuous monitoring. As an important communication with stakeholders of the Group, Sustainability Report was published along with the Annual Report for the financial year under review.

Please refer to Practice 4.1, 4.2, 4.3, 4.4 and 4.5 of the CG Report and 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.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

AC is tasked with the oversight role on the effectiveness of Audit and Risk Management. The composition and **Terms of Reference of AC**, the number of meetings held, attendance, and activities carried out during the financial year under review are available in the Audit Committee Report on pages 33 to 36 of this Annual Report and Practice 9.1, 9.2, 9.3, 9.4 and 9.5 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 as well as the relevant regulations in Malaysia and the countries it is operating.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

i. Relationship with Auditors (Cont'd)

The roles and responsibilities of the AC in relation to the external auditors and internal audit function are prescribed in the *Terms of Reference of AC*.

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 AC and its recommendation to the Board. Furthermore, the external auditors of the Group confirmed to AC on their independence throughout the audit engagement and that they are not aware of any relationship between the Group and them that may reasonably impair their independence.

AC met with the external auditors twice during the financial year under review to discuss their audit plans, audit findings, financial statements and other special matters that require AC's attention. In addition, AC met privately with the external auditors once without the presence of the Executive Directors and the Management to encourage free flow of information and views and for the external auditors to freely express their opinion without undue pressure.

AC 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.

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)	25,000	280,000	
Non-Audit Fees (RM)	3,000	3,000	Review of Statement on Risk Management and Internal Control

The oversight roles of AC in relation to the internal audit function are detailed in Practice 11.1 and 11.2 of CG Report as well as the Audit Committee Report and Statement on Risk Management and Internal Control on pages 33 to 36 and pages 54 to 60 of this Annual Report, respectively.

ii. Risk Management

The Board recognises the importance of Risk Management in pursuing its Company's objective and has in place a formal *Group Risk Management Policy*. The details of the *Group Risk Management Policy* and risk management process are disclosed in Practice 10.1 and 10.2 of CG Report and the Statement on Risk Management and Internal Control on page 54 to 60 of this Annual Report.

iii. Internal Control and Internal Audit Function

The Board recognises the importance of having a 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 AC 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 the Statement on Risk Management and Internal Control on page 54 to 60 of this Annual Report and Practice 11.1 and 11.2 of CG Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

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 the quarterly announcement of financial results, were reviewed by AC and approved by the Board to ensure accuracy, adequacy and completeness of information and compliance with relevant accounting standard and regulations prior to its public release or submission to the regulatory authorities.

The Board, through the review by AC 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 AC 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 36 of this Annual Report.

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 via the announcements made in Bursa Securities and all announcements to be made in Bursa Securities are to be approved by the Board, prior to its release. The Board is observing all disclosure requirements as laid down by MMLRs and Capital Markets and Services Act 2007 in order to have all material event and information to be disseminated publicly and transparently on timely basis to ensure fair and equitable access by all stakeholders without selective disclosure.

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 establishing a formal Corporate Disclosure Policy to manage stakeholder communication proactively and in compliance with MMLRs 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 on 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 MMLRs. 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.

To facilitate the communication with the stakeholders and 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**, **Group Anti-Bribery and Anti-Corruption Policy** and **Whistle-Blowing Policy** established and implemented by the Board for the public to access.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

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 AGM to be given to shareholders at least 28 days prior to the meeting. Please refer to Practice 13.1 of the CG Report on further disclosure on the distribution and content of the Notice of general 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 Group hosted its 22nd AGM through live streaming and online remote voting as the country entered the transition to the COVID-19 endemic phase. All Directors and the Company Secretary physically present at the broadcast venue of the 22nd AGM held during the financial year under review. The external auditors were physically present virtually at the 22nd AGM 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.

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 23rd AGM to be held are to be voted by way of poll voting.

iv. Leverage on Information Technology for General Meetings

As the country entered the transition to the COVID-19 endemic phase, the Group conducted its 22nd AGM in fully virtual platform on 26 May 2022. 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). AGM was broadcast via RPV facility 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.

The poll administration and RPV facility service were provided by reputable professional firm in Malaysia with extensive experiences in poll administering services and comprehensive RPV facility in terms of functionality and performance. Administrative guide for attending 22nd AGM was issued and published in the Annual Report and the RPV facility so that the shareholders were guided on steps required from the shareholders before the date of general meeting and during the meeting. The shareholders were able to participate and interact with the Board actively in the general meeting via live streaming of general meeting proceeding on their devices and submission of their question via query box of the RPV facility to the Board of the Company during the meeting. Sufficient time was allocated for the shareholders to pose questions to the Board of the Company via RPV facility and all pertinent questions relevant to the agendas of the general meeting were answered by the Board of the Company via the live streaming broadcasted before poll voting started.

The minutes of the meeting of the 22nd AGM and the key matters discussed during such meeting were not uploaded to the Company's website at www.ksl.my within 30 days from the date of the general meeting held. The Board is to ensure the minutes of general meetings (including key matters discussed during AGM) held during financial year ending 31 December 2023 are uploaded to the "Others" section of the "News" of the corporate website at www.ksl.my within 30 business days from the date of the general meeting held.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

iv. Leverage on Information Technology for General Meetings (Cont'd)

The details of the features and activities of the virtual general meeting and RPV facility are disclosed in Practice 13.3, 13.4 and 13.5 of CG Report while the departure of publication of minutes of the meeting is disclosed in Practice 13.6 of CG Report.

Key Focus Areas and Future Priorities

The key focus areas of the Board during the financial year were to refresh the independent elements and enhance the gender diversity within the Board by complying with Practice 5.2 of MCCG whereby at least half of members of the Board comprises INEDs and the revision to the definition of “Independent Director” under paragraph 1.01 of MMLR whereby tenure of the Independent Director is limited to twelve (12) years as well as having more than 30% women representation on the Board per Practice 5.9 of MCCG.

It is the short-term priority of the Board to ensure that the minutes of the general meeting and key matters discussed during the AGM are published on the corporate website of the Company no later than 30 business days after the general meeting and to update the **Board Charter** to cater for former partner of the external audit firm (currently, former audit partner per the **Board Charter**) to observe a cooling-off period of at least three years (currently, two years per the **Board Charter**) practiced by the Board.

The Board's medium term's priorities in relation to the corporate governance are to formalise and/or update the Group's corporate governance practices into relevant Board's policies and procedures in line with the MCCG and MMLRs (including its amendments), i.e. to establish Board and Senior Management Remuneration Policy, Board and Senior Management Diversity Policy, Policy and Procedure to Assess The Suitability and Independence of External Auditors and Corporate Disclosure Policy, to update the tenure limit of twelve (12) years for INED in the **Constitution** and the **Board Charter** and to incorporate sustainability oversight and performance as part of board evaluation process and criteria.

In the long term, the Board is to comply with the requirement that the identification and nomination of candidates for the appointment of new member of the Board (especially INED) to be from independent sources, apart from recommendations from existing directors, management or major shareholders.

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 2022 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 29 to the Financial Statements on pages 194 to 195 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 2022.

The Board reviewed and approved this Statement on 17 April 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to paragraph 15.26(b) and Practice Note 9 of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“Listing Requirements”) in relation to the requirement to prepare statement on the state of risk management and 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 2021 (“MCCG”), the Board of Directors (“the Board”) of KSL Holdings Berhad (“KSL” or “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 2022. 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 system and for reviewing their adequacy and effectiveness so as to achieve the Group’s business objectives and strategies, as well as to safeguard all its stakeholders’ interests and protecting the Group’s assets. The Board establishes the risk appetite of the Group based on the corporate objectives, strategies, external environment, business nature and corporate lifecycle. The Board is committed to the establishment and maintenance of an appropriate control environment 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). 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 system 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 control covers, inter-alia, control environment, risk assessment, control activities, information and communication as well as monitoring activities. However, in view of the limitations that are inherent in any system of internal control, the system of internal control is designed to manage, rather than to eliminate, the risk of failure to achieve the Group’s business objectives. Accordingly, the system of internal control can only provide reasonable and not absolute assurance against material misstatement of losses and fraud.

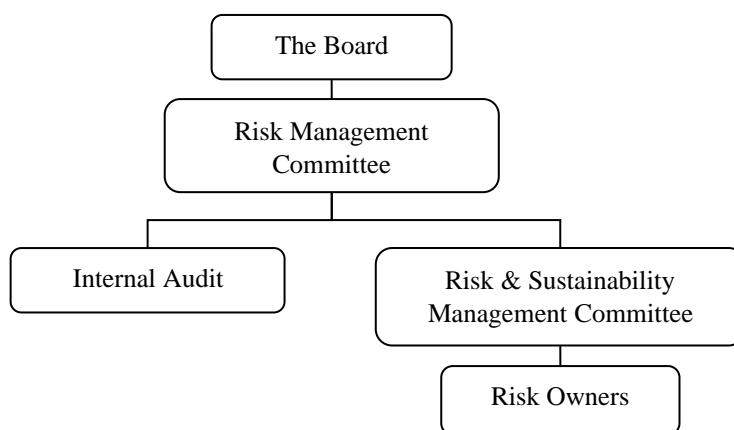
RISK MANAGEMENT

The Board recognises risk management as an essential part of internal control system and acknowledges that a sound risk management system is critical in the pursuit of its strategic objectives. The Board 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. 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 levels of the Group and to manage key business risks faced by the Group adequately and effectively as second-line roles of defence. The duties for the identification, evaluation and management of the key business risks are delegated to RSMC, led by the Executive Chairman. The Group Risk Management Policy is established with reference to ISO 31000:2018 - Risk Management Guidelines.

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

RISK MANAGEMENT (Cont'd)

The Group Risk Management Policy established lays down the objectives and processes defined 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:-

- implement the risk management policy as approved by the Board;
- 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;
- ensure that risk strategies adopted are aligned with the Group's organisational strategies (e.g. vision/mission, corporate strategies/ goals, etc.), risk management policy and process, as well as risk appetite/ tolerance;
- 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;
- 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
- 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.

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 delegated with operational responsibilities with the following roles and responsibilities:

- manage the risks of the business processes under his/her control;
- 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;
- to report to RSMC of the emergence of new business risks or change in the existing business risks on a timely manner and assist RSMC with the development of the management action plans and implement these action plans;
- assist RSMC with the half-yearly update of the changes in the Key Risks Register, management action plans and the status of these plans; and
- 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.

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

RISK MANAGEMENT (Cont'd)

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 identified includes sustainability matters identified during sustainability assessment process. Risk assessment, at gross and residual level, are guided by the likelihood rating and impact rating established by the Board based on the risk appetite of the Board which are stipulated in the Policy.

Based on the risk management process, key risk registers were compiled by 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 risk monitoring mechanism, 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 adequacy and effectiveness of the risk management structure, risk policies, processes and relevant support system. Besides, the Risk Management Committee also reviewed, assessed and deliberated risk profile presented with responses and strategies formulated to the key strategic and operational risks deliberated 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 Executive Chairman, 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 appetite 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 roles, 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 key operational risks or emergence of new key business risks are identified through daily operational management and controls, as well as review of financial and operational reports by respective level of Management that are generated by internal management information system and 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 these risks. Critical and material risks are highlighted to the Senior Management or the RSMC for 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.

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

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. Key risks identified (including corresponding control activities implemented or to be implemented) by the above process are disclosed on pages 54 to 60.

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

INTERNAL CONTROL SYSTEM

The key features of the Group's internal control systems are made up of five core components, i.e. Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring Activities with principles representing the fundamental concepts associated with each component explained as follows:-

- **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 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. Potential 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 the 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 and proper conduct expected from employees in performing their duties and responsibilities assigned are established and stated therein.

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

As the Group is committed in conducting all business dealings in a responsible, transparent and ethical manner with integrity, a formal Group Anti-Bribery and Anti-Corruption Policy had been put in place by the Management to prevent the risk of bribery and conflict of interest within the Group.

A formal Whistle-Blowing Policy is established and approved by the Board to provide a channel for employees and other stakeholders to raise genuine concerns about possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity, without fear of reprisals.

Code of Conduct is monitored via control activity monitoring mechanism implemented with non-compliances detected in a timely manner and investigated with appropriate corrective action, including but not limited to disciplinary actions, taken to rectify non-compliance.

- **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 employees 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 relevant forms as well as stated in the Group's policies and procedures.

- **Risk Assessment and Control Activities**

Risk assessment is performed by Risk Owners at scheduled intervals or when there is change in internal and/or business context in accordance with the Group Risk Management Policy. Internal controls, as risk responses, are formulated and put in place to mitigate risks that are identified to a level acceptable by the Board.

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.

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

INTERNAL CONTROL SYSTEM (Cont'd)

- **Human Resource Policy**

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

Performance evaluation which forms the basis of increments and promotions are carried out for all levels of employees to identify performance gaps, for training needs identification and talent development. On-the-job trainings are provided to employees too to upgrade their knowledge and skill sets.

- **Information and Communication**

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

The Group puts in place effective and efficient information and communication infrastructures and communication 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. Apart from that, relevant financial and management reports are generated for different levels of management and employee for their 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.

Communication of policies and procedures of the Group are conducted or disseminated via written form, information boards, electronic mail system and in-house trainings.

- **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, operational performance of hotels and malls, marketing and financial data are performed by the Executive Directors. In addition, the quarterly financial performance review which contains 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 the review of specific areas of safety, health and environment carried out by independent consultants engaged by the Group and the enforcement bodies.

Apart from the above, operational and financial performance report are 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 outsourced internal audit function (which reports directly to the Audit Committee) based on the key risk areas identified. The outsourced internal audit function assesses 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 FUNCTION AND ACTIVITIES

The review of the adequacy and effectiveness of the Group's risk management and internal control system is outsourced to an independent professional firm, namely, NeedsBridge Advisory Sdn Bhd, 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 system on the risk management and internal control.

To uphold the professional firm's independence and objectivity, the outsourced internal audit function is reporting directly to the Audit Committee. The outsourced internal audit function is not permitted to act on behalf of the Management, decide and implement management action plan, perform on-going internal control monitoring activities (except for follow up on progress of action plan implementation), authorise and execute transactions, prepare source documents on transactions, have custody of assets or act in any capacity equivalent to a member of the Management or the employee.

The internal audits are carried out by outsourced internal audit function, in material aspects, in accordance with the International Professional Practices Framework ("IPPF"), i.e. the Mission, the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing (hereinafter referred to as "Standards") established by the Institute of Internal Auditors Global. Furthermore, the audit engagement of the outsourced internal audit function is also governed by the engagement letter and Internal Audit Charter approved by the Board during the financial year under review.

The engagement director, Mr. Pang Nam Ming, 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 renewal as Certified Internal Auditor. 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 2022 was drafted by the outsourced internal audit function, after taking into consideration the existing and emerging key business risks identified in the key risk registers of the Group, the Senior Management's opinion and previous internal audits performed. It 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 roles, the internal control review procedures performed by the outsourced internal audit function are designed to understand, document and evaluate risks and related controls in order to determine the adequacy and effectiveness of governance, risk and control structures as well as control processes. The outsourced internal audit function shall provide recommendations formulated 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 as well as observations of the functioning of processes against the results of interviews and/or documented standard operating procedures and/or process flows. Thereafter, testing of controls are performed for the respective audit areas through the review of the samples selected based on sample sizes calculated in accordance with predetermined formulation, subject to the availability of financial data, nature of testing and verification of the samples.

During financial year ended 31 December 2022, the outsourced internal audit function has conducted reviews for food and beverage and procurement management as well as human resource and payroll management (casual labour) for the hotel operations of its key operating subsidiary based in Malaysia based on the internal audit plan approved by the Audit Committee.

Upon the completion of the individual internal audit fieldwork 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, internal audit recommendations, management responses/ action plans, person-in-charge and the date of implementation were presented to and deliberated with the members of the Audit Committee. This enables the Audit Committee to form an opinion on the adequacy and/or effectiveness of the governance, risk and control of the business processes under review.

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

INTERNAL AUDIT FUNCTION AND ACTIVITIES (Cont'd)

Apart from the above, 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 plans. The updates on the implementation progress of the management action plans were presented via the Action Plan Progress Follow Up Report tabled at subsequent Audit Committee meeting for review and deliberation.

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

The cost incurred in maintaining the outsourced internal audit function for the financial year ended 31 December 2022 was amounted to RM44,668.00

ASSURANCE PROVIDED BY EXECUTIVE CHAIRMAN AND GROUP MANAGING DIRECTOR

In line with the Guidelines, the Executive Chairman, being highest ranking executive in the Company and the Group Managing 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 system 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 the monitoring and review mechanism stipulated above, coupled with the assurance provided by the Executive Chairman and the Group Managing Director, the Board is of the opinion that the risk management and internal control system 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 system in meeting the Group's strategic objectives.

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

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

Pursuant to paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysia Institute of Accountants. AAPG 3 does not require the external auditors to consider whether the 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. Based on their review, nothing has come to their attention that causes them to believe this Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Companies and Practices 10.1 and 10.2 of the Malaysian Code on Corporate Governance 2021 to be set out, nor is factually incorrect.

SUSTAINABILITY STATEMENT

Introduction

The Board of Directors (“the Board”) of KSL Holdings Berhad (“KSL Group”) recognises the significance to embrace sustainable business practices in order to identify, plan and build the resilience towards managing challenging situations. Despite the swift changes in the business and operating landscapes, operating sustainably is an integral component of our business strategy that we continue to place emphasis on in striving to meet the expectations of our customers while reducing the impact on environment and creating a better life for the present and future generations. We remain dedicated to creating sustainable value throughout the business value chain by enhancing the core business principles and operations.

The Board is committed 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 the 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 dedicated by the Board in managing and formulating business operating strategies and corporate culture that are aligned with the Sustainable Development Goals (“SDGs”) developed by the United Nations in promoting prosperity while protecting the environment.

The Board acknowledges that economic value is generated by maximising profits and shareholders’ value while holding on a greater responsibility as a global citizen to create social value. Apart from the financial performances of the businesses the Group is operating in, the Board also recognises the importance of upholding great standards of business conducts in respect of governance, economic, environment and social aspects, which are vital for the Group 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.

In addition, we are mindful of our role as a responsible corporate citizen in securing a sustainable future for us and the communities we live in and interact with in an era where climate change, water scarcity, food insecurity, poverty 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.

Major global crises, such as, the unprecedented global COVID-19 pandemic that is currently in the transition towards endemic stage, the Russia-Ukraine war, energy crisis as well as inflationary pressure have brought about substantial disruptions affecting almost all sectors of economies across the globe and further exacerbated the interrelated challenges relating to poverty, inequality, carbon emissions, education, health, economic growth and finance. Nevertheless, we endeavour 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 despite the challenging business environment. The Group remains steadfast and strives to adapt, innovate and take the necessary measures to steer through this incredibly challenging time in order to ensure continuous and improved value creation for all stakeholders.

The Board of KSL Group is pleased to present the Group’s Sustainability Statement for the financial year ended 31 December 2022. The Sustainability Statement 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 objective of bringing more values 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 Malaysia Securities Berhad (“Bursa Securities”). 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 Securities (“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 2022 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 requirements 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 disclosure of the corporate governance practices and compliance with relevant provisions and requirements per MMLR and Malaysia Code on Corporate Governance 2021 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 ten 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 makes 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. With benchmarks in building quality homes, residential addresses are distinctly set within progressive environments while developing communities that are both engaging and holistic. We have the following aspirations in meeting the current market trends, needs and expectations.

- 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

The Board, as the highest governance body within the Group, undertakes 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 the working environment, business processes and strategy making process. The Group remains committed to meeting various stakeholders' interests while achieving the strategic objectives by upholding the accountability, integrity and transparency in its sustainability performance with reference to 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

The Board remains committed to the 2030 Agenda for Sustainable Development adopted by the United Nation. The Sustainability Policy of KSL Group 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, in which 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 for action to create a world that is comprehensively sustainable by 2030 to end poverty, improve health and education, reduce inequality and injustice, as well as to address the urgency of climate change and environmental protection.

The global COVID-19 pandemic has unleashed an unprecedented crisis in health, economic and social, and undermined the progress made on sustainable development. While the world is yet to fully recuperate from the social and economic implications of COVID-19, the Russia-Ukraine war poses another major threat causing the achievement of the SDGs even more challenging. Despite the immense challenges, the Group is 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 good governance practiced across the Group's business operations.

SUSTAINABILITY STATEMENT (Cont'd)

Sustainability Policy (Cont'd)



The Board had formalised a formal Sustainability Policy which strengthens the Group's commitment to achieving an equilibrium between being at the forefront of our industry and meeting the commercial expectations of our stakeholders.

➤ 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)

Sustainability Policy (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)

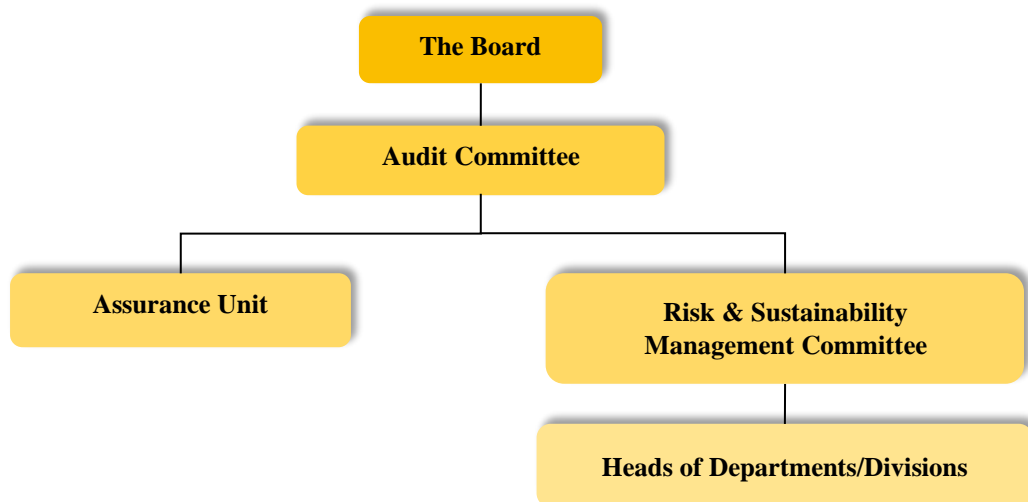
Governance Structure and Process

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 regard 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 Securities with necessary adaption based on the nature and scale of the businesses of the Group.

Good governance plays a key role for the Group to operate in an accountable and sustainable manner. 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 imperative 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 interval. It enables the Group to be able to act on 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:



The governance structure clearly defines the roles and responsibilities expected from the Board, the Audit Committee, Risk and Sustainability Management Committee, Heads of Departments/Divisions, Key Risk and Sustainability Officer and Assurance Unit. In the nutshell, the Board is ultimately accountable for sustainability management and performance within the Group while the Audit Committee is tasked with the responsibilities to oversee the sustainability management and performance of the Group for reporting to the Board.

SUSTAINABILITY STATEMENT (Cont'd)

Governance Structure and Process (Cont'd)

In addition, the 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 stakeholders too to ensure the concerns and needs of all relevant stakeholders are taken into consideration throughout the development of the Group's business strategies and operations.

The Risk and Sustainability Management Committee, chaired by the Executive Chairman of the Company, is delegated 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 Departments/Divisions;
- 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 Departments/Divisions 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.

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 Departments/Divisions in order to determine its adequacy and effectiveness for subsequent 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 Departments/Divisions 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 Securities 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.

SUSTAINABILITY STATEMENT (Cont'd)

Stakeholder 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 through multiple communication platforms, continuous dialogue and sharing of information with the stakeholders in order to ensure the success and long-term growth of our business. 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 while being able to deliver sustainable values to the stakeholders.

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. Meanwhile, the Board is also dedicated to ensuring that such engagements are to include all internal and external stakeholders across the value chain and to respond proactively, via formal and informal channels, to the concerns and views of respective stakeholder groups. By regularly and 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 Heads of Departments/Divisions and Executive Directors, supported by formal channels 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 does 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 stakeholder's profile at the 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 respond to such topics and concerns raised. The Group's stakeholder engagement process is guided by the Guide and Toolkit: Stakeholder Engagement issued by Bursa Securities 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:

SUSTAINABILITY STATEMENT (Cont'd)

Stakeholder Engagement (Cont'd)

PROPERTY DEVELOPMENT			
STAKEHOLDER GROUP	ENGAGEMENT OBJECTIVE(S)	PREFERRED ENGAGEMENT METHOD(S)	FREQUENCY OF ENGAGEMENT
Board of Directors	<ul style="list-style-type: none"> To ensure business strategy take into consideration of sustainable practices 	<ul style="list-style-type: none"> Committee meetings Board of Directors meeting 	<ul style="list-style-type: none"> Quarterly
Suppliers	<ul style="list-style-type: none"> To ensure sustainable supply of quality services and materials 	<ul style="list-style-type: none"> Supplier's evaluation and appraisal Meetings Conflict of Interest Policy Code of Conduct 	<ul style="list-style-type: none"> Ongoing
Customers	<ul style="list-style-type: none"> To improve customer's satisfaction 	<ul style="list-style-type: none"> Customer's Feedback Form Defect Form Face-to-face meetings Meetings Electronic mail system Social media and printed medium 	<ul style="list-style-type: none"> Ongoing
Financial Institutions	<ul style="list-style-type: none"> To ensure continuous financial support from financial institutions 	<ul style="list-style-type: none"> Annual report Press release Public announcements Face-to-face meetings 	<ul style="list-style-type: none"> Annually Ongoing
Government and Regulators	<ul style="list-style-type: none"> To ensure full compliance with relevant laws and regulations 	<ul style="list-style-type: none"> Official submission Official letter Public dialogue involving government officials Public announcements Telephone conversation Face-to-face meetings Electronic mail system 	<ul style="list-style-type: none"> Ongoing
Media	<ul style="list-style-type: none"> To minimise instances of inaccurate reporting 	<ul style="list-style-type: none"> Press conference/ release Face-to-face interview/ visit 	<ul style="list-style-type: none"> Ongoing
Local Society	<ul style="list-style-type: none"> To improve the acceptance of local communities of the business 	<ul style="list-style-type: none"> Corporate social responsibility programme Face-to-face meetings Press release 	<ul style="list-style-type: none"> Ongoing
Industry Peers	<ul style="list-style-type: none"> To ensure business practice is in line with the policy 	<ul style="list-style-type: none"> Participation in trade associations Newsletters and meetings 	<ul style="list-style-type: none"> Ongoing
Investor	<ul style="list-style-type: none"> To ensure continuous financial support from investors 	<ul style="list-style-type: none"> Annual report Annual general meeting Shareholders' dialogue Press release and public announcements 	<ul style="list-style-type: none"> Annually Quarterly Ongoing
Employees	<ul style="list-style-type: none"> To retain competent employees 	<ul style="list-style-type: none"> Employees' survey Employees' dialogue Annual appraisal Memorandum Electronic mail system 	<ul style="list-style-type: none"> Annually Ongoing

SUSTAINABILITY STATEMENT (Cont'd)

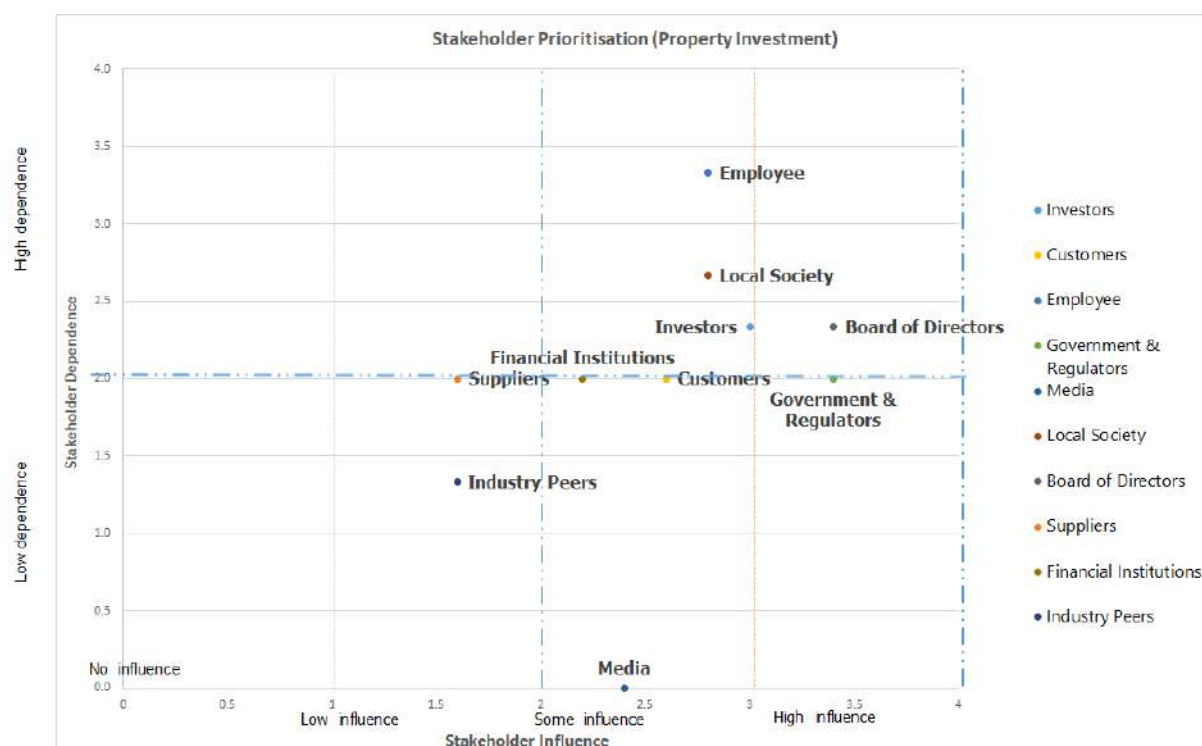
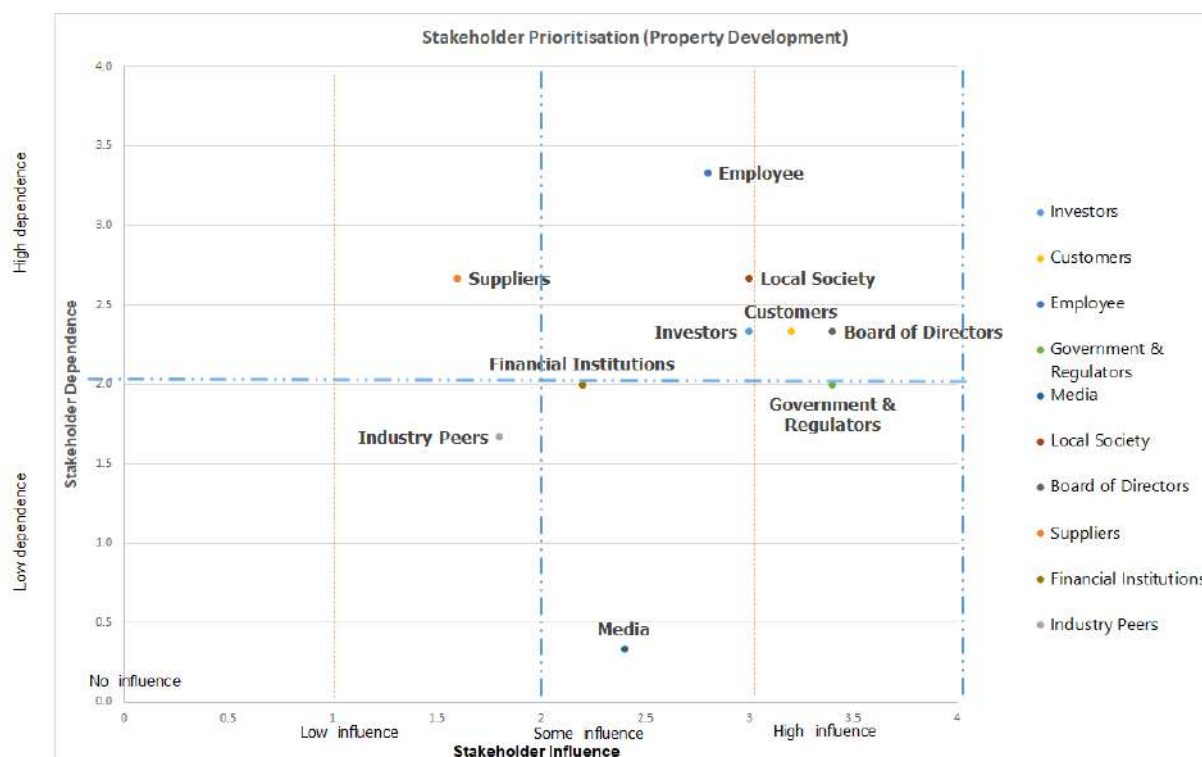
Stakeholder Engagement (Cont'd)

PROPERTY INVESTMENT			
STAKEHOLDER GROUP	ENGAGEMENT OBJECTIVE(S)	PREFERRED ENGAGEMENT METHOD(S)	FREQUENCY OF ENGAGEMENT
Investor	<ul style="list-style-type: none"> To ensure continuous financial support from investors 	<ul style="list-style-type: none"> Annual report Annual general meeting Shareholders' dialogue Press release and public announcements 	<ul style="list-style-type: none"> Annually Quarterly Ongoing
Employees	<ul style="list-style-type: none"> To retain competent employees and contractors 	<ul style="list-style-type: none"> Employees' survey Employees' dialogue Annual appraisal Memorandum Electronic mail system 	<ul style="list-style-type: none"> Annually Ongoing
Board of Directors	<ul style="list-style-type: none"> To align business strategy with sustainable practices 	<ul style="list-style-type: none"> Committee meetings Board of Directors meeting 	<ul style="list-style-type: none"> Quarterly
Suppliers	<ul style="list-style-type: none"> To ensure sustainable supply of quality services and materials 	<ul style="list-style-type: none"> Supplier's evaluation and appraisal Meetings Conflict of Interest Policy Code of Conduct 	<ul style="list-style-type: none"> Ongoing
Customers	<ul style="list-style-type: none"> To improve customer's satisfaction 	<ul style="list-style-type: none"> Customer's Feedback Form Face-to-face meetings Electronic mail system Social media and printed medium 	<ul style="list-style-type: none"> Ongoing
Financial Institutions	<ul style="list-style-type: none"> To ensure continuous financial support from financial institutions 	<ul style="list-style-type: none"> Annual report Press release Public announcements Face-to-face meetings 	<ul style="list-style-type: none"> Annually Ongoing
Government and Regulators	<ul style="list-style-type: none"> To ensure full compliance with relevant laws and regulations 	<ul style="list-style-type: none"> Official submission Official letter Public dialogue involving government officials Public announcements Telephone conversation Face-to-face meetings Electronic mail system 	<ul style="list-style-type: none"> Ongoing
Media	<ul style="list-style-type: none"> To minimise instances of inaccurate reporting 	<ul style="list-style-type: none"> Press conference/ release Face-to-face interview/ visit 	<ul style="list-style-type: none"> Ongoing
Local Society	<ul style="list-style-type: none"> To improve the acceptance of local communities of the business 	<ul style="list-style-type: none"> Corporate social responsibility programme Face-to-face meetings Press release 	<ul style="list-style-type: none"> Ongoing
Industry Peers	<ul style="list-style-type: none"> To ensure business practice is in line with the policy 	<ul style="list-style-type: none"> Participation in trade associations Newsletters and meetings 	<ul style="list-style-type: none"> Ongoing

SUSTAINABILITY STATEMENT (Cont'd)

Stakeholder Engagement (Cont'd)

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)

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 Heads 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 Heads 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

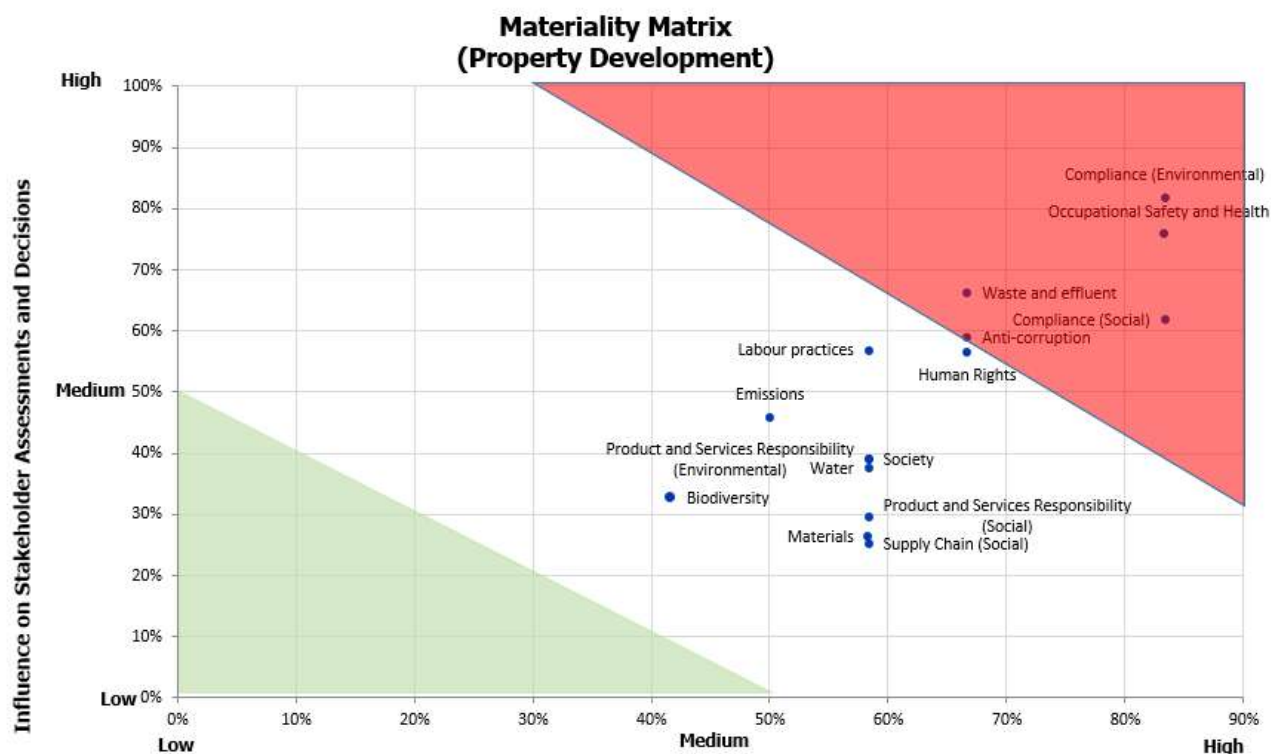
The Group's material sustainability matters were identified through the materiality assessment process, whereby the Economic, Environmental and Social ("EES") matters relevant and important to the Group's long-term sustainability are identified and prioritised through structured process and assessment mechanism as approved by the Board, guided by the Guide Toolkit: Materiality Assessment issued by Bursa Securities 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.

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.

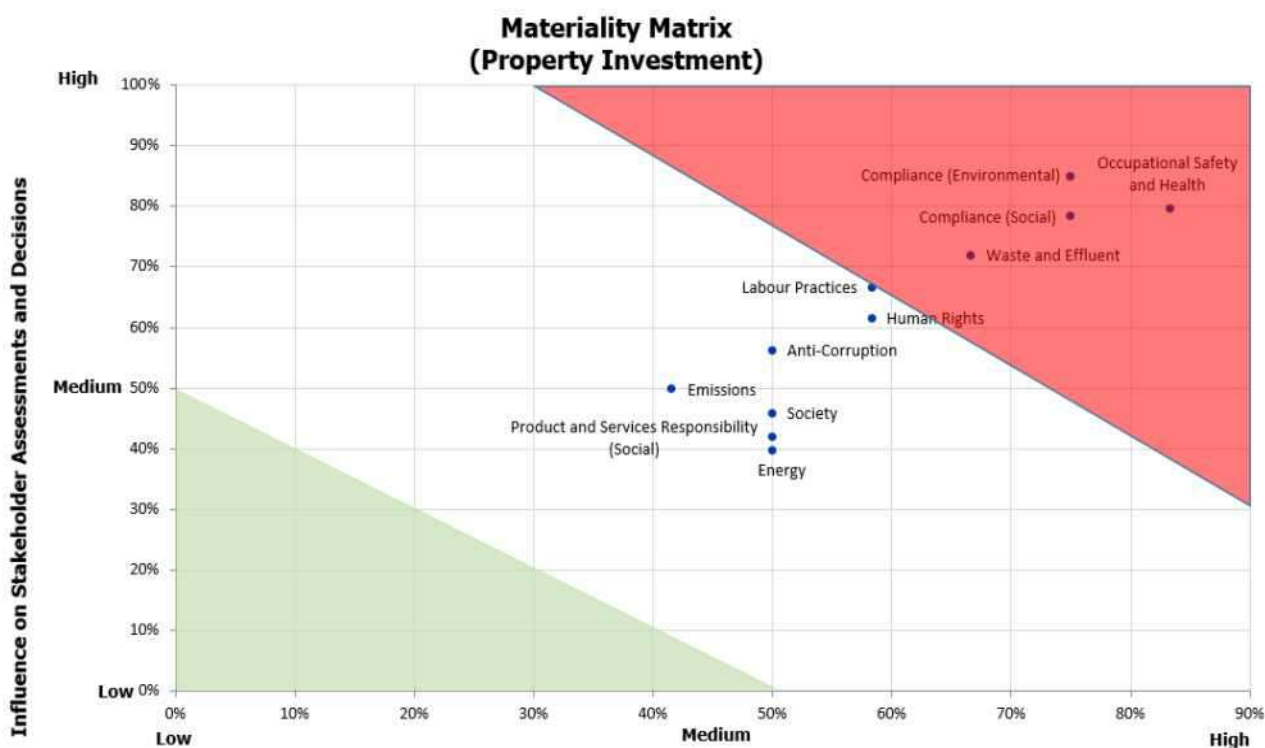
The final list of sustainability matters together with its details of identification and assessment for both property development segment and property investment segment were reviewed by the Audit Committee and reported the Board for its approval to ensure effective sustainability management and monitoring. The assessment results of material sustainability matters for both property development segment and property investment segment are tabulated in the following Materiality Matrices: -

SUSTAINABILITY STATEMENT (Cont'd)

Material Sustainability Matters (Cont'd)



Significance of Group's Economic, Environmental and Social Impacts







Significance of Group's Economic, Environmental and Social Impacts

SUSTAINABILITY STATEMENT (Cont'd)

Material Sustainability Matters (Cont'd)








The following sustainability matters identified for both property development and property investment segments are considered material by the Management of the Group as well as 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	 

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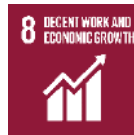







SUSTAINABILITY STATEMENT (Cont'd)

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				
Category	Definition	Aspect Boundary		Relevant SDG Goals
		Internal Stakeholders	External Stakeholders	
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	 
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	 
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	
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	    

SUSTAINABILITY STATEMENT (Cont'd)

Occupational Safety and Health (Social)

Health and safety are of utmost importance to the Group. As a socially responsible business, the Group's long-term sustainability hinged heavily on the safety and well-being of our employees and not to a lesser extent, the stakeholders. A safe and healthy workplace is not only the fundamental right of the employees but also the relevant stakeholder groups, such as customers, suppliers, tenants and contractors, which 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 provide and maintain a productive, vibrant yet safe and healthy workplace and learning environment, as far as reasonably practicable, to all employees and relevant stakeholders by minimising the risk of accidents, injury and exposure to health hazards. Hence, the emphasis on importance of occupational safety and health in the daily business operations and working environment remained to be one of the Group's priorities.

➤ Property Development

The Group places greatest 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 and working environments as well as 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, consultants and visitors are required to adhere to the safety and health policies and rules and regulations at all construction sites.

Safety and Health Committee is established for respective projects which shall be responsible to manage the safety and health management of the Group 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't's), 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 order to foster the desired safety and health objectives and outcomes with minimal industrial accidents, qualified Safety and Health Officer as well as 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, and 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 safety and health guidelines and safety measures are properly implemented and complied with, as well as to raise any concerns or incidents of non-compliances or safety and health hazards with corrective actions taken and implemented swiftly.

Scheduled meetings are conducted by the Safety and Health Committee at predetermined interval in order to promote an effective communication with the employees, contractors and subcontractors involved in regard to the ways to perform jobs/ tasks in a better and safer manner at the work sites, meanwhile, to discuss any safety and health related concerns or work sites improvement, and to report and resolve any unsafe actions or conditions and findings with corrective actions provided. Awareness to safety and health at work sites are emphasized and disseminated too to ensure that all site employees, contractors and subcontractors are competent to uphold and execute the safety and health measurements during the implementation of their duties and responsibilities.

Besides, strict compliance is imposed by the Group whereby all employees that required access to the construction sites as well as all employees of the contractors and subcontractors who are 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 and health awareness and knowledge to ensure the undertaken of safe construction activities.

SUSTAINABILITY STATEMENT (Cont'd)

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

➤ Property Development (Cont'd)

The related awareness and knowledge to maintain a set of good safety and health standard is created and shared through safety toolbox briefings conducted by the Safety and Health Supervisor to new and existing construction personnel on daily basis. The important safety and health issues associated with the work activities to be conducted, along with any deficiencies and corrective actions to be taken, are highlighted and communicated to all construction personnel during the safety toolbox meetings 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, subcontractors and visitors from unnecessary work-related injuries. The surrounding of every construction site is fully barricaded with protective hoarding before the commencement of construction works so that the public would be protected from work in progress.

Furthermore, 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 safety measures implemented as aforesaid, 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 a predetermined interval to ensure the safe operation of the equipment and scaffolds.

In order to build and maintain a healthy and safe working, sanitisation and disinfection for prevention of COVID-19 virus is performed at respective construction sites by the construction site personnel. Fogging and mosquito prevention activities at construction sites are carried out at the work sites 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 to enhance the sustainable business growth. The tone from the top with regard to the Group’s commitment to safety and health of employees 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, subcontractors, suppliers and also customers.

The Group strives to provide a safe and healthy environment for the stakeholders (employees, customers, tenants, suppliers, visitors, contractors and subcontractors) and to ensure safe practices are adopted and upheld in all aspects of the property investment’s business operations. Regular inspections on the compliance of safety and health rules and regulations in resorts and mall are conducted by representatives of the Safety and Health Committee, whereby corrective and preventive actions are implemented swiftly and timely for incidents of non-compliances identified.

SUSTAINABILITY STATEMENT (Cont'd)

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

➤ Property Investment (Cont'd)

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, suppliers, visitors, contractors and subcontractors. Monitoring of the continuous compliance with all relevant regulations and 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 order to identify any non-compliances or high-risk areas with actions taken promptly without putting the stakeholders in risk or danger.

Furthermore, the public facilities and equipment (i.e. lifts, escalators, travelators, glass fences/ panels and handrails, panic button installed at car parks, swimming pool, water theme park's facilities, gym equipment) installed in the resorts and mall for public usage and convenience are inspected and maintained at predetermined interval by the Group's internal safety and maintenance team as well as the qualified vendors to ensure safe usage of the facilities and equipment are preserved.

Fire preventive equipment and systems are installed, maintained and tested at regular interval too to ensure its functionalities are not compromised in order to ensure the mall and resorts are operating safely. Fire certificates issued by the Fire and Rescue Department of Malaysia for the mall and resorts are obtained and renewed annually after inspections were performed by the authority bodies to ensure the Group's strict compliance with the life safety, fire prevention, fire protection and fire-fighting requirements of the Fire Services Act and related regulations. The Group also established an emergency response team that is equipped with the knowledge of basic safety and emergency responses for any unfortunate incidents happened.

We aim to provide a safe and secure environment for our customers, tenants, employees and other stakeholders. As the hotels and resorts as well as shopping mall can be highly susceptible to safety and security risks as publicly accessible destination, security guards are employed and deployed at the important safety control points in the mall and resorts, including car park areas, to ensure the general safety of the public within the building is safeguarded. Regular patrolling of the car parks by our internal security teams are maintained. The car parks are also equipped with panic buttons at appropriate designated locations for public's usage in the event of any emergencies.

Furthermore, door access controls are installed at restricted areas to prevent unauthorised access. The usage of electronic card access is required for guests' access to the authorised floors of the hotel rooms assigned. Strategic locations at the mall and resorts are also monitored by the internal security team through closed-circuit television system connecting to the surveillance control room. Clear escape route plans and emergency exit signboards are placed at strategic locations and every room and function rooms.

Last but not least, all employees that are involved in handling foods in the cafeteria, kitchen, banquet hall and etc. are required to attend food handling training with proper SOP practiced in the workplaces at all times, and to get typhoid vaccination on annual basis in compliance with the regulations imposed by the authority bodies.

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.

SUSTAINABILITY STATEMENT (Cont'd)

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

The safety and well-being of our employees and stakeholders remain one of our top priorities as we adapt to the new normal whilst providing uninterrupted services to our customers and ensuring business continuity and resilience. For both property development and property investment businesses, despite the relaxation of COVID-19 movement control restrictions and other related limitations in which it is currently in the transition to the endemic phase, In addition, despite the relaxation of COVID-19 movement control restrictions and other related limitations in which it is currently in the transition to the endemic phase, the Group has remained vigilant in monitoring and ensuring the necessary precautionary steps and health and safety measures in place to prevent the risk of its recurrence or occurrence of any other health crisis that could adversely impact the lives of our workforce, contractors, tenants, customers and other stakeholders, while ensuring the business continuity of the Group.

To safeguard everyone's safety and well-being, some of the initiatives and safety measures put in place by the Group are such as the following: -

- (i) Temperature checks at all entrances to offices, mall, hotels and resorts and construction sites before this requirement was then lifted by the Malaysian government.
- (ii) Mandatory wearing of face masks at all times by all employees, customers, guests, tenants, suppliers, contractors, subcontractors and visitors. Face mask is still encouraged to be put on despite this requirement was then lifted by the Malaysian government.
- (iii) Hand sanitisers are placed at public common areas and entrances to offices, mall, hotels and resorts and construction sites.
- (iv) Only fully vaccinated person is allowed to enter the premises by showing his/her vaccination status as well as risk status at designated checkpoints in mall, resorts and construction sites. This was strictly complied with before it was then lifted by the Malaysian government.
- (v) Employees are encouraged to get the COVID-19 booster shots.
- (vi) Social distancing practices is encouraged, with distancing markings at offices, meeting rooms, elevators, hotel reception counters and etc.
- (vii) Frequent sanitisation and disinfection of public and common areas, particularly the commonly touched surfaces such as door handles, handrails, lift buttons.
- (viii) Frequent cleaning and sanitisation by employees on personal workstations is encouraged.
- (ix) Full set of personal protective equipment are prepared and provided to employees especially those who are stationed for work at KSL Hot Spring Resort at Taman Daya, Johor which serves as a quarantine hotel.
- (x) Employees are advised to avoid crowded areas or gatherings.
- (xi) Face-to-face meetings are minimised whenever possible.
- (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) Various COVID-19 safety signages/ posters are placed for awareness purpose at key locations of the offices, mall, hotel and resorts and construction sites.
- (xiv) COVID-19 SOP is established and communicated to all employees.
- (xv) 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 or develops any symptoms of COVID-19.
- (xvi) COVID-19 self-test is required to be performed by employees on a periodic basis, particularly the front-liners in hotel and resorts (i.e. front-office, housekeeping, food and beverage) as well as employees that have been in close contact with confirmed COVID-19 patient.
- (xvii) Employees are briefed and updated with all COVID-19 directives issued by government to ensure strict compliance.

SUSTAINABILITY STATEMENT (Cont'd)

Waste and Effluent, Compliance (Environmental)

In pursuit of sustainable development, 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 management of waste and effluents play an important part in an effective environmental stewardship.

As an accountable group of companies that involved in property development and property investment activities, 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. The Group has been mindful and remained dedicated to protecting and enhancing the environment surrounding the Group's operations by minimising the environmental footprint arising from our business operations for the benefits of the future generations.

➤ Property Development

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 relevant environmental preservation practices are formulated for compliance by the employees, contractors and subcontractors. For every housing development project of 50 hectares or more, Environmental Impact Assessment is required to be performed with reference to the Environmental Impact Assessment Guideline, together with the approved Environmental Impact Assessment consultant, during the feasibility study stage. The construction works are allowed to be commenced upon obtaining approval from the Director General of Environmental and Ministry of Natural Resources and Environment and any other relevant government authorities. 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 the Environmental Impact Assessment submitted and approved.

Open burning is strictly prohibited at all times on all sites and routine site inspections are conducted by the Site Supervisor as well as Safety and Health Officer/ Safety and Health Supervisor at respective construction sites to ensure stringent compliance to all regulatory standards set by the local authority and the government. Besides, noise pollution is also taken into consideration to prevent loud sound transmissions. 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 approval is obtained from local authority for works with low noise level without affecting the quality of living of the people staying in the nearby residential areas.

As part of the initiatives to minimise the impacts of its activities on the environment, it is the practice of the Group that all construction wastes generated from respective construction sites 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. Illegal dumping of waste, regardless of hazardous or non-hazardous, is strictly disallowed by the Group. The usage of pesticides is in compliance with the Pesticides (Highly Toxic Pesticides) Regulations 1996.

It is the policy of the Group that adequately sized silt traps and other forms of sediment retention and control facilities are required to be set up at each construction site as part of the environmental protection efforts. The scheduled wastes, mandated under Environmental Quality (Scheduled Waste) Regulation 2005, generated from the construction activities are monitored by the Project Department and being disposed to the approved scheduled waste operators in Malaysia in accordance with the regulation. Storm water is collected at every construction sites too mainly for the use of site cleaning. Besides, rainwater harvesting tank is constructed and installed for every high rise and residential project for retention of rainwater harvested for future usage.

For most of the development projects introduced by the Group, especially high-rise project, the design and building orientation of the home units are always carefully considered and planned in order to allow natural sunlight to sip through each unit with air ventilation which offers a cool and airy living environment. This allows the natural sunlight to enter the units and hence, reduce the electric lighting and saving energy.

SUSTAINABILITY STATEMENT (Cont'd)

Waste and Effluent, Compliance (Environmental)

➤ Property Development (Cont'd)

Towards greening the environment and making it a safe and healthy for the current and future generation, the Group supports recycling, by reducing the consumption of raw materials without affecting the quality of houses constructed, water pollution, low energy consumption and sorting out recycling materials. Recycle bins are also allocated alongside the development projects to support a green and healthy environment.

➤ Property Investment

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 stringent compliance to the applicable regulations and requirements governing the Group's business activities.

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 which is segregated from the food storage and preparation areas. The storage room is only allowed for access by the authorised personnel.

Necessary trainings or awareness briefings are required to be provided by suppliers to the relevant staffs of the Group in regard to proper handling procedures of the hazardous materials in order to minimize wastage or spillage as well as to avoid unnecessary incidents happen from mishandling of such hazardous materials. Stickers related to the hazardous chemicals or materials are also provided by suppliers to the authorised staffs to be pasted on the packaging of such hazardous chemicals or materials to act as a reminder of the threats involved.

To uphold its value on environmental proposition, the Group practices the "Reduce, Reuse and Recycle" policy to reduce waste, reuse resources and recycle materials to the extent possible. The Board places importance on the reduction of food wastes through effective material planning and utilisation process. For instance, food consumption is monitored closely by the Management on daily basis in order to have a better material planning on food preparation and to reduce unnecessary food wastage. The food wastes 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 are processed through authorised landfill's operators.

The adoption of digitalisation in some of the operation processes also support and drive the initiative of the Group to reduce the paper consumption while increased the work productivity and operational efficiency with faster and more convenient communication within the Group as well as with external stakeholders. To illustrate further on this, invoices are only printed by the front office of the hotel and resorts upon request from the guests. Besides, hotel room price checking and room bookings and confirmations are directly performed through its website and can be communicated via emails.

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. One of the approaches taken by the Group is that the hotel room card keys used for guests' access to hotel rooms are reusable instead of being disposed off, where these card keys are re-coded by the front office staffs of the hotel after each stay of the guests for usage by the next guest who checks in the hotel. Nonetheless, sanitisation of the hotel room card keys will be done by the front office staffs too. Furthermore, the effluent discharged from the operation is treated in compliance with the relevant laws and regulations before such discharge is made.

SUSTAINABILITY STATEMENT (Cont'd)

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

➤ Property Investment (Cont'd)

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 in contributing to the environmental protection in order to promote the environmental awareness and reduce the environmental footprint. 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 to reduce the energy usage.

In addition, to reduce chemical usage for cleaning purpose, enzymes were previously used by the hotel and resorts to clean the equipment. Nevertheless, following the COVID-19 global outbreak, appropriate cleaning chemicals and disinfectants are used instead to perform housekeeping and disinfections of the rooms in hotel and resorts, offices and mall. Nevertheless, the Group is mindful to continuously committed in reducing its negative environmental impact while 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. Besides, dual flush toilets installed in offices, mall and hotel and resorts are able to reduce the water consumption while decrease the expenses required to be incurred.

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 2022 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 acknowledges 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, in driving sustainable growth as well as ensuring the success of all business operations of the Group, particularly during the post-pandemic changes. The employees' efforts, commitment and contributions critically affect the Group's ability to operate with a high level of competency in delivering our goals and targets set. Hence, the Group endeavours to provide them a safe and sustainable working environment and to treat them equally with equal access to benefits, resources and opportunities provided which shall assist them to further develop their skills, knowledge and competencies.

The Group embraces diversity in the workplace and continues to advocate the culture that respects and leverages on the diverse ethnicities and cultures of our country, hence, recognises the needs of respective ethnic groups and accommodate their needs and requirements in our businesses and operations. The Group believes and 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. Such believe and practice are vital in boosting employees' motivation for better performance achievement and continuous improvement. All employees have the opportunity to contribute to the Group while achieving their own career goals.

SUSTAINABILITY STATEMENT (Cont'd)

Compliance (Social) (Cont'd)

As a socially responsible 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, Temporary Measures for Reducing The Impact of Coronavirus Disease 2019 (COVID-19) Act 2020, just to name a few important ones.

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 and fair employment practice to legitimate employees are specified for strict compliance. 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.

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 has always been committed to providing a good workplace culture and working environment that is free from any forms of harassment, humiliation and intimidation in any nature. All forms of judgements and discriminations are forbidden in the workplace, such as, race, religion, nationality, gender, colour, age, marital status, pregnancy status, sexual orientation and physical disability. The Group also observes strict enforcement of no illegal employment in the workplace, including suppliers, contractors and subcontractors.

Apart from the whistle blowing mechanism put in place to reassure employees and other stakeholders to raise genuine concerns about possible improprieties in matters of financial reporting, compliance and other malpractices, specific grievance procedure is also established by the Management to enable employees to express their complaints and grievances through several communication channels to the appropriate level of authority. This serves as part of the Group's efforts to promote and uphold impartiality in the workplace. Furthermore, 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 and undertake efforts to assess the anticipated social impact of its activities. During the financial year under review, there was no major legal action taken nor any fine or monetary sanction imposed against the Group in relation to the social aspects with zero incidents of human rights violations and discrimination, including forced labour and child labour reported.

Anti-Corruption (Social)

The Group is mindful of the importance to conduct businesses in responsible and transparent manner and committed to uphold high standards of professionalism and integrity in all business dealings with our business associates, which include but not limited to, the customers, tenants, suppliers, contractors, subcontractors, agents and consultants. The Group always hold 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.

In compliance with the Corporate Liability Provision under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and guided by Paragraph 15.29 of the Bursa Securities' Main Market Listing Requirements ("Listing Requirements"), the Group continuously embark on initiatives to ensure that adequate measures are in place to serves as a defence mechanism based on the TRUST principle under the Guidelines on Adequate Procedures issued by the Prime Minister's Department.

SUSTAINABILITY STATEMENT (Cont'd)

Anti-Corruption (Social) (Cont'd)

To demonstrate an adequate level of top-level commitment and to ensure the Group's compliance with the principle of zero-tolerance on any and all forms of gratification as well as applicable anti-bribery and corruption laws and regulations, a Group Anti-Bribery and Anti-Corruption Policy is established and adopted by the Board to provide guidelines and parameters in preventing any corrupt activities involving the Group's Directors, employees, business associates and all parties related to the Group businesses while they perform work or services for or on behalf of the Group. The Group Anti-Bribery and Anti-Corruption Policy is also set to ensure the strict compliance of all preventive system and the relevance law in force.

The core principle in relation to anti-bribery and corruption of the Group is enshrined in the Code of Conduct and Ethics as well as the Conflict of Interest Framework approved by the Board. The ethic requirements and misconducts, gift policy, conflicts of interest and anti-fraud policy are also specified in the Human Resource Procedures and Employee Handbook to guide the ethical conduct and behaviours of employees. 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.

Moreover, 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. Every employee is expected to understand and comply with the laws, rules and regulations that are applicable to their duties and designations. The Group Anti-Bribery and Anti-Corruption Policy and the Code of Conduct and Ethics are reviewed from time to time to safeguard the effectiveness of the governance culture within the Group.

In addition, 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 in assessing integrity of the business dealings undertaken to avoid any allegations of bribery and corruption. Throughout the four (5) financial years under review from year 2018 to year 2022, there were zero bribery and corruption related incidents reported through the whistleblowing channel. Nevertheless, the Group strives to ensure that our people act professionally, ethically and honourably to preserve the record of zero reported incidents of bribery and corruption by continuously fostering a positive culture of compliance.

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. We continue investing in our employees and ensuring the entire workforce remains motivated and committed in achieving the success. We always promote an inclusive and progressive culture where diversity is embraced and welcomed in creating an innovative and resilient workforce to achieve a competitive advantage.

Having a diverse team of employees, across age, gender, ethnicity and industry experience, it encourages open-minded dialogues, broadens our positive influence and reach, helps bridge gaps as well as offers unique insights and brings in new perspectives and strategies that are able to strengthen our businesses. 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 the right skill sets for their job requirements. Continuous on-the-job trainings are provided too 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.

To have a strong-based workforce and ensure the Group remains competitive and continues to attract and retain the right talents, 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. Approved career scale with relevant salary range is established and implemented in guiding the fair reward and compensation given to respective competent employees.

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 believe 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.

The Group strives to create a positive and supportive workplace where employees are engaged through various avenues to ensure an effective flow of information and optimise operational performance. 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.

Besides, the Group embraces diversity in the workplace and continues to advocate the culture that respects and leverages on the diverse ethnicities and cultures of Malaysia, hence, recognises the needs of respective ethnic groups and accommodate their needs and requirements in the business and operations. By having a diverse workforce in the Group, the Board champions equal opportunities for all employees, regardless of race/ethnicity, religion, nationality, age, gender, marital status, or any other characteristics, as well as creating a culture that respects and values each other's differences.

SUSTAINABILITY STATEMENT (Cont'd)

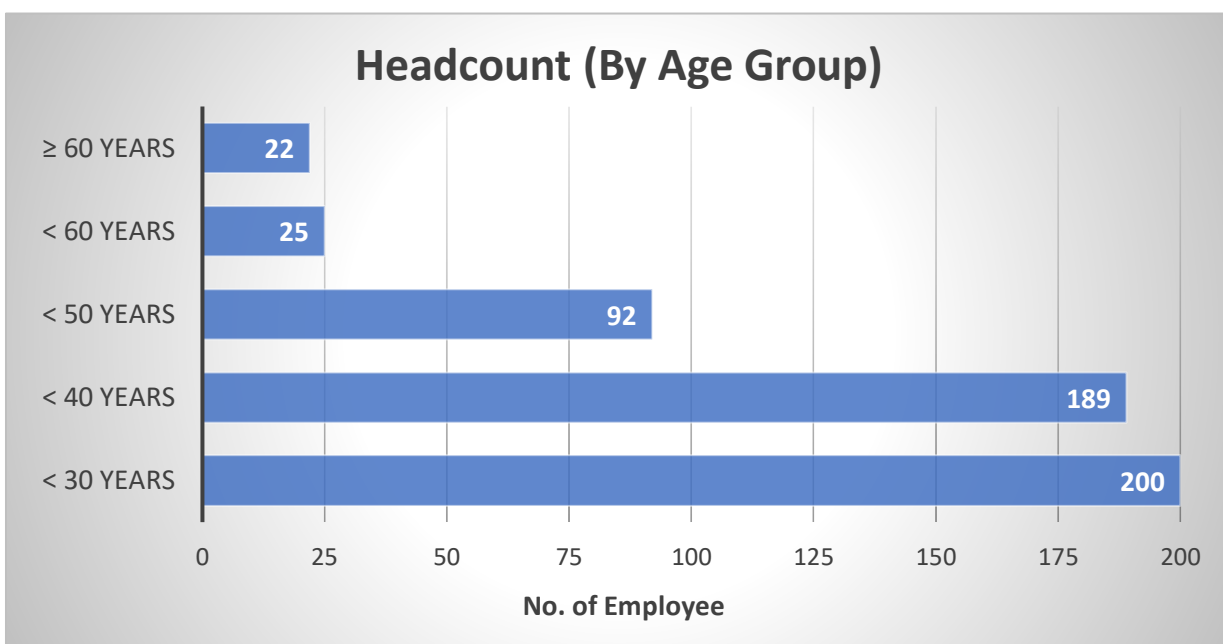
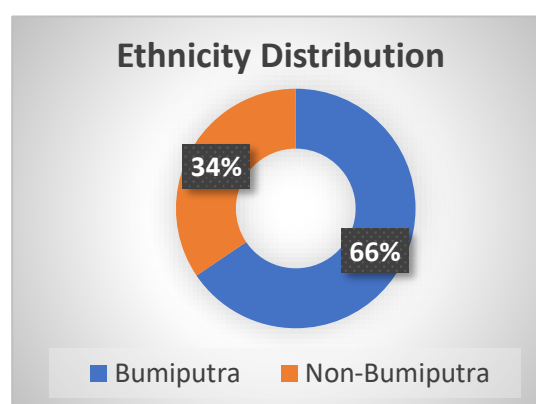
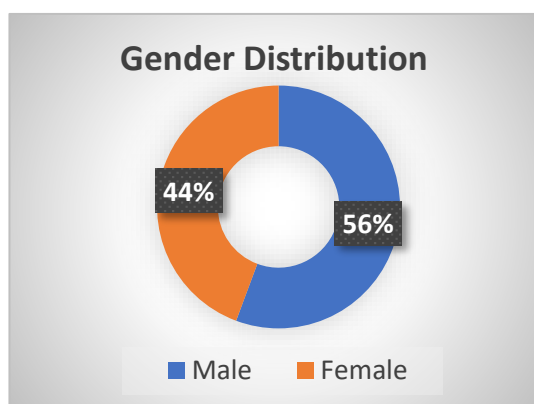
Other Major Economic and Social Activities Undertaken During Financial Year (Cont'd)

A. Our Employees and Workforce (Cont'd)

We greatly emphasize the importance of being committed in providing a work environment that is free from any forms of discrimination and brutality for our employees. Notwithstanding the nature of our property development operation which comes with non-conducive working environment, equal treatment and opportunities are extended to our employees in terms of recruitment, salary increment, benefits and allowances, promotion, retention and training. A full breakdown of our workforce in year 2022 for both property development and property investment businesses in Malaysia is illustrated below.

	Johor		Klang Valley		Total	
No. of Employees	Male	Female	Male	Female	Male	Female
Permanent ¹	213	172	81	62	294	234

	Property Development		Property Investment		Total	
No. of Employees	Male	Female	Male	Female	Male	Female
Permanent ¹	132	117	162	117	294	234



¹ Exclude members of the Board of Directors

SUSTAINABILITY STATEMENT (Cont'd)

Other Major Economic and Social Activities Undertaken During Financial Year (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 to show its gratitude and appreciation for its success and growth. "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.

We are endeavoured to generating positive and sustainable value for both the community and economic growth through effective utilisation and application of the Group's capabilities and resources as well as sharing of financial resources with local community for their developments. Despite challenges faced by the Group with disruption to its businesses especially the property investment operation following the COVID-19 pandemic, 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 movement control restrictions by the Malaysian government with subsequent announcement made by the government in using hotels as quarantine centres for Malaysians returning from overseas during the outbreak of COVID-19, one of the hotel and resorts of the Group, namely, KSL Hot Spring Resort is then turned into a quarantine hotel for a period of time. Other than enabling the property investment business of the Group to generate some revenues amid the hospitality related businesses that are severely impacted globally, such initiative 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 the challenging period. In addition, KSL City Mall is also serves as the offsite COVID-19 vaccination centre for the public community's convenience in getting their vaccinations.

Constructing quality and affordable houses for the community to buy and own has always been our Group's policy. Over the years, in response to the voice to provide houses at prices not to burden further on the 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.

In addition, we have made our efforts to connect with the communities in places we have operations by going beyond contributing monetary donations. We placed importance to reach out and give back to the community directly with our active organisation and participation in the locally organised events. One of the charitable events that was held during the year was about organising a Ramadhan buffet with breaking fast meals provided to the orphans from one of the orphanage homes in conjunction with the holy fasting month. The event was held in the hotel's Infusion Café to bring joy to these children.

Over the years, the Group has always contributed to the development of education of the young children with the belief that education is the pillar of economic growth 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 strives to excellence in its business operations and continue to play its part in growing its businesses responsibly and sustainably that brings positive values to the not only the employees but also the community.

SUSTAINABILITY STATEMENT (Cont'd)

Other Major Economic and Social Activities Undertaken During Financial Year (Cont'd)

B. Our Community Commitments (Cont'd)

Beyond building sustainability in the business operations, we also recognise the importance of being responsible to the society by not only providing financial and non-financial support to the local communities and those in need, but also to share our knowledge base for the next generation for the community developments. We do offer internship programme to provide students with opportunities to work with us during their semester breaks and at the same time in fulfilling their internship requirements. Such internship programme is not only aimed to develop confidence and skill sets of the undergraduates for future job requirements but also to present the Group a ready source of new recruits for its business operations and business expansion.

It is also the practice of the Group to promote the participation of local community and to improve the well-being of the local community by offering the part-time job opportunities in its food and beverage and banquet operations. The practice by the Group increased the financial capacity of the locals, especially during the current economic unfriendly environment.

The Group remain motivated and 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. The Group also respects and values long-term beneficial relationships with the communities where we operate and in the wider society in order to achieve sustainable business growth.

LIST OF MAJOR PROPERTIES HELD BY THE GROUP AS AT 31 DECEMBER 2022

No.	Lot No.	Description	Land Area (sq. ft.)	Existing Use	Tenure	Approximate Age (Year)	Net Book Value as at 31.12.2022 (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	406,470,000	30.12.2022
02.	PT 143339 Mukim of Klang District of Klang Selangor Darul Ehsan	Commercial complex	788,000	KSL Esplanade Mall	Freehold	-	304,928,419	31.12.2022
03.	Lot 113158, 113159, 113162, 113164, 113165, 55044, 55054, 55056 & 63409 Mukim of Pulau District of Johor Bahru Johor Darul Takzim	Land held for development	8,208,099	Vacant Land	Freehold	-	198,483,389	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	-	184,879,130	01.11.2007
05.	PTD 113647 PTD 113648 Mukim of Pulau District of Johor Bahru Johor Darul Takzim	Subdivided land under development	400,055	KSL Residensi @ Kangkar Tebrau	Freehold	-	165,941,849	10.08.2006
06.	PTD 163673 – 163674 Mukim of Tebrau District of Johor Bahru Johor Darul Takzim	Land held for development	5,137,998	Vacant Land	Leasehold	-	138,773,363	12.03.2018
07.	Lot 2437 Mukim of Tebrau District of Johor Bahru Johor Darul Takzim	Subdivided land under development	9,772,242	Taman Bestari Indah	Freehold	-	112,998,802	27.02.2002
08.	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	-	107,993,714	30.01.2015
09.	Lot 3054 – 3059, Lot 3068 – 3071, Lot 3080 – 3088 Mukim of Pulau District of Johor Bahru Johor Darul Takzim	Subdivided land under development	1,678,659	Taman Mutiara Bestari	Freehold	-	68,887,352	21.12.2009
10.	Lot 84133 Mukim of Tebrau District of Johor Bahru Johor Darul Takzim	Subdivided land	3,233,903	Taman Kempas Indah	Freehold	-	53,662,483	16.08.2002

STATEMENT OF SHAREHOLDINGS AS AT 21 MARCH 2023

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

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	619	11.07	24,244	0.00
100 – 1,000	728	13.01	349,811	0.03
1,001 – 10,000	2,349	41.99	12,245,647	1.20
10,001 – 100,000	1,572	28.10	51,421,101	5.06
100,001 to less than 5% of issued shares	322	5.76	337,573,525	33.19
5% and above of issued shares	4	0.07	615,601,671	60.52
Total	5,594	100.00	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.	IFAST NOMINEES (ASING) SDN BHD EXEMPT AN FOR IFAST FINANCIAL PTE. LTD.	49,645,200	4.88
6.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO. LTD.	49,338,898	4.85
7.	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD	42,855,195	4.21
8.	GORGEOUS HORIZON SDN BHD	23,129,200	2.27
9.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	10,122,316	1.00
10.	KU WA CHONG	9,249,879	0.91
11.	AMSEC NOMINEES (TEMPATAN) SDN BHD AMBank (M) BERHAD	5,668,800	0.56
12.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SUSY DING	4,920,000	0.48

STATEMENT OF SHAREHOLDINGS (Cont'd)

AS AT 21 MARCH 2023

THIRTY LARGEST SHAREHOLDERS (Cont'd)

No.	Shareholders	Number of Shares	Percentage of Shares (%)
13.	KHOO KENG GHIAP	3,967,680	0.39
14.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TNTT REALTY SDN BHD	3,789,800	0.37
15.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI	3,400,000	0.33
16.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN MOEY QUEE	3,189,436	0.31
17.	KU WA CHONG	3,129,196	0.31
18.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SUSY DING	2,957,500	0.29
19.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAY LEK HENG	2,710,400	0.27
20.	LTK (MELAKA) SDN BHD	2,662,915	0.26
21.	LIM SOON HUAT	2,651,782	0.26
22.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI	2,367,000	0.23
23.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR DANA MAKMUR PHEIM	2,093,863	0.21
24.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD	1,924,370	0.19
25.	CARTABAN NOMINEES (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR ACADIAN EMERGING MARKETS SMALL CAP EQUITY FUND, LLC	1,892,783	0.19
26.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG YOONG NYOCK	1,876,400	0.18
27.	TEO TIN LUN	1,845,900	0.18
28.	GOH CHEAH HONG	1,554,940	0.15
29.	LIM SIEW LEE	1,535,847	0.15
30.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH CHU YONG	1,511,500	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		Deemed Interest	
		Number of Shares	% of Shares	Number of Shares	% 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		Deemed Interest	
		Number of Shares	% of Shares	Number of Shares	% 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.	PANG AH KOW	-	-	-	-
5.	TAN SWEE GEOK	287,392	0.03	-	-
6.	WONG LEE LEE	-	-	-	-

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 2022

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

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 6 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
Profit for the year attributable to owners of the Company	<u>179,514,952</u>	<u>48,462,238</u>

Reserves and Provisions

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

Dividends

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors do not recommend any dividend in respect of the current financial year.

DIRECTORS' REPORT (Cont'd)

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 2022, 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.

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Directors

The Directors of the Company in office during the financial year until the date of this report are:

Khoo Cheng Hai @ Ku Cheng Hai
Ku Hwa Seng
Ku Tien Sek
Pang Ah Kow (Appointed on 1/12/2022)
Tan Swee Geok (Appointed on 1/12/2022)
Wong Lee Lee (Appointed on 1/12/2022)
Lee Chye Tee (Resigned on 1/12/2022)
Gow Kow (Resigned on 1/12/2022)
Goh Tyau Soon (Resigned on 1/12/2022)
Tey Ping Cheng (Resigned on 1/12/2022)

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' REPORT (Cont'd)

Directors' Interests in Shares

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	<-----Number of ordinary shares----->			
	At 1 January 2022	Additions	Disposal	At 31 December 2022
Company				
Direct interest				
Khoo Cheng Hai @ Ku Cheng Hai	108,394,051	-	-	108,394,051
Ku Hwa Seng	104,889,521	-	-	104,889,521
Ku Tien Sek	78,771,457	-	-	78,771,457
Tan Swee Geok	287,392	-	-	287,392
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' REPORT (Cont'd)

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 as shown below) 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 29 to the financial statements.

The details of the directors' remuneration for the financial year ended 31 December 2022 are set out below:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Directors' remuneration:				
- fee	90,000	90,000	90,000	90,000
- salary and other emoluments	39,087,000	26,206,100	720,000	528,500
- contribution to state plans	6,479,100	4,501,972	105,600	74,700
- other personnel costs	8,485	7,912	2,834	2,702
	<u>45,664,585</u>	<u>30,805,984</u>	<u>918,434</u>	<u>695,902</u>

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of, the Company or any other body corporate.

Indemnity and Insurance Costs

There were no indemnity given to or insurance effected for any Directors, officers and auditors of the Company in accordance with Section 289 of the Companies Act, 2016.

DIRECTORS' REPORT (Cont'd)

Other Statutory Information

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that 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 value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
 - (i) which would render the writing off of bad debts or the setting up of allowance for doubtful debts in the financial statements of the Group and of the Company; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
 - (iv) 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.
- (c) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Group and 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 or of the Company which has arisen since the end of the financial year.

DIRECTORS' REPORT (Cont'd)

Other Statutory Information (Cont'd)

(d) 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 affect the ability of the Group and of the Company to meet their obligations when they fall due;
- (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature 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.

Auditor's Remuneration

The auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2022 are RM285,000 and RM25,000 respectively.

Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 6 to the financial statements.

Significant Events

The details of the significant events are disclosed in Note 30 to the financial statements.

Subsequent Events

The details of the subsequent events are disclosed in Note 31 to the financial statements.

DIRECTORS' REPORT (Cont'd)

Auditors

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 17 April 2023.

KHOO CHENG HAI @ KU CHENG HAI

KU HWA SENG

KUALA LUMPUR

STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act, 2016

We, KHOO CHENG HAI @ KU CHENG HAI and KU HWA SENG, being two of the directors of KSL HOLDINGS BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements 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 2022 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 dated 17 April 2023.

KHOO CHENG HAI @ KU CHENG HAI

KU HWA SENG

KUALA LUMPUR

STATUTORY DECLARATION
Pursuant to Section 251(1) of the Companies Act, 2016

I, KHOO CHENG HAI @ KU CHENG HAI, being the Director primarily responsible for the financial management of KSL HOLDINGS BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are 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 at Kuala)
Lumpur in the Federal Territory)
on 17 April 2023.)

KHOO CHENG HAI @ KU CHENG HAI

Before me,

No. W790
ZAINUL ABIDIN BIN AHMAD

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KSL HOLDINGS BERHAD

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of KSL HOLDINGS BERHAD (“the Company”), which comprise the statements of financial position as at 31 December 2022 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, as set out on pages 112 to 197.

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 at 31 December 2022, 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 requirements of 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. 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 IESBA Code.

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

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

Report on the audit of the financial statements (Cont'd)

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 for the current financial year. 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.

We have determined that there were no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Key audit matter

Revenue and cost recognition for property development activities

The Group recognises revenue from ongoing property development projects in the statement of profit or loss by using the stage 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 RM198,931,947 from property development activities, recognised over time, during the financial year ended 31 December 2022.

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

How we addressed the key audit matter

- 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.

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

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

Report on the audit of the financial statements (Cont'd)

Key Audit Matters (Cont'd)

Key audit matter

Revenue and cost recognition for property development activities (Cont'd)

Given the nature of property development projects, we focused on this area as significant estimates and judgements are required in: (Cont'd)

- estimating total property development costs.

Refer to Note 8(ii), 18 and 19 to the financial statements.

Valuation of investment properties

Referring to Note 5 to the financial statements, as at 31 December 2022, the Group's investment properties, which are carried at fair value, amounted to approximately RM695 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 estimation uncertainty, coupled with the fact that a small percentage difference in individual property valuation assumptions, when aggregated, could result in material misstatement.

How we addressed the key audit matter

- 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.

External valuations

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.

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

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

Report on the audit of the financial statements (Cont'd)

Key Audit Matters (Cont'd)

Key audit matter

Valuation of investment properties (Cont'd)

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 assumption, amongst others, comparable historical transaction and factoring adjustments to comparable transactions including location, size, condition, accessibility, design and market knowledge, and estimated rental value per square foot

How we addressed the key audit matter

External valuations (Cont'd)

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 rate for the various properties were appropriate.

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

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

Report on the audit of the financial statements (Cont'd)

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 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 the 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 requirements of 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 have no realistic alternative but to do so.

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

[Company No.: 200001008827 (511433 – P)]
(Incorporated in Malaysia)

Report on the audit of the financial statements (Cont'd)

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 International Standards on Auditing 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 the basis of these financial statements.

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

- 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- 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.

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

[Company No.: 200001008827 (511433 – P)]
(Incorporated in Malaysia)

Report on the audit of the financial statements (Cont'd)

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also: (Cont'd)

- 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.
- 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, actions taken to eliminate threats or safeguards applied.

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 financial 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)

[Company No.: 200001008827 (511433 – P)]
(Incorporated in Malaysia)

Report on the audit of the financial statements (Cont'd)

Other Matters

- (i) The financial statements of the Group and of the Company for the preceding financial year were audited by another firm of auditors and are presented here merely for comparative purposes. The report issued by the predecessor auditors, which was dated 21 April 2022, expressed an unmodified opinion.
- (ii) 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.

UHY

Firm Number: AF 1411

Chartered Accountants

LIM YANG YUE

Approved Number: 03544/12/2024 J

Chartered Accountant

KUALA LUMPUR

17 April 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	201,057,252	140,287,411	2	2
Investment properties	5	960,463,953	885,709,881	-	-
Investment in subsidiaries	6	-	-	1,227,681,955	1,227,381,958
Other investment	7	1,682,352	1,482,759	-	-
Inventories	8	1,116,566,915	1,098,630,589	-	-
		<u>2,279,770,472</u>	<u>2,126,110,640</u>	<u>1,227,681,957</u>	<u>1,227,381,960</u>
Current assets					
Inventories	8	792,494,297	789,512,983	-	-
Trade and other receivables	9	144,078,221	187,976,444	-	1,055
Contract assets	10	51,716,023	52,966,936	-	-
Current tax assets		14,843,140	1,416,872	1,031,117	1,056,679
Amount due by subsidiaries	11	-	-	166,544,143	76,499,364
Cash and bank balances	12	302,538,960	252,841,266	175,316	157,121
		<u>1,305,670,641</u>	<u>1,284,714,501</u>	<u>167,750,576</u>	<u>77,714,219</u>
Total assets		<u>3,585,441,113</u>	<u>3,410,825,141</u>	<u>1,395,432,533</u>	<u>1,305,096,179</u>

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022 (Cont'd)

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
EQUITY					
Share capital	13	699,234,524	699,234,524	699,234,524	699,234,524
Treasury shares	13	(24,776,017)	(24,776,017)	(24,776,017)	(24,776,017)
Reserves	14	<u>2,621,183,523</u>	<u>2,441,668,571</u>	<u>638,215,648</u>	<u>589,753,410</u>
		<u>3,295,642,030</u>	<u>3,116,127,078</u>	<u>1,312,674,155</u>	<u>1,264,211,917</u>
LIABILITIES					
Non-current liabilities					
Other payables	15	22,585,284	20,493,984	-	-
Loan and borrowings	16	48,012,580	68,337,928	-	-
Deferred tax liabilities	17	<u>57,110,238</u>	<u>54,086,171</u>	<u>-</u>	<u>-</u>
		<u>127,708,102</u>	<u>142,918,083</u>	<u>-</u>	<u>-</u>
Current liabilities					
Trade and other payables	15	139,525,825	103,886,878	57,783	168,149
Contract liabilities	10	286,832	7,567,754	-	-
Loan and borrowings	16	20,325,348	40,325,348	-	-
Current tax liabilities		1,952,976	-	-	-
Amount due to subsidiaries	11	<u>-</u>	<u>-</u>	<u>82,700,595</u>	<u>40,716,113</u>
		<u>162,090,981</u>	<u>151,779,980</u>	<u>82,758,378</u>	<u>40,884,262</u>
Total liabilities		<u>289,799,083</u>	<u>294,698,063</u>	<u>82,758,378</u>	<u>40,884,262</u>
Total equity and liabilities		<u>3,585,441,113</u>	<u>3,410,825,141</u>	<u>1,395,432,533</u>	<u>1,305,096,179</u>

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Revenue	18	574,999,572	467,827,281	48,336,900	6,775,100
Cost of sales	19	<u>(268,947,187)</u>	<u>(243,169,415)</u>	<u>-</u>	<u>-</u>
Gross profit		306,052,385	224,657,866	48,336,900	6,775,100
Add: Other income	20	65,017,932	15,400,257	2,607,669	1,176,220
Less: Distribution expenses		(33,808,337)	(10,852,914)	(5,323)	(5,323)
Less: Administrative expenses		(116,037,418)	(84,714,774)	(1,117,928)	(890,745)
Less: Finance costs	21	<u>(4,057,235)</u>	<u>(3,811,387)</u>	<u>(957,218)</u>	<u>(573,133)</u>
Profit before tax	22	217,167,327	140,679,048	48,864,100	6,482,119
Income tax expenses	23	<u>(37,652,375)</u>	<u>(26,267,258)</u>	<u>(401,862)</u>	<u>(19,580)</u>
Profit for the year		179,514,952	114,411,790	48,462,238	6,462,539
Other comprehensive income		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>179,514,952</u>	<u>114,411,790</u>	<u>48,462,238</u>	<u>6,462,539</u>
Earnings per ordinary share(sen):					
Basic	24	<u>17.65</u>	<u>11.25</u>		

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

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	<-----Non-distributable----->			
	Share capital RM	Treasury shares RM	Revaluation reserves RM	Distributable Retained earnings RM
				Total RM
Group				
2021				
At 1 January 2021	699,234,524	(24,776,017)	17,013,146	2,310,243,635
Profit/Total comprehensive income for the year	-	-	-	114,411,790
At 31 December 2021	<u>699,234,524</u>	<u>(24,776,017)</u>	<u>17,013,146</u>	<u>2,424,655,425</u>
2022				
At 1 January 2022	699,234,524	(24,776,017)	17,013,146	2,424,655,425
Realisation of revaluation surplus	-	-	(318,345)	318,345
Profit/Total comprehensive income for the year	-	-	-	179,514,952
At 31 December 2022	<u>699,234,524</u>	<u>(24,776,017)</u>	<u>16,694,801</u>	<u>2,604,488,722</u>

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

	<-----Non-distributable----->		Distributable	
	Share capital RM	Treasury shares RM	Retained earnings RM	Total RM
Company				
2021				
At 1 January 2021	699,234,524	(24,776,017)	583,290,871	1,257,749,378
Profit/Total comprehensive income for the year	-	-	6,462,539	6,462,539
At 31 December 2021	<u>699,234,524</u>	<u>(24,776,017)</u>	<u>589,753,410</u>	<u>1,264,211,917</u>
2022				
At 1 January 2022	699,234,524	(24,776,017)	589,753,410	1,264,211,917
Profit/Total comprehensive income for the year	-	-	48,462,238	48,462,238
At 31 December 2022	<u>699,234,524</u>	<u>(24,776,017)</u>	<u>638,215,648</u>	<u>1,312,674,155</u>

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Cash flows from/				
(used in) operating				
activities				
Profit before taxation	217,167,327	140,679,048	48,864,100	6,482,119
Adjustments for:				
Depreciation of property, plant and equipment	10,248,314	11,054,141	-	-
Fair value adjustment of investment properties	(45,497,848)	(85,574)	-	-
Gain on fair value of equity instrument	(199,593)	(194,261)	-	-
Net loss on disposal of property, plant and equipment	13,162	4,403	-	-
Interest expenses	3,234,549	3,474,124	954,727	570,672
Interest income	(5,994,465)	(4,669,612)	(2,607,669)	(1,176,220)
Property, plant and equipment written off	1,075,296	163,495	-	-
Operating profit before working capital changes	180,046,742	150,425,764	47,211,158	5,876,571
Changes in working capital:				
Inventories-land held for property development	(17,936,326)	(37,599,926)	-	-
- Property development cost	15,762,127	(54,541,180)	-	-
- Completed projects	(18,546,030)	145,859,939	-	-
- Other inventories	(197,411)	84,652	-	-
Contract assets and liabilities	(6,030,009)	(35,750,490)	-	-
Trade and other receivables	43,898,223	(98,487,197)	1,055	(1,055)
Trade and other payables	37,730,247	(15,635,924)	(110,366)	794
Amount due by/(to) subsidiaries	-	-	(48,060,297)	1,017,149,596
Net cash generated from/(used in) operations carried forward	234,727,563	54,355,638	(958,450)	1,023,025,906

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Net cash generated from/(used in) operations brought forward	234,727,563	54,355,638	(958,450)	1,023,025,906
Tax paid	<u>(46,101,600)</u>	<u>(28,038,350)</u>	<u>(376,300)</u>	<u>(2,730,297)</u>
Net cash generated from/(used in) operating activities	<u>188,625,963</u>	<u>26,317,288</u>	<u>(1,334,750)</u>	<u>1,020,295,609</u>
Cash flows (used in)/from investing activities				
Increase in investment in a subsidiary	-	-	(299,997)	(1,051,860,000)
Addition of investment properties	(29,256,224)	(67,532,720)	-	-
Purchase of property, plant and equipment	(72,478,069)	(783,585)	-	-
Acquisition of other investment	-	(20,404)	-	-
Proceeds from disposal of property, plant and equipment	371,456	1,619,405	-	-
Interest received	<u>5,994,465</u>	<u>4,669,612</u>	<u>2,607,669</u>	<u>1,176,220</u>
Net cash (used in)/generated from investing activities	<u>(95,368,372)</u>	<u>(62,047,692)</u>	<u>2,307,672</u>	<u>(1,050,683,780)</u>
Cash flows (used in)/from financing activities				
Interest paid	(3,234,549)	(3,474,124)	(954,727)	(570,672)
(Repayment)/Drawdown of revolving credit	(20,000,000)	20,000,000	-	-
Repayment of term loans	<u>(20,325,348)</u>	<u>(11,829,348)</u>	<u>-</u>	<u>-</u>
Net cash (used in)/generated from financing activities	<u>(43,559,897)</u>	<u>4,696,528</u>	<u>(954,727)</u>	<u>(570,672)</u>

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Net changes in cash and cash equivalents	49,697,694	(31,033,876)	18,195	(30,958,843)
Cash and cash equivalents at the beginning of the financial year	<u>252,841,266</u>	<u>283,875,142</u>	<u>157,121</u>	<u>31,115,964</u>
Cash and cash equivalents at the end of the financial year	<u>302,538,960</u>	<u>252,841,266</u>	<u>175,316</u>	<u>157,121</u>
Cash and cash equivalents comprise of:				
Cash and bank balances (Note 12)	<u>302,538,960</u>	<u>252,841,266</u>	<u>175,316</u>	<u>157,121</u>

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

1. Corporate Information

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 17 April 2023.

2. Basis of Preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of amended standards

During the financial year, the Group and the Company have adopted the following amendments to standards issued by the Malaysian Accounting Standards Board ("MASB"):

Amendments to MFRS 3	Reference of the Conceptual Framework
Amendments to MFRS 16	Covid-19 Related Rent Concession beyond 30 June 2021
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to MFRSs Standards 2018 - 2020:	
<ul style="list-style-type: none"> • Amendments to MFRS 1 • Amendments to MFRS 9 • Amendments to MFRS 16 • Amendments to MFRS 141 	

Standards issued but not yet effective

The Group and the Company have not applied the following new standards and amendments to standards that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 16	Lease liability in a sale and leaseback	1 January 2024

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

		Effective dates for financial periods beginning on or after
Amendments to MFRS 101	Non-Current Liabilities with Covenants	1 January 2024
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new standard and amendments to standards when they become effective.

The Group and the Company does not plan to adopt Amendments to MFRS 141, 'Agriculture' - Taxation in Fair Value Measurements, MFRS 17, 'Insurance Contracts' and Amendment to MFRS 17, 'Insurance Contracts' - Initial Application of MFRS 17 and MFRS 9 - Comparative Information, that is effective for financial years beginning 1 January 2022 and 1 January 2023 respectively, as the standards are not applicable to the Group and the Company.

The initial application of the abovementioned new standards and amendments to standards are not expected to have any significant impacts on the financial statements of the Group and of the Company.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Significant Accounting Policies

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

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 values of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(ii) Business combination (Cont'd)

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 noncontrolling 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 interest

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(v) Investment in 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(vi) Joint arrangement

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:

- 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
- 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 includes transaction costs.

(vii) Non-controlling interest

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(viii) Transactions eliminated on consolidation

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.

(b) 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 derivative 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 contract 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:

- Amortised cost
- Fair value through other comprehensive income ("FVOCI") – debt investment
- Fair value through other comprehensive income ("FVOCI") – equity investment; or
- Fair value through profit or loss ("FVTPL")

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Significant Accounting Policies (Cont'd)

(b) Financial instruments (Cont'd)

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

Financial assets: Classification (Cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Significant Accounting Policies (Cont'd)

(b) Financial instruments (Cont'd)

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

Financial assets: Subsequent measurement and gains and losses (Cont'd)

(a) Financial assets at amortised cost (Cont'd)

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) Financial assets 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 investment 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Significant Accounting Policies (Cont'd)

(b) Financial instruments (Cont'd)

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

Financial liabilities: Classification and subsequent measurement and gains and losses (Cont'd)

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 liability'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 expired. 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Significant Accounting Policies (Cont'd)

(c) 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.

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 cost

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Significant Accounting Policies (Cont'd)

(c) Property, plant and equipment (Cont'd)

(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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Significant Accounting Policies (Cont'd)

(d) 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Significant Accounting Policies (Cont'd)

(d) Leased asset (Cont'd)

(ii) Recognition and initial measurement (Cont'd)

(a) As a lessee (Cont'd)

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 receivables;
- 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 guarantees;
- 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Significant Accounting Policies (Cont'd)

(d) Leased asset (Cont'd)

(ii) Recognition and initial measurement (Cont'd)

(b) As a lessor (Cont'd)

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Significant Accounting Policies (Cont'd)

(d) Leased asset (Cont'd)

(iii) Subsequent measurement (Cont'd)

(a) As a lessee (Cont'd)

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.

(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 over the lease term, based on a pattern reflective 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 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.

(e) 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Significant Accounting Policies (Cont'd)

(f) 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Significant Accounting Policies (Cont'd)

(g) 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 noncurrent 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Significant Accounting Policies (Cont'd)

(h) 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.

(i) 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Significant Accounting Policies (Cont'd)

(j) 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.

(k) Impairment

Financial instrument 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Significant Accounting Policies (Cont'd)

(k) Impairment (Cont'd)

Financial instrument and contract assets (Cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Significant Accounting Policies (Cont'd)

(k) Impairment (Cont'd)

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Significant Accounting Policies (Cont'd)

(k) Impairment (Cont'd)

Other assets (Cont'd)

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.

(l) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expense

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Significant Accounting Policies (Cont'd)

(m) 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.

(n) 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Significant Accounting Policies (Cont'd)

(o) 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 customer

(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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Significant Accounting Policies (Cont'd)

(o) Revenue (Cont'd)

(a) Revenue from contracts with customer (Cont'd)

(i) Revenue from development property (Cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Significant Accounting Policies (Cont'd)

(o) Revenue (Cont'd)

(a) Revenue from contracts with customer (Cont'd)

(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 are the ex-dividend date.

(c) Rental income

Rental income from investment property is recognised in profit or loss on a straightline 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.

(p) 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Significant Accounting Policies (Cont'd)

(q) **Borrowing cost**

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.

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.

(r) **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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Significant Accounting Policies (Cont'd)

(r) Income tax (Cont'd)

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Significant Accounting Policies (Cont'd)

(s) Earning 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.

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.

(t) 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.

(u) 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Significant Accounting Policies (Cont'd)

(v) 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.

(w) Use of estimate and judgement

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:

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Significant Accounting Policies (Cont'd)

(w) Use of estimate and judgement (Cont'd)

(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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Significant Accounting Policies (Cont'd)

(w) Use of estimate and judgement (Cont'd)

(iii) Classification between investment property and property, plant and equipment (Cont'd)

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. Property, Plant and Equipment

	Freehold land RM	Buildings RM	Buildings in progress RM	Plant and machinery RM	Motor vehicles RM	Other assets RM	Total RM
Group 2022 Cost							
At 1 January 2022	13,830,084	136,765,033	-	12,979,890	10,038,429	67,629,633	241,243,069
Additions	2,370,596	-	69,111,597	5,544	5,000	985,332	72,478,069
Disposals	-	-	-	(449,400)	-	(39,200)	(488,600)
Written off	-	(1,194,987)	-	(93,280)	-	-	(1,288,267)
At 31 December 2022	<u>16,200,680</u>	<u>135,570,046</u>	<u>69,111,597</u>	<u>12,442,754</u>	<u>10,043,429</u>	<u>68,575,765</u>	<u>311,944,271</u>
Accumulated depreciation							
At 1 January 2022	-	30,467,901	-	5,335,793	7,484,445	57,667,519	100,955,658
Charge for the financial year	-	4,073,205	-	651,612	223,600	5,299,897	10,248,314
Disposals	-	-	-	(64,782)	-	(39,200)	(103,982)
Written off	-	(143,399)	-	(69,572)	-	-	(212,971)
At 31 December 2022	<u>-</u>	<u>34,397,707</u>	<u>-</u>	<u>5,853,051</u>	<u>7,708,045</u>	<u>62,928,216</u>	<u>110,887,019</u>
Carrying amount							
At 31 December 2022	<u>16,200,680</u>	<u>101,172,339</u>	<u>69,111,597</u>	<u>6,589,703</u>	<u>2,335,384</u>	<u>5,647,549</u>	<u>201,057,252</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. Property, Plant and Equipment (Cont'd)

	Freehold land RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Other assets RM	Total RM
Group						
2022						
Cost						
At 1 January 2021	13,830,084	136,765,033	15,161,535	9,862,800	67,400,408	243,019,860
Additions	-	-	4,618	409,695	369,272	783,585
Disposals	-	-	(2,186,263)	(234,066)	(140,047)	(2,560,376)
At 31 December 2021	<u>13,830,084</u>	<u>136,765,033</u>	<u>12,979,890</u>	<u>10,038,429</u>	<u>67,629,633</u>	<u>241,243,069</u>
Accumulated depreciation						
At 1 January 2021	-	26,436,933	5,102,439	7,044,513	52,090,705	90,674,590
Charge for the financial year	-	4,030,968	665,797	643,296	5,714,080	11,054,141
Disposals	-	-	(432,443)	(203,364)	(137,266)	(773,073)
At 31 December 2021	<u>-</u>	<u>30,467,901</u>	<u>5,335,793</u>	<u>7,484,445</u>	<u>57,667,519</u>	<u>100,955,658</u>
Carrying amount						
At 31 December 2021	<u>13,830,084</u>	<u>106,297,132</u>	<u>7,644,097</u>	<u>2,553,984</u>	<u>9,962,114</u>	<u>140,287,411</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. Property, Plant and Equipment (Cont'd)

	2022	2021
	RM	RM
Company		
Cost	27,853	27,853
Accumulated depreciation	(27,851)	(27,851)
Net carrying amount	<u>2</u>	<u>2</u>

Property, plant and equipment of the Group at cost of RM52,969,416 (2021: RM22,054,954) are fully depreciated and still in use.

5. Investment Properties

	2022	2021
	RM	RM
	Group	
At 1 January	885,709,881	818,091,587
Additions	29,256,224	67,532,720
Fair value adjustment (Note 20)	45,497,848	85,574
	<u>74,754,072</u>	<u>67,618,294</u>
At 31 December	<u>960,463,953</u>	<u>885,709,881</u>
Included in the above are:		
At fair value:		
Land	517,017,451	471,519,603
Buildings	178,430,113	178,430,113
	<u>695,447,564</u>	<u>649,949,716</u>
At cost:		
Building in progress	265,016,389	235,760,165
	<u>960,463,953</u>	<u>885,709,881</u>

Included in the investment property is land and building with carrying amount of RM37,170,000 (2021: RM42,480,000) held under the name of third party, with power of attorney granted to the Group.

Investment properties with an aggregate carrying amount of RM427,193,000 (2021: RM378,283,000) are pledged as securities for loans and borrowings as referred to in Note 16.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. Investment Properties (Cont'd)

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.

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2022 RM	2021 RM
Rental income	51,732,815	22,954,652
Direct operating expenses		
- Income generating Investment properties	(11,273,174)	(6,930,722)
- Non-income generating Investment properties	<u>(27,749)</u>	<u>(301,936)</u>

The fair values of the investment properties were based on indicative valuation by external, independent valuers having appropriate recognised professional qualification as follows:

- (a) RM230,256,780 (2021: RM229,428,932) 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) RM465,190,784 (2021: RM420,520,784) 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 7% (2021: 4% to 7%) and weighted average discount rate at 8% (2021: 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 3(v) 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

6. Investment in Subsidiaries

	Company	
	2022 RM	2021 RM
At cost:		
Unquoted shares	<u>1,227,681,955</u>	<u>1,227,381,958</u>

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest	
			2022	2021
Bintang-Bintang Development Sdn. Bhd. ("BBD")	Malaysia	Property investment and development	100%	100%
Bintang-Bintang Enterprise Sdn. Bhd. ("BBE")	Malaysia	Property development	100%	100%
Clarion Housing Development Sdn. Bhd. ("CHD")	Malaysia	Property investment	100%	100%
Eversonic Sdn. Bhd. ("Eversonic")	Malaysia	Property investment and development	100%	100%
Exportex Sdn. Bhd. ("Exportex")	Malaysia	Property development	100%	100%
Goodpark Development Sdn. Bhd. ("GD")	Malaysia	Property development	100%	100%
Harapan Terang Sdn. Bhd. ("HT")	Malaysia	Property development	100%	100%
Harapan Terang Properties Sdn. Bhd. ("HTP")	Malaysia	Property development	100%	100%
Harapan Terang Realty Sdn. Bhd. ("HTR")	Malaysia	Property development	100%	100%
Khoo Soon Lee Realty Sdn. Bhd. ("KSLR")	Malaysia	Property investment and development	100%	100%
KSL Medini Development Sdn. Bhd. ("KSLMD")	Malaysia	Property development	100%	100%
KSL City Management Sdn. Bhd. ("KSLCM")	Malaysia	Property management	100%	100%

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

6. Investment in Subsidiaries (Cont'd)

Details of the subsidiaries are as follows: (Cont'd)

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest	
			2022	2021
KSL Perfect Builder Sdn. Bhd. ("KSLPB")	Malaysia	Property investment	100%	100%
KSL Properties Construction Sdn. Bhd. ("KSLPC")	Malaysia	Dormant	100%	100%
KSL Properties Sdn. Bhd. ("KSLP")	Malaysia	Property investment, development and hotel operations	100%	100%
KSL Properties Management Sdn. Bhd. ("KSLPM")	Malaysia	Car park operations and property management services	100%	100%
Prosper Plus Industry Sdn. Bhd. ("PPI")	Malaysia	Property development	100%	100%
Sejota Sdn. Bhd. ("Sejota")	Malaysia	Property development	100%	100%
Sering Cemerlang Sdn. Bhd. ("SC")	Malaysia	Dormant	100%	100%
Sure Success Properties Sdn. Bhd. ("SSP")	Malaysia	Property investment and hotel operations	100%	100%
Tai Lik Development (Batu Anam) Sdn. Bhd. ("Tai Lik")	Malaysia	Property development	100%	100%
Villa Bestari Sdn. Bhd. ("VB")	Malaysia	Property investment	100%	100%
VIP Beyond Sdn. Bhd. ("VIPB")	Malaysia	Property development	100%	100%

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

6. Investment in Subsidiaries (Cont'd)

Details of the subsidiaries are as follows: (Cont'd)

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest	
			2022	2021
Held through HT				
KSL Development Sdn. Bhd. ("KSLED")	Malaysia	Property investment and development	100%	100%
Held through KSLPB				
Gantang Jaya Sdn. Bhd. ("GJ")	Malaysia	Property development	100%	100%

Increase of equity interest in a subsidiary company

During the financial year, the Company has acquired 299,997 ordinary shares of RM1 each, representing 100% equity interest in KSLCM for a cash consideration of RM299,997.

7. Other Investment

	Group	
	2022 RM	2021 RM
At fair value through profit or loss:		
Quoted shares, in Singapore	<u>1,682,352</u>	<u>1,482,759</u>

8. Inventories

		Group	
	Note	2022 RM	2021 RM
Non-current			
Land held for property development	(i)	<u>1,116,566,915</u>	<u>1,098,630,589</u>
Current			
Property development cost	(ii)	406,123,502	421,885,629
Completed development units, at cost		385,634,959	367,088,929
Food and beverages and other hotel supplies, at cost		<u>735,836</u>	<u>538,425</u>
		<u>792,494,297</u>	<u>789,512,983</u>
Total inventories		<u>1,909,061,212</u>	<u>1,888,143,572</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. Inventories (Cont'd)

(i) Land held for property development

	Group	
	2022	2021
	RM	RM
At 1 January	1,098,630,589	1,067,092,946
Additions	37,528,686	37,811,746
Disposal	-	(211,820)
Transfer to property development costs (Note 8(ii))	(19,592,360)	(6,062,283)
At 31 December	<u>1,116,566,915</u>	<u>1,098,630,589</u>

Included in the above are:

	Group	
	2022	2021
	RM	RM
Freehold land, at surrogate cost	721,127,382	705,120,863
Leasehold land, at cost	174,881,095	190,381,095
Development costs, at cost	220,558,439	203,128,631
	<u>1,116,566,915</u>	<u>1,098,630,589</u>

Included in the land held for property development is land with carrying amount of RM2,667,792 (2021: RM2,667,792) 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 RM148,066,034 (2021: RM149,948,960) is pledged as security for loans and borrowings as referred to in Note 16.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. Inventories (Cont'd)

(ii) Property development cost

	Group	
	2022 RM	2021 RM
At 1 January		
- Freehold land	127,138,232	125,499,516
- Development expenditure	410,869,035	375,504,911
- Cumulative costs recognised to profit or loss	(116,121,638)	(114,540,687)
	<u>421,885,629</u>	<u>386,463,740</u>
Cost incurred during the year:		
- Development expenditure	217,270,175	134,550,076
Recognised during the year (Note 19)	(126,828,655)	(80,008,896)
	<u>90,441,520</u>	<u>54,541,180</u>
Transfer from land held for property development (Note 8(i))	19,592,360	6,062,283
Transfer to inventories of completed development units	(125,796,007)	(25,181,574)
	<u>(106,203,647)</u>	<u>(19,119,291)</u>
At 31 December	<u>406,123,502</u>	<u>421,885,629</u>
Freehold land, at cost	116,196,065	127,138,232
Development costs	462,491,044	410,869,035
Recognised in profit or loss	(172,563,607)	(116,121,638)
	<u>406,123,502</u>	<u>421,885,629</u>

Included in the development costs of the Group are following expenses capitalised during the financial year:

	Group	
	2022 RM	2021 RM
Rental of machinery	<u>2,329,300</u>	<u>2,249,824</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

9. Trade and Other Receivables

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Trade receivables:				
Receivables from contract with customers	93,627,982	172,174,055	-	-
Other receivables:				
Contract cost	2,917,017	3,030,700	-	-
Deposit for acquisition of land	30,214,384	90,000	-	-
Sundry receivables	8,797,833	4,193,958	-	-
Sundry deposits	8,360,678	8,207,808	-	1,055
Prepayments	160,327	279,923	-	-
	<u>50,450,239</u>	<u>15,802,389</u>	<u>-</u>	<u>1,055</u>
	<u>144,078,221</u>	<u>187,976,444</u>	<u>-</u>	<u>1,055</u>

Credit terms of trade receivables range from 1 to 3 months (2021: 1 to 3 months).

Contract cost represents incremental costs incurred as a result of obtaining contracts and 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	
	2022	2021
	RM	RM
Contract cost		
At 1 January	3,030,700	142,571
Incurred during the year	10,342,001	5,850,358
Less: Amortised to profit or loss	(10,455,684)	(2,962,229)
At 31 December	<u>2,917,017</u>	<u>3,030,700</u>

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

10. Contract Assets and Contract Liabilities

	2022	Group	2021
	RM		RM
Contract assets			
Property development	51,716,023		52,966,936
Contract liabilities			
Property development	286,832		7,567,754

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:

	2022	Group	2021
	RM		RM
Revenue recognised that was included in the			
Contract liability at the beginning of the year	7,567,754		7,023,654
Transfer from contract assets recognised at the			
beginning of the year to trade receivables	52,966,936		16,672,346

The revenue in related to unsatisfied performance obligations at the end of the reporting period are expected to be recognised in the following periods:

	2022	Group	2021
	RM		RM
Within 1 year	115,076,185		75,897,235
Between 1 and 4 year	2,648,449		27,720,904
	117,724,634		103,618,139

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

11. Amount Due By/(To) Subsidiaries

The amounts due by/(to) subsidiaries are unsecured, bear interest at average of 2.26% (2021: 1.82%) per annum and are repayable on demand.

12. Cash and Bank Balances

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Deposits placed with				
licensed banks	169,779,523	145,617,988	-	-
Money market	30,084,782	35,339,524	-	-
Bank balances and cash	102,674,655	71,883,754	175,316	157,121
	<u>302,538,960</u>	<u>252,841,266</u>	<u>175,316</u>	<u>157,121</u>

- (a) Included in bank balances of the Group is amount of RM12,682,840 (2021:RM7,694,524) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.
- (b) Money market represents 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 2022	88,663,276	20,000,000	108,663,276
Interest charged	3,204,631	29,918	3,234,549
Repayment	(23,529,979)	(20,029,918)	(43,559,897)
At 31 December 2022	<u>68,337,928</u>	<u>-</u>	<u>68,337,928</u>
At 1 January 2021	100,492,624	-	100,492,624
Drawdown	-	20,000,000	20,000,000
Interest charged	3,474,124	-	3,474,124
Repayment	(15,303,472)	-	(15,303,472)
At 31 December 2021	<u>88,663,276</u>	<u>20,000,000</u>	<u>108,663,276</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. Share Capital

	Group and Company			
	2022		2021	
	Units	RM	Units	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. All ordinary shares rank equally with regard to the Company's residual assets.

Treasury shares

The shareholders of the Company, by an ordinary resolution passed in the Annual General Meeting held on 26 May 2022, 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 2022, the Company held 20,292,400 (2021: 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 (2021: 1,017,215,999) ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

14. Reserves

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Distributable				
Retained earnings	2,604,488,722	2,424,655,425	638,215,648	589,753,410
Non-distributable				
Revaluation reserve	16,694,801	17,013,146	-	-
	<u>2,621,183,523</u>	<u>2,441,668,571</u>	<u>638,215,648</u>	<u>589,753,410</u>

Revaluation reserve

	Group	
	2022	2021
	RM	RM
At 1 January	17,013,146	17,013,146
Realisation of revaluation surplus	(318,345)	-
At 31 December	<u>16,694,801</u>	<u>17,013,146</u>

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.

15. Trade and Other Payables

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Non-current				
Deposit payables	22,585,284	20,493,984	-	-
Current				
Trade payables	38,070,134	40,497,575	-	-
Other payables:				
Sundry payables	28,539,986	16,471,536	2,880	2,880
Deposits payable	5,536,238	5,544,555	-	-
Accrued construction costs	31,289,467	19,056,756	-	-
Accruals	36,090,000	22,316,456	54,903	165,269
	<u>139,525,825</u>	<u>103,886,878</u>	<u>57,783</u>	<u>168,149</u>
	<u>162,111,109</u>	<u>124,380,862</u>	<u>57,783</u>	<u>168,149</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

15. Trade and Other Payables (Cont'd)

The normal trade credit terms granted to the Group and the Company ranges from 30 to 90 days (2021: 30 to 90 days) depending on the terms of the contracts. These balances are unsecured and non-interest bearing.

16. Loans and Borrowings

	2022 RM	2021 RM
Non-current Secured		
- Term loans	48,012,580	68,337,928
Current Secured		
- Revolving credit	-	20,000,000
- Term loans	20,325,348	20,325,348
	<u>20,325,348</u>	<u>40,325,348</u>
	<u>68,337,928</u>	<u>108,663,276</u>

The loans and borrowings are secured by means of: -

- (a) Fixed charge over the investment properties of the Group as referred to in Note 5;
- (b) Fixed charge over the land held for property development of the Group as referred to in Note 8;
- (c) Corporate guarantee by the Company.

17. Deferred Tax Liabilities

	2022 RM	Group 2021 RM
Movement in temporary differences during the year		
At 1 January	(54,086,171)	(55,343,071)
Recognised in profit or loss (Note 23)	(3,024,067)	1,256,900
At 31 December	<u>(57,110,238)</u>	<u>(54,086,171)</u>
Represented by		
Deferred tax liabilities	<u>(57,110,238)</u>	<u>(54,086,171)</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

17. 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 allowance RM	Total RM
Group				
Deferred tax liabilities				
2022				
At 1 January	(42,529,400)	(5,064,560)	(6,492,211)	(54,086,171)
Recognised in profit or loss	(4,441,600)	100,533	1,317,000	(3,024,067)
At 31 December	<u>(46,971,000)</u>	<u>(4,964,027)</u>	<u>(5,175,211)</u>	<u>(57,110,238)</u>
2021				
At 1 January	(42,694,300)	(5,064,560)	(7,584,211)	(55,343,071)
Recognised in profit or loss	164,900	-	1,092,000	1,256,900
At 31 December	<u>(42,529,400)</u>	<u>(5,064,560)</u>	<u>(6,492,211)</u>	<u>(54,086,171)</u>

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2022 RM	2021 RM
Unabsorbed capital allowances	4,079	1,175,897
Unutilised tax losses	<u>2,695,390</u>	<u>30,959,241</u>
	<u>2,699,469</u>	<u>32,135,138</u>

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 and capital allowances. The unutilised tax losses can be carried forward for 10 consecutive years of assessment and the unabsorbed capital allowances do not expire under current tax legislation.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

18. Revenue

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Revenue from contract with customers	<u>523,266,757</u>	<u>444,872,629</u>	<u>986,900</u>	<u>775,100</u>
Other revenue:				
Rental income	51,732,815	22,954,652	-	-
Dividend income	-	-	47,350,000	6,000,000
	<u>51,732,815</u>	<u>22,954,652</u>	<u>47,350,000</u>	<u>6,000,000</u>
	<u>574,999,572</u>	<u>467,827,281</u>	<u>48,336,900</u>	<u>6,775,100</u>

Disaggregation of the revenue from contract with customers:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Major goods and services				
Sale of development properties	198,931,947	141,288,502	-	-
Sale of completed development units	254,643,796	273,082,140	-	-
Hotel and food and beverage	64,842,222	28,382,449	-	-
Car park income	2,851,998	748,458	-	-
Other trade sales	1,996,794	1,371,080	-	-
Management fees from subsidiaries	-	-	986,900	775,100
	<u>523,266,757</u>	<u>444,872,629</u>	<u>986,900</u>	<u>775,100</u>
Timing of revenue recognised				
At a point in time	324,334,810	303,584,127	986,900	775,100
Over time	<u>198,931,947</u>	<u>141,288,502</u>	<u>-</u>	<u>-</u>
	<u>523,266,757</u>	<u>444,872,629</u>	<u>986,900</u>	<u>775,100</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

19. Cost of Sales

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Property development costs (Note 8)	126,828,655	80,008,896	-	-
Cost of inventories sold	105,894,214	145,859,939	-	-
Post construction cost	12,709,632	4,009,403	-	-
Cost of running hotel and food and beverage	11,327,472	6,255,065	-	-
Cost of running investment properties	11,803,426	6,818,425	-	-
Other trade cost	383,788	217,688	-	-
	<u>268,947,187</u>	<u>243,169,416</u>	<u>-</u>	<u>-</u>

20. Other Income

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Interest income of financial assets at amortised cost	5,994,465	4,669,612	2,607,669	1,176,220
Rental income	7,734,230	6,187,364	-	-
Fair value adjustment of investment property	45,497,848	85,574	-	-
Forfeiture income	729,064	591,534	-	-
Gain on fair value of equity investment	199,593	194,261	-	-
Gain on disposal of property, plant and equipment	1,172	-	-	-
Government grant	-	401,400	-	-
Miscellaneous	4,861,560	3,270,512	-	-
	<u>65,017,932</u>	<u>15,400,257</u>	<u>2,607,669</u>	<u>1,176,220</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

21. Finance Costs

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Interest expense of financial liabilities that are not at fair value through profit or loss:				
Bank overdraft interest	14,886	8,000	-	-
Term loans interest	3,189,745	3,466,124	-	-
Revolving credit interest	29,918	-	-	-
Inter-company loan interest	-	-	954,727	570,672
	<u>3,234,549</u>	<u>3,474,124</u>	<u>954,727</u>	<u>570,672</u>
Bank charges	822,686	337,263	2,491	2,461
	<u>4,057,235</u>	<u>3,811,387</u>	<u>957,218</u>	<u>573,133</u>

22. Profit Before Tax

Profit before tax are stated after charging/(crediting):

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Auditors' remuneration:				
Statutory				
- current year	285,000	225,000	25,000	20,000
- overprovision in prior years	(5,000)	(7,000)	-	-
Non-statutory	3,000	7,000	3,000	3,000
Depreciation of property, plant and equipment	10,248,314	11,054,141	-	-
Non-executive directors' remuneration:				
- fees	90,000	90,000	90,000	90,000
- other emoluments	15,000	11,000	15,000	11,000
Executive directors' remuneration:				
Other emoluments				
- directors of the Company	28,538,054	20,626,172	813,434	594,902
- directors of subsidiaries	17,126,531	10,078,812	-	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

22. Profit Before Tax (Cont'd)

Profit before tax are stated after charging/(crediting): (Cont'd)

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Expenses relating to short term leases:				
- Rental of equipment	21,023	27,881	-	-
- Rental of premises	27,600	106,950	-	-
Loss on disposal of property, plant and equipment	14,334	4,403	-	-
Property, plant and equipment written off	1,075,296	163,495	-	-
Staff costs (excludes directors' remuneration):				
- Wages, salaries and others	27,294,636	17,073,365	-	-
- Contribution to state plans	2,553,423	1,626,782	-	-
- other personnel costs	1,211,264	837,641	-	-

The details of executive directors' remuneration of the Company during the year are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Other emoluments:				
- salary and bonus	24,003,000	17,350,500	705,000	517,500
- contribution to state plans	4,532,220	3,272,970	105,600	74,700
- other personnel costs	2,834	2,702	2,834	2,702
	<u>28,538,054</u>	<u>20,626,172</u>	<u>813,434</u>	<u>594,902</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

23. Income Tax Expense

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Recognised in profit or loss:				
Current tax expense:				
Malaysian				
- current year	36,161,448	30,972,669	402,000	24,000
- prior years	(1,533,140)	(3,603,104)	(138)	(4,420)
Real property gains tax	-	154,593	-	-
	<u>34,628,308</u>	<u>27,524,158</u>	<u>401,862</u>	<u>19,580</u>
Deferred tax expense:				
Relating to origination and reversal of temporary differences (Note 17)	3,024,067	(1,256,900)	-	-
	<u>3,024,067</u>	<u>(1,256,900)</u>	<u>-</u>	<u>-</u>
Total income tax expense	<u>37,652,375</u>	<u>26,267,258</u>	<u>401,862</u>	<u>19,580</u>

A reconciliation of income tax expenses applicable to profit before taxation at the statutory income tax rate to income tax expenses at the effective income tax of the Group and of the Company are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Profit before tax	<u>217,167,327</u>	<u>140,679,048</u>	<u>48,864,100</u>	<u>6,482,119</u>
Income tax calculated using Malaysian tax rate of 24% (2021: 24%)	52,120,158	33,762,972	11,727,384	1,555,709
Income not subject to tax	(54,420)	(191,922)	(11,364,000)	(1,531,709)
Non-deductible expenses	3,209,719	1,134,965	38,616	-
Effect of lower tax rate on deferred tax component	(8,437,099)	(914,310)	-	-
Deferred tax asset not recognised during the year	858	243,824	-	-
Utilisation of previously unrecognised deferred tax assets	(7,653,701)	(4,165,167)	-	-
Overprovision in prior years	(1,533,140)	(3,603,104)	(138)	(4,420)
Tax expense for the year	<u>37,652,375</u>	<u>26,267,258</u>	<u>401,862</u>	<u>19,580</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

23. Income Tax Expense (Cont'd)

The unutilised capital allowances of the Group and of the Company are available indefinitely for offsetting against future taxable profits of the Group and of the Company, subjects to no substantial changes in shareholdings of the Group entities under the Income Tax Act 1967 and guidelines issued by the tax authority.

Pursuant to Section 8 of the Finance Act 2021 (Act 833), the amendments to Section 44(5F) of Income Tax Act 1967, the time limit of the carried forward unutilised tax losses has been extended to maximum of 10 consecutive years of assessment. This amendment is deemed to have effect from the year of assessment 2019 and subsequent years of assessment.

Any unused business losses brought forward from year of assessment 2018 can be carried forward for another 10 consecutive years of assessment (i.e. from year of assessments 2019 to 2028).

The unused tax losses are available for offset against future taxable profits of the Group and of the Company up to the following financial years.

	Group	
	2022	2021
	RM	RM
Unused tax losses to be carried forward until year of assessment:		
- 2028	2,327,388	2,354,364
- 2029	241,773	241,773
- 2030	108,462	618,010
- 2031	17,701	27,745,094
- 2032	66	-
	<u>2,695,390</u>	<u>30,959,241</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

24. Earnings Per Ordinary Share

Basic 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	
	2022	2021
Profit attributable to ordinary shareholders (RM)	<u>179,514,952</u>	<u>114,411,790</u>
Weighted average number of ordinary shares at 31 December (units)	<u>1,017,215,999</u>	<u>1,017,215,999</u>
Basic earnings per ordinary share (sen)	<u>17.65</u>	<u>11.25</u>

Diluted earnings per ordinary share

There are no dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. Operating Segments

The Group has four reportable segments, as described below, which 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 2022 and 2021.

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. Operating Segments (Cont'd)

Group 2022	Property development RM	Property investment RM	Carpark operation RM	Investment holding RM	Other RM	Elimination RM	Total RM
Other information							
Segment assets	2,790,455,047	1,085,536,315	3,299,643	1,395,432,533	3,093,781	(1,692,376,206)	3,585,441,113
Consolidated total assets							<u>3,585,441,113</u>
Segment liabilities	435,605,209	19,061,319	608,475	82,758,377	3,752,417	(251,986,714)	289,799,083
Consolidated total liabilities							<u>289,799,083</u>
Capital expenditure	101,226,129	508,164	-	-	-	-	101,734,293
Depreciation of property, plant and equipment	1,324,772	8,809,424	114,118	-	-	-	10,248,314

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. Operating Segments (Cont'd)

Group	Property development RM	Property investment RM	Carpark operation RM	Investment holding RM	Other RM	Elimination RM	Total RM
2021							
Other information							
Segment assets	2,655,609,292	1,012,139,907	2,031,778	1,304,039,500	2,167,133	(1,565,162,469)	<u>3,410,825,141</u>
Consolidated total assets							<u>3,410,825,141</u>
Segment liabilities	364,485,011	11,506,177	233,948	39,827,583	2,313,918	(123,668,574)	<u>294,698,063</u>
Consolidated total liabilities							<u>294,698,063</u>
Capital expenditure	588,245	-	-	195,340	-	-	783,585
Depreciation of property, plant and equipment	1,704,400	9,234,622	115,119	-	-	-	11,054,141

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

26. Financial Instruments

(a) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- Financial assets measured at amortised cost ('FAAC')
- Financial liabilities measured at amortised cost ('FLAC')
- Financial assets measured at fair value through profit or loss ('FVTPL')

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Financial assets				
FAAC				
Trade and other receivables (exclude prepayment and contract cost)	141,000,877	184,665,821	-	-
Amount due by subsidiaries	-	-	166,544,143	76,499,364
Cash and bank balances	302,538,960	252,841,266	175,316	157,121
	<u>443,539,837</u>	<u>437,507,087</u>	<u>166,719,459</u>	<u>76,656,485</u>
FVTPL				
Other investment	1,683,352	1,482,759	-	-
	<u>445,223,189</u>	<u>438,989,846</u>	<u>166,719,459</u>	<u>76,656,485</u>
Financial liabilities				
FLAC				
Trade and other payables	(162,111,109)	(124,380,862)	(57,783)	(168,149)
Amount due to subsidiaries	-	-	(82,700,595)	(40,716,113)
Loans and borrowings	(68,337,928)	(108,663,276)	-	-
	<u>(230,449,037)</u>	<u>(233,044,138)</u>	<u>(82,758,378)</u>	<u>(40,884,262)</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

26. 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

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

26. Financial Instruments (Cont'd)

(b) Financial risk management

Credit risk (Cont'd)

(i) Trade receivables and contract assets (Cont'd)

Concentration of credit risk

The exposure to credit risk for trade receivables (Note 9) and contract assets (Note 10) by operating segments was as follows:

	2022	2021
	RM	RM
Operating segments		
Property development	140,706,174	210,433,530
Property investment	4,333,668	14,553,118
Others	304,163	154,343
	<u>145,344,005</u>	<u>225,140,991</u>

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 2022, the carrying amount of the security deposits is approximately RM22,585,284 (2021: RM20,493,984).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

26. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

Credit risk (Cont'd)

(i) Trade receivables and contract assets (Cont'd)

Impairment losses (Cont'd)

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 RM	Property investment RM	Other RM	Total RM
2022				
Current (Not past due)	16,545,478	2,580,317	211,015	19,336,810
Past due 1 to 30 days	13,188,104	190,473	47,334	13,425,911
Past due 31 to 60 days	8,814,389	65,915	10,070	8,890,374
Past due 61 to 90 days	25,144,882	73,541	21,002	25,239,425
Past due 91 to 120 days	12,792,925	84,516	12,988	12,890,429
Past due more than 121 days	12,504,373	1,338,906	1,754	13,845,033
	<u>88,990,151</u>	<u>4,333,668</u>	<u>304,163</u>	<u>93,627,982</u>
Trade receivables	88,990,151	4,333,668	304,163	93,627,982
Contract assets	51,716,023	-	-	51,716,023
	<u>140,706,174</u>	<u>4,333,668</u>	<u>304,163</u>	<u>145,344,005</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

26. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

Credit risk (Cont'd)

(i) Trade receivables and contract assets (Cont'd)

Impairment losses (Cont'd)

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 RM	Property investment RM	Other RM	Total RM
2021				
Current (Not past due)	53,300,179	1,285,800	-	54,585,979
Past due 1 to 30 days	71,477,807	2,286,627	57,073	73,821,507
Past due 31 to 60 days	28,986,415	1,297,090	36,119	30,319,624
Past due 61 to 90 days	6,622,147	1,278,200	11,179	7,911,526
Past due 91 to 120 days	15,851,575	383,400	18,857	16,253,832
Past due more than 121 days	34,195,407	8,022,001	31,115	42,248,523
	<u>210,433,530</u>	<u>14,553,118</u>	<u>154,343</u>	<u>225,140,991</u>
Trade receivables	157,466,594	14,553,118	154,343	172,174,055
Contract assets	<u>52,966,936</u>	<u>-</u>	<u>-</u>	<u>52,966,936</u>
	<u>210,433,530</u>	<u>14,553,118</u>	<u>154,343</u>	<u>225,140,991</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

26. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

26. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

Credit risk (Cont'd)

(iv) **Financial guarantees**

The Company provides secured 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 loan and services**

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

26. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

Liquidity risk (Cont'd)

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.

	Carrying amount	Contractual interest rate	Contractual cashflows	Under 1 year	1 - 5 years	Over 5 years
Group	RM		RM	RM	RM	RM
Non-derivative financial liabilities						
2022						
Trade and other payables	162,111,109		162,111,109	139,525,825	22,585,284	-
Term loans	68,337,928	4% - 4.54%	73,741,648	20,385,348	53,356,300	-
	<u>230,449,037</u>		<u>235,852,757</u>	<u>159,911,173</u>	<u>75,941,584</u>	<u>-</u>
2021						
Trade and other payables	124,380,862		124,380,862	103,886,878	20,493,984	-
Revolving credit	20,000,000	2.10%	20,000,000	20,000,000	-	-
Term loans	88,663,276	3.5% - 3.8%	95,641,471	20,325,348	75,316,123	-
	<u>233,044,138</u>		<u>240,022,333</u>	<u>144,212,226</u>	<u>95,810,107</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

26. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

	Carrying amount	Contractual Interest rate	Contractual cashflows	Under 1 year	1-5 years	Over 5 years
Company	RM		RM	RM	RM	RM
Non-derivative financial liabilities						
2022						
Other payables	57,783	-	57,783	57,783	-	-
Amount due to subsidiaries	82,700,595	2.95%	82,700,595	82,700,595	-	-
	<u>82,758,378</u>		<u>82,758,378</u>	<u>82,758,378</u>	<u>-</u>	<u>-</u>
2021						
Other payables	168,149	-	168,149	168,149	-	-
Amount due to subsidiaries	40,716,113	2.15%	40,716,113	40,716,113	-	-
	<u>40,884,262</u>		<u>40,884,262</u>	<u>40,884,262</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

26. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

Market risk

Market risk is the risk that changes in market prices, such as interest rates that will affect the Group and the Company's financial position or cash flows.

Interest rate risk

The Group's and 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 Group and 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 Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Fixed rate instruments					
Financial asset	12	<u>169,779,523</u>	<u>145,617,988</u>	<u>-</u>	<u>-</u>
Floating rate instruments					
Financial assets	12	30,084,782	35,339,524	-	-
Financial liabilities	16	<u>(68,337,928)</u>	<u>(108,663,276)</u>	<u>(82,700,595)</u>	<u>(40,716,113)</u>
		<u>(38,253,146)</u>	<u>(73,323,752)</u>	<u>(82,700,595)</u>	<u>(40,716,113)</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

26. Financial Instruments (Cont'd)

(b) Financial risk management (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.

- **Cashflow 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 RM383,000 (2021: RM733,000).

(c) 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

27. 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.

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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.

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade and other payables	162,111,109	124,380,862	57,783	168,149
Amount due to subsidiaries	-	-	82,700,595	40,716,113
Loans and borrowings	68,337,928	108,663,276	-	-
Less: Cash and bank balances	(302,538,960)	(252,841,266)	(175,316)	(157,121)
Net debt	<u>(72,089,923)</u>	<u>(19,797,128)</u>	<u>82,583,062</u>	<u>40,727,141</u>
 Total capital	 <u>3,295,642,030</u>	 <u>3,116,127,078</u>	 <u>1,312,674,155</u>	 <u>1,264,211,917</u>
Capital and net debt	<u>3,223,552,107</u>	<u>3,096,329,950</u>	<u>1,395,257,217</u>	<u>1,304,939,058</u>
 Debt-to-capital ratio	 <u>N/A</u>	 <u>N/A</u>	 <u>0.06</u>	 <u>0.03</u>

N/A = not applicable, the Group and the Company have sufficient cash and bank balances to settle the liabilities as at year end.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

The Company is not subject to any externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

28. Commitments

(i) Capital commitments

This represents the balance of the contracted purchase price of land.

	Group	
	2022 RM	2021 RM
Capital expenditure Contracted but not provided for:		
Freehold land	246,682,303	1,118,812

(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	
	2022 RM	2021 RM
Not later than 1 year	24,491,793	20,280,180
Later than 1 year but not later than 5 years	15,130,661	5,761,260
	39,622,454	26,041,440

29. 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

29. Related Parties (Cont'd)

Significant related party transactions

The significant related party transactions of the Group and the Company are shown below:

		2022 RM	2021 RM
Group			
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)	5,123,677	3,444,000
Rental expense to:			
- Bintang-Bintang Sdn. Bhd.	(c)	(200,000)	(200,000)
B. Key management personnel			
Directors			
- Fee		90,000	90,000
- Other emoluments		39,095,485	26,214,012
- Contribution to state plans		6,479,100	4,501,972
		<u>45,664,585</u>	<u>30,805,984</u>
Company			
A. Subsidiary companies			
Management fees income		986,900	775,100
Loan interest income		2,606,514	639,934
Loan interest expense		(954,727)	(570,672)
Dividend income		<u>47,350,000</u>	<u>6,000,000</u>
B. Key management personnel			
Directors			
- Fee		90,000	90,000
- Other emoluments		722,834	531,202
- Contribution to state plans		105,600	74,700
		<u>918,434</u>	<u>695,902</u>

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30. Significant Events

The following is a summary of material acquisition of properties by the Group's subsidiaries during the financial year ended 31 December 2022:

- (a) On 8 August 2022, KSL Development Sdn. Bhd., a wholly-owned subsidiary of Harapan Terang Sdn. Bhd., which in turn is the wholly-owned subsidiary of the Group, entered into a conditional Sales and Purchase Agreement (SPA) with Tropicana Desa Mentari Sdn. Bhd. to acquire 13 parcels of freehold master lands which are zoned for mixed development project, measuring approximately 84.087 acres, located in Mukim Pulau, Daerah Johor Bahru, Negeri Johor for a total consideration of RM109,884,892.

The acquisition of freehold lands has not been completed as at the date of this report as certain conditions precedent are pending fulfilment.

- (b) On 12 September 2022, KSL Medini Development Sdn. Bhd., a wholly-owned subsidiary of the Group entered into a conditional SPA with Tropicana GP Views Sdn. Bhd. to acquire all that parcel of lands measuring approximately 53.89 acres in area forming part of ten (10) parcels of freehold master lands located in Mukim Jeram Batu, Daerah Pontian, Negeri Johor for a total consideration of RM102,935,612.

The acquisition of freehold lands has not been completed as at the date of this report as certain conditions precedent are pending fulfilment.

- (c) On 21 November 2022, VIP Beyond Sdn. Bhd., a wholly-owned subsidiary of the Group entered into a conditional SPA with Pandan Baru Sdn. Bhd. and PIJ Property Development Sdn. Bhd. to acquire all that parcel of lands measuring approximately 24,620.02 square metres, located in Mukim of Plentong, Daerah Johor Bahru, Negeri Johor for a total consideration of RM31,270,944.

The acquisition was completed before the date of this report.

- (d) On 27 December 2022, KSL Development Sdn. Bhd., a wholly-owned subsidiary of Harapan Terang Sdn. Bhd., which in turn is the wholly-owned subsidiary of the Group, entered into a conditional SPA with Indah Corporation Sdn. Bhd. to acquire 591 freehold lands pursuant to the latest Development Approval and its renewal or amendment thereto and after SBKS (surrender and re-alienation) comprising of residential and commercial lots of total area of approximately 23.227 acres, all in Mukim Simpang Kanan, Daerah Batu Pahat, Johor for mixed development, at a purchase price of RM30,000,000.

The acquisition of freehold lands has not been completed as at the date of this report as certain conditions precedent are pending fulfilment.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31. Subsequent Events

- (a) On 3 February 2023, KSL Medini Development Sdn. Bhd., a wholly-owned subsidiary of the Group entered into a conditional SPA with Tropicana GP Views Sdn. Bhd. to acquire 111 parcel of freehold lands measuring approximately 10.85 acres in area forming part of master lands located in Mukim Jeram Batu, Daerah Pontian, Negeri Johor for a total consideration of RM21,268,170.
- (b) On 18 February 2023, Prosper Plus Industry Sdn. Bhd., a wholly-owned subsidiary of the Group entered into a conditional SPA with Dynasty View Sdn. Bhd. to purchase a parcel of vacant freehold land known as Phase 6D measuring approximately 6.278 acres in Mukim Tebrau, District Johor Bahru, State of Johor at a purchase price of RM30,081,665.
- (c) On 3 March 2023, the Company has acquired 100,000 ordinary shares of Omega Prestasi Sdn. Bhd., representing 100% of its total issued and paid-up share capital for a total consideration of RM3. Following the acquisition, Omega Prestasi Sdn. Bhd. became a wholly-owned subsidiary of the Company.
- (d) On 3 March 2023, the Company has acquired 1 ordinary share of Pingat Pelita Sdn. Bhd., representing 100% of its total issued and paid-up share capital for a total consideration of RM1. Following the acquisition, Pingat Pelita Sdn. Bhd. became a wholly-owned subsidiary of the Company. On 16 March 2023, Pingat Pelita Sdn. Bhd. increased its issued share capital from RM1 to RM100,000 by way of a new issuance of 99,999 ordinary shares of RM1 each for cash.



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