

KSL

ANNUAL

2017

REPORT

KSL HOLDINGS BERHAD (511433-P)



KSL



CONTENTS

	PAGE
Corporate Information	2-3
Notice of Annual General Meeting	4-9
Form of Proxy Enclosed	11-12
Chairman Statement	13-16
Review of Operation	17-27
Directors' Profile and Key Senior Management	28-31
Audit Committee Report	32-35
Statement of Directors' Responsibilities in Relation to the Financial Statements	36
Corporate Governance Overview	37-57
Statement on Risk Management and Internal Control	58-64
Sustainability Statement	65-89
Five-Year Group Financial Highlights	90-91
List of Major Properties Held by the Group	92
Statement in Relation to Proposed Renewal of Authority To Purchase Its Own Shares	93-104
Statement of Shareholdings	105-107
Reports and Financial Statements for the Year Ended 31 December 2017	108-175

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Leong Siew Foong (MAICSA 7007572)
c/o Symphony Corporatehouse Sdn. Bhd.
Suite 6-1A, Level 6, Menara Pelangi,
Jalan Kuning, Taman Pelangi,
80400 Johor Bahru, Johor Darul Takzim.
Tel: 07-332 3536 Fax: 07-332 4536

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>

AUDITORS

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

PRINCIPAL BANKERS

Malayan Banking Berhad (3813-K)
OCBC Bank (Malaysia) Berhad (295400-W)
RHB Bank Berhad (6171-M)
AmBank (M) Berhad (8515-D)

SHARE REGISTRARS

Symphony Share Registrars Sdn Bhd (378993-D)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan.
Tel: 03-7841 8000 / Fax: 03-7841 8151
Website: <http://www.symphony.com.my>

SOLICITORS

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

YK Chin
L1-86A, KSL City, No. 33, Jalan Seladang,
Taman Abad, 80250 Johor Bahru, Johor Darul Takzim.
Tel: 07-3319939 / Fax: 07-2890039

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad (635998-W)
Stock Name: KSL
Stock Code: 5038

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting of the Company will be held at KSL Resorts, Level G, Infusion Private Room, 33, Jalan Seladang, Taman Abad, 80250 Johor Bahru, Johor Darul Takzim on Monday, 28 May 2018 at 2.15 p.m. for the following purposes:-

AGENDA

- | | | |
|----|---|---------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2017 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 RM15,000 for the financial year ended 31 December 2017. | RESOLUTION 1 |
| 3. | To approve the payment of the Non-Executive Directors' Fees of RM90,000 and Benefits of RM15,000 for the financial year ending 31 December 2018. | RESOLUTION 2 |
| 4. | To re-elect the following Directors who are retiring in accordance with Article 76 of the Company's Articles of Association:- | |
| | (a) Mr. Khoo Cheng Hai @ Ku Cheng Hai | RESOLUTION 3 |
| | (b) Mr. Ku Tien Sek | RESOLUTION 4 |
| 5. | To re-appoint Messrs. Ecovis AHL PLT, the retiring Auditors of the Company and to authorise the Board of Directors to fix their remuneration. | RESOLUTION 5 |

SPECIAL BUSINESS

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

- | | | |
|----|---|---------------------|
| 6. | ORDINARY RESOLUTION 1
AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 | RESOLUTION 6 |
|----|---|---------------------|

"**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 the conclusion of the next Annual General Meeting of the Company."

- | | | |
|----|--|---------------------|
| 7. | ORDINARY RESOLUTION 2
PROPOSED RENEWAL OF AUTHORITY FOR THE PURCHASE OF ITS OWN SHARES BY THE COMPANY | RESOLUTION 7 |
|----|--|---------------------|

"**THAT** subject to the Companies Act, 2016, the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB") and all other prevailing laws, rules, regulations and orders issued and/or amended from time to time by the relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to purchase such amount of ordinary shares in the Company of not exceeding 10% of the total number of issued shares of the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through BMSB upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

NOTICE OF ANNUAL GENERAL MEETING *(Cont'd)*

- i. the aggregate number of shares purchased does not exceed 10% of the total number of issued shares of the Company for the time being quoted on BMSB;
- ii. the maximum funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the retained profits of the Company as at 31 December 2017 of RM203,468,683 at the time of the purchase(s); and
- iii. at the discretion of the Directors of the Company, the shares of the Company to be purchased are proposed to be cancelled and/or retained as treasury shares and may be distributed as dividends or resold on BMSB or subsequently cancelled.

AND THAT the Directors be and are hereby authorised to carry out the Proposed Share Buy-Back immediately upon the passing of this resolution until:-

- a) the conclusion of the next Annual General Meeting ("AGM") of the Company, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
- b) the expiration of the period within which the next AGM is required by law to be held; or
- c) revoked or varied by ordinary resolution passed by the members of the Company in a general meeting,

whichever occur first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and to take all steps as are necessary and/or to do all such acts and things as the Directors may deem fit and expedient in the interest of the Company to give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, amendments and/or variations as may be imposed by the relevant authorities."

8. ORDINARY RESOLUTION 3 AUTHORITY FOR MR. GOW KOW TO CONTINUE IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR **RESOLUTION 8**

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

9. ORDINARY RESOLUTION 4 AUTHORITY FOR MR. GOH TYAU SOON TO CONTINUE IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR **RESOLUTION 9**

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

10. ORDINARY RESOLUTION 5 AUTHORITY FOR MR. TEY PING CHENG TO CONTINUE IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR **RESOLUTION 10**

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

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

11. **ORDINARY RESOLUTION 6**

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 11

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

12. **SPECIAL RESOLUTION**

PROPOSED ALTERATION OR AMENDMENT OF CONSTITUTION OF THE COMPANY

RESOLUTION 12

“**THAT** approval be and is hereby given to alter or amend the existing Constitution of the Company by replacing it entirely with a new Constitution of the Company as set out in Appendix II with immediate effect **AND THAT** the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing.”

13. 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 Articles of Association.

BY ORDER OF THE BOARD

LEONG SIEW FOONG
MAICSA NO. 7007572
Company Secretary

Johor Bahru
27 April 2018

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

Notes: -

A. Appointment of Proxy

- (i) A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy or Proxies to attend and vote on his behalf.
- (ii) Where a member appoints two (2) or more Proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each Proxy.
- (iii) The Proxy Form shall be signed by the appointor or his attorney duly authorised in writing or, if the member is a corporation, it must be executed under its common seal or by its duly authorised attorney or officer.
- (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) A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the members to speak at the meeting.
- (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 i.e. latest by Saturday, 26 May 2018 at 2.15 p.m. or any adjournment thereof.

B. 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.

Re-election of Directors who retire in accordance with Article 76 of the Company's Articles of Association ("AA")

Article 76 of the AA 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. With the current Board size of seven (7), two (2) Directors are to retire in accordance with Article 76 of the AA.

For the purpose of determining the eligibility of the Directors to stand for re-election at the 18th 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 of 2017.

The Board accepted the NC's recommendation that the Directors who retire in accordance with Article 76 of the AA 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.

Directors' remuneration

The Board recommended to shareholders for approval the following two (2) separate resolutions in accordance with Section 230 CA 2016:-

- Resolution 1 on payment of Non-Executive Directors' fees and benefits in respect of the preceding year 2017; and
- Resolution 2 on payment of Non-Executive Directors' fees and benefits in respect of the current year 2018 and until the next AGM ("Relevant Period").

Directors' fees

The Board decided that the Non-Executive Directors' fees for financial year ("FY") ended 31 December 2017 be maintained as the previous FY subject to the performance of the Company and the current global economy. The detailed Non-Executive Directors' fees are contained in page 51 of Corporate Governance Overview.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

Directors' remuneration (excluding Directors' fees)

The Directors' remuneration (excluding Directors' fees) comprises the allowances and other emoluments payable to Non-Executive Directors. Benefits of RM15,000 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 Resolutions 1 and 2 are passed at the forthcoming Annual General Meeting.

Appointment of Auditors

Pursuant to Section 273(b) of the Act, the term of office of the present Auditors, Messrs. Ecovis AHL PLT, shall lapse at the conclusion of this AGM unless they are re-appointed by the shareholders to continue in office. Messrs. Ecovis AHL PLT have indicated their willingness to continue their service until the conclusion of the 18th AGM. The re-appointment of Messrs. Ecovis AHL PLT as Auditors has been considered against the relevant criteria prescribed by Paragraph 15.21 of the MMLR. This proposed Resolution 5, if passed, will also give the Directors of the Company, the authority to determine the remuneration of the Auditors.

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

The proposed Resolution 6 under item 6 of the agenda above, if passed, will empower the Directors of the Company, from the date of the Eighteenth Annual General Meeting ("18th 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 Seventeenth Annual General Meeting held on 30 May 2017. 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 Seventeenth 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 the purchase of its own shares by the Company

The proposed Resolution 7 under item 7 of the agenda above is to renew the members' approval for the Company to purchase and/or hold up to 10% of the total number of issued shares of the Company on Bursa Malaysia Securities Berhad.

Members are requested to refer to the Statement of Share Buy-Back laid out in pages 93 to 104 of this Annual Report.

Authority to continue in office as Independent Non-Executive Directors of the Company pursuant to the Malaysian Code on Corporate Governance (Resolutions 8, 9 and 10)

(a) Mr. Gow Kow

Mr. Gow Kow was appointed as an Independent Non-Executive Director of the Company on 19 November 2001 and has therefore served for more than twelve (12) years as at the forthcoming 18th AGM. However, he has met the independence criteria as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"). The Board based on the review and recommendation made by the Nominating Committee, therefore, considers him to be independent and recommends that he should continue to act as Independent Non-Executive Director. Further rationale for his retention as Independent Non-Executive Director can be found on Pages 49 to 50 of this Annual Report.

(b) Mr. Goh Tyau Soon

Mr. Goh Tyau Soon was appointed as an Independent Non-Executive Director of the Company on 1 April 2002 and has therefore served for more than twelve (12) years as at the forthcoming 18th AGM. However, he has met the independence criteria as set out in Chapter 1 of the MMLR. The Board based on the review and recommendation made by the Nominating Committee, therefore, considers him to be independent and recommends that he should continue to act as Independent Non-Executive Director. Further rationale for his retention as Independent Non-Executive Director can be found on Pages 49 to 50 of this Annual Report.

(c) Mr. Tey Ping Cheng

Mr. Tey Ping Cheng was appointed as an Independent Non-Executive Director of the Company on 15 April 2002 and has therefore served for more than twelve (12) years as at the forthcoming 18th AGM. However, he has met the independence criteria as set out in Chapter 1 of the MMLR. The Board based on the review and recommendation made by the Nominating Committee, therefore, considers him to be independent and recommends that he should continue to act as Independent Non-Executive Director. Further rationale for his retention as Independent Non-Executive Director can be found on Pages 49 to 50 of this Annual Report.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

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)

The proposed Resolution 11, 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.

Proposed alteration or amendment of the Constitution of the Company

The Memorandum and Articles of Association of the Company shall have effect and enforceable under Companies Act 2016 pursuant to Section 619(3) of Companies Act 2016.

The Company is proposing a new Constitution to replace its existing Memorandum & Articles of Association (deemed as Constitution by Companies Act 2016) in order to bring the Constitution in line with Companies Act 2016 and Bursa Securities Malaysia Berhad Listing Requirement besides to enhance administrative efficiency. The proposed new Constitution is attached hereto and identified as Appendix II. The Appendix II on the Proposed alteration or amendment of the Constitution of the Company which is circulated together with the Notice 18th Annual General Meeting (AGM) dated 27 April 2018, shall take effect once the Proposed Special Resolution has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the said 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 53(1) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 18 May 2018. Only a depositor whose name appears on the Record of Depositors as at 18 May 2018 shall be entitled to attend this meeting or appoint proxy/proxies to attend, speak, participate and/or vote in his stead.

[This page is intentionally left blank]



FORM OF PROXY

I/We _____

of _____

being a member of **KSL HOLDINGS BERHAD**, hereby appoint * the Chairman of the meeting or _____

_____ of _____ or

failing whom _____

of _____

as my/our Proxy(ies) to vote for me/us and on my/our behalf at the Eighteenth Annual General Meeting of the Company to be held at KSL Resorts, Level G, Infusion Private Room, 33, Jalan Seladang, Taman Abad, 80250 Johor Bahru, Johor Darul Takzim on Monday, 28 May 2018 at 2.15 p.m. and at any adjournment thereof for/against * the resolution(s) to be proposed thereat.

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

No.	Resolutions	For	Against
1.	Resolution 1		
2.	Resolution 2		
3.	Resolution 3		
4.	Resolution 4		
5.	Resolution 5		
6.	Resolution 6		
7.	Resolution 7		
8.	Resolution 8		
9.	Resolution 9		
10.	Resolution 10		
11.	Resolution 11		
12.	Resolution 12		

[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 2018

Number of shares held:	
------------------------	--

 (Signature/Common Seal of Member)

Notes:-

- (i) A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy or Proxies to attend and vote on his behalf.
- (ii) Where a member appoints two (2) or more Proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each Proxy.
- (iii) The Proxy Form shall be signed by the appointor or his attorney duly authorised in writing or, if the member is a corporation, it must be executed under its common seal or by its duly authorised attorney or officer.
- (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) A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the members to speak at the meeting.
- (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 i.e. latest by Saturday, 26 May 2018 at 2.15 pm. or any adjournment thereof.

Fold this flap for sealing

Then fold here

STAMP

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

1st fold here

CHAIRMAN'S STATEMENT



Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Financial Statements of the Group and Company for the financial year ended 31 December 2017.

The year 2017 was a challenging year for KSL Holdings Berhad ("KSLH"). Despite the cautious sentiment in the property sector, we have achieved numerous milestones and delivered a set of resilient financial results for the year under review.

The Group's property development segment has a healthy and promising track record. Our main townships - Taman Nusa Bestari, Taman Bestari Indah, Taman Kempas Indah and KSL Residences @ Daya in Johor, as well as Bandar Bestari in Klang are receiving positive market response.

Adding to our achievements, we also saw a steady performance from the investment properties segment of our business. KSL City Mall and KSL Resort continued to contribute healthily to the Group.

Overview of the Malaysian Economy and Property Sector

The Malaysian economy recorded a robust growth of 5.9% in 2017 (2016:4.2%), supported by faster expansion in both private and public sector spending. This was due mainly to higher demand from major trading partners following the upswing in the global technology cycle, investment expansion in the advanced economies and the turnaround in commodity prices.

While real GDP Growth was boosted by the external sector, domestic demand continued to anchor growth. In particular, private consumption growth strengthened to 7.0% in 2017 (2016:6.0%), supported mainly by continued wage and employment growth, with additional impetus from Government measures. Public consumption grew by 5.4% (2016:0.9%) due to higher spending on supplies and services by the Federal Government amid sustained growth of emoluments.

Overall, the fundamentals of the Malaysian economy continued to strengthen. Structural policies carried out over the decades have resulted in a highly open and diversified economy with multiple sources of growth. Improving labour market conditions amid faster wage growth continued to support household spending. Healthy financial institutions and sufficient domestic liquidity also ensured orderly financial intermediation. Furthermore, Malaysia's external position remained strong and well-protected from a sharper depreciation, supported by sufficient international reserves and manageable levels of external debt.

Global economy is projected to expand at a faster pace in 2018, driven largely by private consumption and boosted by investment activity in the advanced economies. Financing conditions are likely to remain accommodative despite the on-going normalisation of global monetary policy.

Amid the stronger global economic conditions, the Malaysian economy is projected to grow by **5.5% - 6.0% in 2018**. Domestic demand will continue to be the anchor of growth, underpinned by private sector activity. Private consumption growth is expected to remain sustained, supported by continued growth in employment and income, lower inflation and improving sentiments. Income growth will be supported by a robust export performance and continued Government measures, such as the continuation of **Bantuan Rakyat 1Malaysia** cash transfers, individual income tax reduction, and the special payment to all civil servants and retirees. Private investment growth will also be sustained, underpinned by ongoing and new capital spending in both the manufacturing and services sectors, and strengthened by continued positive business sentiments. Public sector expenditure is projected to decline due to the contraction in public investment amid more moderate growth in public consumption.

CHAIRMAN'S STATEMENT *(Cont'd)*

Apart from domestic demand, GDP growth will also be supported by the favourable external demand conditions. Both gross exports and imports are forecasted to grow at above-average trends in 2018. Exports will be lifted by favourable demand from major trading partners, the continued expansion in the global technology upcycle, increase in domestic productive capacity and broadly sustained global commodity prices. Despite the projected higher goods surplus of the current account, deficits in the services and income accounts will continue to weigh on the current account balance. Overall, the current account balance is expected to record a surplus of between 2.0% - 3.0% of GNI in 2018.

In the property development sector, housing affordability is still a global concern plaguing key cities around the world in both developing and advanced economies. In Malaysia, the housing affordability issue is largely due to the supply – demand mismatch and slower income growth. However, access to home financing remained intact for borrowers with the capacity to service their debt, supported by sustained approval rates for the purpose of residential property loan. Growth of residential loan which accounted for 52.0% of the total household debt was sustained at 8.5% during the year (2016:9.1%).

The needs to increase supply of affordable housing has been recognised in recent years, but efforts to truly improve the affordable housing market in the long run must confront the deep-rooted issues that prevent the adequate supply of reasonably priced homes. This emphasises the need to rehabilitate and improve the balance sheet of the households, alongside implementing measures to increase household income in the longer run. As the experiences of successful cities have shown, concerted efforts by Government, housing developers, banks, consumers, interest groups and regulators alike are needed to bridge the affordability gap.

In a stronger rental market, renting instead of buying would become a viable option for choice for households who are financially overburdened. In this regard, Malaysia has taken step in the right direction. In the Federal Budget 2018, the formulation of the Residential Tenancy Act was announced. The landmark initiative would provide legal safeguards for both landlord and tenant. Encouraging both demand and supply for rental housing in Malaysia. ***(Sources: Bank Negara Malaysia Annual Report 2017 and BNM Quarterly Bulletin)***

Financial Highlights

Group's revenue grew by 1.23% to RM698 million, compared to RM689 million in the previous year. This increase was largely due to the improving margin of our products and favourable sales mix and increase of percentage of completion of the existing main on-going projects of the Group, especially in Johor Bahru and Klang as well as higher patronage to KSL City Mall & Hotel.

The Group's profitability declined, with pre-tax profit decreasing 27.44% to RM280.4 million, in the year under review from RM386.5 million previously, the decrease was mainly due to the drop in fair value gain. The fair value gain from investment properties in year 2017 was approximately RM18.6 million compared to RM112.7 million in year 2016. Group's net profit recorded RM220.6 million, decreasing 29.87% from RM314.5 million in the previous year.

On a segmental basis, the Group's property development segment emerged as the majority revenue contributor with 76% of total FY2017 group revenue, while property investment made up the balance 24%.

The Group's financial position as at end-December 2017 was further strengthened with our retained profit and increased profitability, with shareholders' equity growing to RM2,567 million from RM2,352 million in the previous year end.

Five-Year Group Financial Highlights

The Five-Year Group Financial Highlights are set out on pages 90 to 91 of this Annual Report.

CHAIRMAN'S STATEMENT *(Cont'd)*

Corporate Updates

- Share Buy Back

The Group has repurchased 4,368,900 (2016: 141,700) of its issued ordinary shares from the open market for a total consideration of RM5,470,464 (2016: RM158,324).

A detailed discussion of the Group's corporate updates is available under the "Directors' Report" in this Annual Report.

Future Outlook

Property Development

The property market in Malaysia is anticipated to pick up slightly in the year 2018 given the various influences that might affect the economy in the coming year. Expert predicted that it will undergo correction despite stronger economic and industrial fundamental.

Although overall consumer sentiment has improved and asking prices have come down, key themes like price unaffordability, overhang of high-rise homes, rising living costs, tight financing and other factors will still have dampening effect on the overall momentum next year.

Despite the more challenging environment, we believe that the sector has its bright spots. The Government continues to encourage the development of affordable houses. Some of our projects are in this category and we believe that we will be able to benefit from this. Moreover, Malaysia also has a growing young population that will encourage new household formation, larger middle-income group and stable employment.

Moving forward, the Group will continue to do what we always do to build affordable houses because we see the potential of this market sector, in our flagship projects, including the Taman Nusa Bestari, Taman Bestari Indah, Taman Kempas Indah, KSL Residences @ Daya, Canary Garden @ Klang and Commercial City @ Bandar Bestari which have successfully recorded encouraging sales albeit a cautious property market backdrop.

With efficient planning and tight cost control, assuming property market is improving and bank financing for the purchase of properties continued to be abundant and easily available for the properties purchasers with lower rejection rate, we are confident of another year of good performance and hence, looks forward to a profitable year ahead.

Property Investment

The prospects of this segment hinge on the increasing tourist arrivals to Iskandar Malaysia as well as the continued positioning of the KSL City Mall as the preferred shopping destination in Johor Bahru.

Our Group's maiden shopping mall, KSL City Mall @ Johor Bahru, has successfully established itself as the preferred shopping destination in Johor Bahru since its opening in 2010. The Mall will always strive to maintain its status quo and to out maneuver other malls in the vicinity. KSL Resort @ Johor Bahru marks another milestone of our Group. High rating earned in major travel sites and high occupancy rate substantiate the success of the resort.

Our Group aims to increase its investment property portfolio following the success of KSL City Mall and KSL Resort in Johor Bahru. Our Group has embarked on development of a new hotel, KSL Hot Spring Resort @ Daya in Johor Bahru. The hotel is under active construction and expected to be completed and fully in operation in 2018.

We will also continue to promote our KSL City Mall and Hotel through marketing campaigns and social media. With a myriad of notable retail brands in the mall as well as numerous activities and packages, we believe that we can attract even more shoppers and visitors and will continue to ensure that we provide the best services to all of our customers.

We expect our property investments to continue contributing positively to the Group this year.

CHAIRMAN'S STATEMENT *(Cont'd)*

Appreciation

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

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

Thank you

Ku Hwa Seng
Executive Chairman

REVIEW OF OPERATIONS

Despite the prevailing headwinds in the property sector, KSLH performed commendably in the year under review. At the same time, the Group put in place strategic initiatives to further strengthen our earnings base for the future.

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 RM532 million for FY2017. (2016: 525 million), encourage by strong revenue recognition from ongoing projects.

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

A.1 JOHOR BAHRU

A.1.1 Taman Bestari Indah

Taman Bestari Indah is mixed development township of residential and commercial buildings. The Project is situated just 20km from the Johor Bahru City Centre, Taman Bestari Indah boasts of easy accessibility to the Tebrau Highway, Pasir Gudang Highway, North-South 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 consists of 135 units of double-storey-terrace houses was completed during the year.



REVIEW OF OPERATIONS *(Cont'd)*

A. PROPERTY DEVELOPMENT *(Cont'd)*

A.1 JOHOR BAHRU *(Cont'd)*

A.1.2 KSL Residences @ Daya

The KSL Residences @ Daya is a 5.39-acre integrated development consisting of a hotel (Proposed Hot Spring Resort) and three blocks of service apartments.

KSL Residences @ Daya is generally located in Taman Daya 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 easily 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 can be accessible from Pasir Gudang Highway via Taman Daya interchange, Jalan Daya and Jalan Kangkar Tebrau.

Taman Daya is an established mixed housing scheme comprises single and double storey terrace houses, low-cost houses, flats, apartment, commercial complex, double and three storey shophouses. Fast food outlets, petrol stations, hawker centre, wet market, schools, etc. are other public amenities and facilities within the locality. Nearest commercial complex is Econsave Hypermarket located within 2 km away.

Existing housing projects in the vicinity include Taman Delima, Taman Mount Austin, Taman Setia Indah, Taman Istimewa and Bandar Dato Onn are the housing schemes nearby.

KSL Residences @ Daya was under active construction during the year under review. Showcasing 1,064 units of residences with sizes ranging from 500 sqft to 1,500 sqft, the project is targeted for completion in 2018.



REVIEW OF OPERATIONS *(Cont'd)*

A. PROPERTY DEVELOPMENT *(Cont'd)*

A.1 JOHOR BAHRU *(Cont'd)*

A.1.3 Avery Park @ Rinting

The subject property is located along Jalan Rinting within Taman Rinting, Masai, Johor which lies about 25 kilometres due east of Johor Bahru city centre. Access to the subject property from Pasir Gudang Highway or East Coastal Highway is via Jalan Rinting leading to the subject property. Taman Rinting is one of the established housing schemes in Masai consists of double storey shophouses, flats, single and double storey terrace houses, detached and semi-detached house and low-cost houses as well as Mydin Hypermarkets, petrol stations and public amenities and facilities. Other housing schemes in the vicinity include Taman Sierra Perdana, Taman Megah Ria, Bandar Baru Kota Putri, Bandar Baru Permas Jaya due west and Bandar Baru Sri Alam, Taman Masai due north of the subject property.

Masai town is the commercial development centre in the locality. It mainly comprises two to four storey shophouses which accommodate various types of trade activities. It is located about 3 kilometres due north-east of the subject property. TESCO Hyper Market and Today wet market are also located nearby the locality. Pasir Gudang Industrial Estate, one of the biggest industrial estates in Johor is located due south-east of the subject property. Johor Bahru city centre which lies about 25 kilometres due west of the subject property is the main administrative and commercial centre for the district. The subject property enjoys good road access provided by the Pasir Gudang Highway and East Coastal Highway.

Avery Park is a 35-storey service suites development offers hip urban living and amenities. It consists of 302 boutique residences and 5 specially designed retail units and café' at level 8, featuring household convenience stores and entertainment as well as a multitude of food and beverages outlets.

Avery Park @ Rinting was under active construction during the year under review. The project is targeted for completion in 2018.



REVIEW OF OPERATIONS *(Cont'd)*

A. PROPERTY DEVELOPMENT *(Cont'd)*

A.1 JOHOR BAHRU *(Cont'd)*

A.1.4 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.

The first phase of Mutiara Bestari, which is underway, offers a total of 218 units of freehold 2 storey and three storey semi-detached houses with a land area ranging from 2,380 square feet to 3,900 square feet at a competitive price from RM388 per square foot.

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.

This project is under active construction and is targeted to complete in 2018.



REVIEW OF OPERATIONS *(Cont'd)*

A. PROPERTY DEVELOPMENT *(Cont'd)*

A.1 JOHOR BAHRU *(Cont'd)*

A.1.5 Taman Bukit Jaya

The subject property is located at within Taman Putri Wangsa and lies about 20 kilometres due north-east of the Johor Bahru city centre. It is approachable from Johor Bahru-Kota Tinggi main trunk road via Jalan Putri leading to the subject property. Taman Bukit Jaya comprises double storey terrace houses, double storey Semi-D. Fast food outlets, petrol stations, hawker Centre, wet market, schools are other public amenities and facilities within the locality. Nearest commercial complex are Mydin Hypermarket in Taman Pelangi Indah, AEON, IKEA and TESCO hypermarkets in Taman Desa Tebrau and Today's Mall in Ulu Tiram town are located within 5 - 8 km away. Existing housing projects in the vicinity include Taman Johor Jaya, Taman Desa Cemerlang, Taman Daya, Taman Bukit Jaya, Taman Bukit Tiram whilst others new housing project are Taman Dato' Chellam, Taman Pelangi Indah, Taman Desa Tebrau etc.

This project featuring 204 units of mix development is under active construction and is targeted for completion in 2019.



A.2 KLUANG

A.2.1 Taman Mengkibol

Taman Mengkibol is a 249-acre development township featuring double story terrace houses, rumah mampu milik, double 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 road and easily accessibility. Access to the subject property from Ayer Hitam via Jalan Batu Pahat, Jalan Besar and Jalan Mengkibol. Furthermore, it is also accessible from Simpang Renggam via Jalan Simpang Renggam and Jalan Kluang Renggam. Nearest commercial complex are Kluang Mall, Econsave and Carrefour Hypermarket are located within 5-8km away.

During the year under review, the Group is constructing 191 units of Rumah Mampu Milik and is targeted to be completed in 2019.

REVIEW OF OPERATIONS *(Cont'd)*

A. PROPERTY DEVELOPMENT *(Cont'd)*

A.3 SEGAMAT

We continue to focus on providing affordable landed housing projects in small scale. They are several projects under active constructions during the year 2017, namely, Taman Tasik Sejati Phase 2, Taman Bukit Indah Phase 4, Taman Melati and Taman Bukit Mutiara Phase 1,2 & 3. Total Estimated Gross Development Value for all these projects are approximately RM130 million.

During the year 2017, we had successfully completed with Certificate of Completion and Compliance (CCC) and delivered to purchasers approximately 220 units of various houses and shop offices to purchasers.

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 Melati @ Bukit Siput

Taman Melati is located merely 10 minutes away from Segamat main town. This freehold development comes with approximately total estimated gross development value is RM29 million. It is close to commercial, retail and education components (primary and secondary schools) as well as General Hospital which is a short distance away. The project consists of various type of development such as single storey cluster houses, single storey terrace houses & others.

This project was under active construction and is targeted for completion in 2018.

A.3.2 Taman Bukit Mutiara @ Buloh Kasap

Taman Bukit Mutiara is located about 10 km away from Segamat main town. 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. 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.

It consists of 245 units of mixed development. Taman Bukit Mutiara is indeed a value for money to those who seek for comfortable and peaceful dwellings.

The projects is under active constructions and targeted for completion in 2018 and 2019.

A.3.3 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 very sought after due to its strategic location and is situated at established neighbourhood. The project comprises an enviable cluster of quality homes, consisting of Double Storey Cluster House as well as Double and Single Storey Terrace House that will appeal to discerning buyers.

The project is planned to develop in different phases. Phase 2 with a development units of 139 residences houses have been completed during the year under review.

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

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

Nearby residential development include 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, Orchids Apartment and Stesen Jambatan Timbang (JPJ).

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

A.4.1 Canary Garden @ Bandar Bestari

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

The Group is currently developing Phase 2, which consists of double-storey cluster house and double-storey semi-detached landed properties.

The development project was under active construction and targeted to be completed by year 2018.

A.4.2 Maple Residences @ Bandar Bestari

Maple Residences is a high-rise residential development located adjacent to Canary Garden @ Bandar Bestari. It comprises 3 towers with 597 well-designed units completed with facilities such as gynasium, swimming pool, jacuzzi, children playground, bonsai and rock garden, meeting pod, stepping rail and others.

The development projects were under active construction and targeted to be completed by year 2019.



REVIEW OF OPERATIONS *(Cont'd)*

B. PROPERTY INVESTMENT

Property investment continues to be an important driver for the Group, contributing RM166 million in revenue which makes up for 24% of the Group's total revenues in FY2017. The promising contribution from the property investment arm of the Group is attributed to a high number of visitors and traffic in the KSL City Mall & Hotel as well as higher yields from KSL City Mall. Besides that, several other investment properties such as the Giant Nusa Bestari and Giant Muar also continue to contribute positively.

B.1 KSL City

KSL City is a comprehensive mixed commercial development comprises shopping complex, two hotel towers and two service apartment blocks. It is located along Jalan Seladang, Taman Abad (Known as Century Garden) and lie about 4 kilometres north of Johor Bahru city centre. It is also bounded by other roads known as Jalan Kijang, Jalan Serigala and Jalan Beruang. KSL City is easily linked with many major roads, i.e. Jalan Dato Sulaiman and Tebrau Highway.

It is approachable from Johor Bahru city centre via Tebrau Highway and hence a left turn onto Jalan Dato Sulaiman and finally onto Jalan Dato Sulaiman.

Prominent commercial landmarks in the vicinity include Mutiara Hotel, Holiday Villa, Holiday Plaza, Grand Paragon Hotel and Crystal Crown Hotel. Other commercial landmarks within radius three kilometres include Wisma Daiman, Plaza Pelangi, Menara Pelangi, Hotel New York, Embass Suites etc.



B.1.1 KSL City Mall

Officially opened in December 2010, KSL City Mall has a gross floor space of 1 million sqft, making it one of the largest malls in Johor. The KSL City Mall maintained its high average occupancy rate in 2017, which speaks volumes of its positioning in the retail space in the city.

REVIEW OF OPERATIONS *(Cont'd)*

B. PROPERTY INVESTMENT *(Cont'd)*

B.1 KSL City *(Cont'd)*

B.1.1 KSL City Mall *(Cont'd)*

Featuring 500 upmarket lifestyle outlets which consist of 442 retail shops, 50 F&B outlets and 8-cineplex, it is little wonder that the KSL City Mall has attracted steadily-increasing patronage from local residents as well as foreign tourists from Singapore and other countries.



B.1.2 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.

Over the years KSL Hotel has become the 'talk of the town'. It has a very lively appearance and is liked very much by the local market-Malaysians & Singaporeans. Being in the city centre and a very easy access hotel by car or bus coach, it has become very popular by tourist and recommended very strongly by travel agents.

The 906-room KSL Hotel & Resort Johor Bahru is aptly located to meet the requirements of leisure and business travellers alike. Not only does the hotel feature a full suite of facilities such as an international cuisine restaurant, gymnasium, rooftop pool, dinosaur-themed water park and golf simulation area. It is also seamlessly integrated to a wide array of retail outlets in KSL City Mall for an enhanced 'shop-and-stay' experience.



REVIEW OF OPERATIONS *(Cont'd)*

B. PROPERTY INVESTMENT *(Cont'd)*

B.2 KSL Hot Spring Resort @ Daya - A new Four-Star Hotel under Active Constructions

To grasp the golden opportunity of the emerging tourism and hospitality industry, KSL Group has taken another bold step in diversifying its current businesses. KSL Hot Spring Resort @ Daya is another new hotel project of the Group in the pipeline. This one-block hotel comprises 308 rooms.

The proposed Resort is scheduled to be completed and in full operation in 2018.

B.3 COMMERCIAL COMPLEX WITH HOTEL (PROPOSED NAME KSL Esplanade Mall)

It is a commercial podium which consists of retail shops, departmental store, cinemas, car parks, hotel and condominiums. The whole integrated complex is expected to be completed in year 2021. Piling works have been completed during the year 2017.

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

Notwithstanding the anticipated cautious sentiment in the property sector in 2017, the Group opines that demand would still be intact for properties strategically located in city centres and rapidly developing satellite towns for own dwelling. In this respect, the Group's ongoing projects stand in good stead to enjoy positive adoption from the target market.

Furthermore, the Group's stance of undertaking a good mix of affordable and high-end projects mitigates segment-related risk and allows us to cater to a wider audience.

The Group is targeting to launch new projects in Johor Bahru and the Klang Valley over the next 5 years.

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.

We will also continue to collaborate with various parties to boost tourism to Johor Bahru and encourage tourist stays at KSL Hotel and Resort. For instance, we currently offer a Legoland package where hotel guests enjoy favourable tickets rates and privileges for visits to Legoland during their stay.

On the back of this successful partnership, we would seek to engage with more partners in the futures. Besides that, the Group is also exploring more opportunities to add more investment properties to our portfolio to further strengthen our recurring income stream.

REVIEW OF OPERATIONS *(Cont'd)*

D. LAND BANKING

As at 31 December 2017, KSLH has approximately of 2,100 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 believe that our current business model will enable us to move forward and achieve greater heights. Despite the prevailing mixed sentiments in the property sector, we believe that our business model of having both development revenue and recurring income are resilient in facing any economic challenges. We will continue to work hard to enhance shareholders' value.

DIRECTORS' PROFILE

KU HWA SENG

Executive Chairman

Ku Hwa Seng, aged 62, male, Malaysian, was appointed to the Board on 19 November 2001 as an Executive Director and was subsequently appointed as the Executive Chairman of KSL Holdings Berhad ("KSLH" or "the Company") on 24 February 2011. He joined the KSLH Group in 1981 and has since gained vast invaluable experience and built a strong business network over the past thirty (30) over 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 conviction for any offence within the past five (5) years other than traffic offences, if any.

KHOO CHENG HAI @ KU CHENG HAI

Group Managing Director

Members of Remuneration Committee and Risk Management Committee

Khoo Cheng Hai @ Ku Cheng Hai, aged 67, male, Malaysian, is the founder of the KSLH Group. He was appointed to the Board on 19 November 2001 as the Group Managing Director.

He is the driving force behind the KSLH Group's development, growth and expansion. He is known for his prudence, foresight and business acumen, which has helped to see the KSLH Group through two (2) recessions in the last thirty (30) 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 conviction for any offence within the past five (5) years other than traffic offences, if any.

DIRECTORS' PROFILE (Cont'd)

KU TIEN SEK

Executive Director

Ku Tien Sek, aged 60, 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 conviction for any offence within the past five (5) years other than traffic offences, if any.

LEE CHYE TEE

Executive Director

Lee Chye Tee, aged 54, male, Malaysian, was appointed to the Board on 1 December 2003 as Executive Director of the Company. He is a fellow member of the Chartered Association of Certified Accountants. He is also a member of the Malaysian Institute of Accountants and the Malaysian Institute of Taxation. He has many years experience in accounting, auditing, taxation and management consultancy. He is presently responsible for the overall accounting and corporate finance functions of the KSLH Group.

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

GOW KOW

Independent Non-Executive Director

Chairman of Audit Committee and Risk Management Committee

Members of Nominating Committee and Remuneration Committee

Gow Kow, aged 64, male, Malaysian, was appointed to the Board on 19 November 2001 as an Independent Non-Executive Director. He is a fellow member of the Association of Chartered Certified Accountants and the Malaysian Institute of Taxation. He is also a member of the Malaysian Institute of Accountants, the Institute of Certified Public Accountants of Singapore and the Institute of Chartered Secretaries and Administrators. He joined Tan Choon Chye & Co (now known as Gow & Tan), a Public Accounting Firm in August 1978 as an Audit Assistant and had been holding various positions in the firm before he was admitted as an Audit Partner in October 1985. He assumed the position of managing partner of the firm since January 1988. He has more than thirty (30) years of public practice experience. His working exposures include accounting, auditing, taxation, liquidation and management consultancy.

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

DIRECTORS' PROFILE (Cont'd)

GOH TYAU SOON

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

Goh Tyau Soon, aged 73, male, Malaysian, was appointed to the Board on 1 April 2002 as an Independent Non-Executive Director. He holds a Master of Law degree (LLM) from Kings College, University of London; Bachelor of Law (LLB) from Hull University and Barrister-at-Law (Middle Temple). He is a practicing lawyer and Principal Partner of Andrew T.S. Goh & Khairil, Malacca. He has been in private practice for more than forty (40) years principally engaged in conveyance and bank work.

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

TEY PING CHENG

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

Tey Ping Cheng, aged 49, male, Malaysian, was appointed to the Board on 15 April 2002 as an Independent Non-Executive Director. He is a member of the Malaysian Institute of Accountants and the CPA Australia. He graduated in 1994 with a degree in Bachelor of Business, majoring in Accounting from Curtin University of Technology, Perth, Australia. He has been a Partner of Tey Consultancy, a company secretarial and tax consultancy firm since 1992. Currently, he is the Council Member of Malaysian Association of Company Secretaries.

Tey Ping Cheng is currently the Independent Director of Lii Hen Industries Bhd. 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 conviction for any offence within the past five (5) years other than traffic offences, if any.

KEY SENIOR MANAGEMENT

TANG CHING TONG

Tang Ching Tong, aged 52, 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 42, 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. Gow Kow (Independent Non-Executive Director)

Members:

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

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

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

In compliance with Malaysian Code on Corporate Governance, the chairman of the Audit Committee is not the chairman of the Board of Directors during the financial year ended 31 December 2017 and up to the date of this Report.

The profile of the members can be found presented on pages 29 to 30 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 2017, 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	5/5
Mr. Goh Tyau Soon	5/5
Mr. Tey Ping Cheng	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.

AUDIT COMMITTEE REPORT *(Cont'd)*

C. MEETINGS *(Cont'd)*

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

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

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

D. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

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

1. Reviewed the Quarterly Financial Reports

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

Further, the Audit Committee assessed the reasonableness of the assumptions and estimates made in the draft financial quarterly financial statements based on the updates by the Management on the operations and proposed business strategy.

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

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

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

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

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

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

AUDIT COMMITTEE REPORT (Cont'd)

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

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

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

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

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

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

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

6. Private Sessions with External Auditors

For the financial year ended 31 December 2017, the Audit Committee has met with the External Auditors a total of two (2) times without the presence of the Executive Directors and Management in order for the Audit Committee and the External Auditors to freely exchange observations and opinion between both parties as well as discuss any significant audit issues.

7. Reviewed the Independence and Objectivity of the External Auditors

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

8. Review of Internal Audit Functions

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

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

The oversights role of Audit Committee on Internal Audit functions is further elaborated in the Statement of Risk Management and Internal Control located on pages 58 to 64 of this Annual Report.

AUDIT COMMITTEE REPORT (Cont'd)

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

9. Reviewed Related Party Transactions

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

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

10. Reviewed the Annual Report

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

E. INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function to independent internal audit professional firms. The Internal Audit functions are to assist the Board and the Audit Committee in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system. The audit engagement of the outsourced internal audit functions is governed by the engagement letter with key terms include purpose and scope of works, accountability, independence, the outsourced internal audit function's responsibilities, the management's responsibilities, the authority accorded to the outsourced internal audit function, limitation of scope of works, confidentiality, proposed fees and engagement team. The scope of review of the outsourced internal audit functions is determined by the Audit Committee with feedback from Senior Management. In addition, the oversight of the internal audit functions by the Audit Committee is enhanced by the review by the Audit Committee of resources of the outsourced internal audit function in term of qualification and experience/exposure and continuous professional development of the employees of the outsourced internal audit function tabled by the outsourced internal audit function during the financial year under review.

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

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

During the period under review, internal audit reviews were carried out and the findings of the reviews, including the recommended management action plans were presented directly to the Audit Committee. In addition, the internal audit functions performed follow up reviews to ascertain the status of implementation of agreed management action plans. The results of the follow up reviews were reported to the Audit Committee for their review and deliberation.

The internal audits conducted on the Group did not reveal any weakness 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 58 to 64 of this Annual Report for the details of the activities of the internal audit function during the financial year under review.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR 2017

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 2017, 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 and the Malaysian Financial Reporting Standards.

The Directors have ensured timely release of quarterly and annual financial results of the Group for the year 2017 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

PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS

The Board of Directors (“the Board”) of KSL Holdings Berhad recognizes the importance of corporate governance in ensuring that the interest of the Company and shareholders are protected. The Board is committed in ensuring that the Group carries out its business operations within the required standards of corporate governance as set out in the Malaysian Code on Corporate Governance (“MCCG”).

The Board also provides the following statement which outlines the main corporate governance practices that were in place throughout the financial year unless otherwise stated.

I BOARD RESPONSIBILITIES

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 as well as management oversight. The Board acknowledges that it is the ultimate decision-making body of the Group.

The Board is responsible for the oversight and overall management of the Company. The Board fully understands their responsibilities in the Group to optimum balance of a sound and sustainable operation with an optimal corporate governance framework in order to safeguard shareholders’ value.

Matters reserved for the Board include amongst others decision on Group strategic plans, corporate exercises, material acquisition and disposal of assets, investment or divestments, capital expenditure, risk management policies, nomination of auditors and review of the financial statement, financial and borrowing activities, ensuring regulatory compliance and reviewing the adequacy and integrity of internal controls in addition to the following matters:-

- approval of new ventures;
- approval of corporate plans and programmes;
- approval of annual financial and capital expenditure budgets;
- approval of annual and interim financial results of the Group and release therefrom;
- approval of interim dividend and the recommendation for final dividend;
- approval of adoption of accounting policies;
- review of the internal audit plans and major changes therefrom;
- review of external audit plans;
- acceptance of audit reports including management letters;
- approval of material acquisitions and disposals of undertakings and properties;
- approval of major investment in properties, plant and equipment;
- approval of acquisition of lands for development;
- approval of changes in the major activities of the Group;
- approval of major borrowing or giving of security over assets;
- approval of material agreements/contracts;
- approval of changes in the financial year end;
- approval of changes to the management and control structure within the Group, including key policies and procedures, limit of authority, etc;
- approval for major write-off and provision in excess of prescribed amount as may be determined from time to time;
- approval for granting of power of attorney and legal representative by the Company and its subsidiaries;
- approval for entering into of any indemnities or guarantees by the Company and its subsidiaries;
- review and recommend for the alteration of the Constitution of the Company;
- review and recommend for the proposed change of name;
- review and recommend for the proposed shares buy-back scheme and to implement shares buy-back scheme as approved by shareholders;
- to review and approve any other major/material business decision and to recommend the same to shareholders for approval, if applicable;

CORPORATE GOVERNANCE OVERVIEW *(Cont'd)*

PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS *(Cont'd)*

I BOARD RESPONSIBILITIES *(Cont'd)*

1.1 Board leadership *(Cont'd)*

- any matters requiring the convening of a general meeting of shareholders or any class of shareholders; and
- any matters as may be required by the applicable laws and regulations.

The Board of Directors takes full responsibility for the overall performance of the Company and its Group and its obligations to the Company's shareholders and other stakeholders. To ensure the effective discharge of its function and duties, the primary responsibilities of the Board include the following:-

- 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
- To determine Dividend Policy and the amount, nature and timing of dividends to be paid.
- 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
- To ensure financial statements are prepared in accordance with applicable financial reporting standards and to approve the quarterly results, annual audited financial statements, annual report and material and significant statements/reports/circulars issued to shareholders
- 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
- Developing and implementing an investor relations programme or shareholder communications policy for the Company
- To approve the appointment of directors and to review and recommend the removal of director on recommendation of the Nominating Committee
- To review and approve the appointment, promotion and removal of senior management on recommendation of the Nominating Committee
- To review and recommend directors' fee and benefits for shareholders' approval and to review and approve Executive Directors and senior management's remunerations in accordance with relevant laws and regulations on recommendation of the Remuneration Committee
- To review and approve any proposed employee's share option scheme and/or amendments to the scheme, subject to approvals that may be required by applicable laws and regulations
- To approve the appointment and removal of Company Secretaries
- To establish remuneration policy for directors and senior management, corporate disclosure policy, nomination and selection process for director and senior management, performance assessment for director and senior management
- To establish and maintain the ethical standards through code of conduct and whistle blowing policy which will be applicable throughout the Group and ensure the compliance of this code of conduct and whistle blowing policy
- To review and approve proposals for the allocation of capital and other resources within the Group
- To review and approve capital expenditure budget and annual budget (including major changes to such budgets)

CORPORATE GOVERNANCE OVERVIEW *(Cont'd)*

PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS *(Cont'd)*

I BOARD RESPONSIBILITIES *(Cont'd)*

1.1 Board leadership *(Cont'd)*

- To establish independent internal audit functions that reports directly to Audit Committee. To review internal audit plan and internal audit functions (independence, authority, resources, competency, knowledge and experience, continuous professional development and compliance with internationally recognised framework) for the proper functioning of internal audit functions on recommendation of the Audit Committee and to receive reports from such internal audit functions, subject to prior review and recommendation by the Audit Committee
- To review the appointment, re-appointment, resignation and termination of external auditor and to recommend the same to the shareholders for approval, subject to prior review and recommendation by the Audit Committee
- To review the independence of the external auditor, subject to prior review and recommendation by the Audit Committee
- To review the audit plan and to receive reports on the evaluation of the system of internal controls and audit report from external auditor, subject to prior review and recommendation by the Audit Committee
- To ensure procedure being put in place for the Board to receive reports from the Management on timely and reliable manner that that would provide the Board with a reasonable basis to make proper judgement on an on-going basis as to the financial position and business prospects
- To put in place procedures to assess any related party transactions or conflict of interest situation within the Group
- To establish relevant board committees in order to carry out specific board responsibilities effectively while the Board assumes the ultimate responsibility for such board responsibilities. Such board committees are governed by terms of reference approved by the Board and the conduct of such board committees are monitored by the Board by receiving minutes and/or reports from such board committees
- To review major/material litigation and to approve next course of action beneficial to the Group
- To ensure adequate trainings are provided to the members of the Board and senior management
- To review the results of Board, Board Committee individual director evaluation (including Chief Executive Officer and Chief Financial Officer who is not director) conducted by the Nominating
- To undertake an assessment of the independence and objectivity of its independent directors annually
- To promote good corporate governance culture throughout the Group and to review the corporate governance standing of the Company
- To develop and approve anti-bribery and corruption policy of the Group
- To establish sustainability policy and to review the management of material sustainability matters on frequent interval. To promote good sustainability practice throughout the Group.

These are showed in the Board Charter and the Board has been discharging its duties within the business environment and market condition accordingly.

In addition, the Board has delegated certain responsibilities to other Board Committees, which operate within clearly defined Term of Reference ("TOR") which are available for viewing at the Company's website at <http://www.ksl.my>. The Board Committees include Audit Committee, Nominating Committee, Remuneration Committee and Risk Management Committee. These Board Committees will give their recommendation to the Board for consideration and ultimately, approval. Hence, the Board has collective oversight functions of the Company.

The Board has unrestricted access to independent advice or expert advice at Group's expense or to employees/External/Internal Auditors in furtherance of the Board's duties (whether as a Board or a director in his/her individual capacity).

CORPORATE GOVERNANCE OVERVIEW *(Cont'd)*

PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS *(Cont'd)*

I BOARD RESPONSIBILITIES *(Cont'd)*

1.2 Chairman and Managing Director

The Chairman of the Board shall be appointed by the Board (with the period he/she to hold office to be determined by the Board) and shall not be the Chairman of the Audit Committee, who is responsible for the governance, orderly conduct and effectiveness of the Board while Group Managing Director is responsible to ensure proper execution of strategic goals and effective operation within the Group. The positions of Chairman and Group Managing Director are held by different individuals. Both Chairman and Managing Director are very committed and dedicated to the Company as they contributed at least 90% of their time to the Company. Their roles and responsibilities are clearly defined in the Company's Board Charter and detailed herein.

The Chairman of KSL Holdings Berhad, Mr. Ku Hwa Seng has been providing his strong but fair leadership whilst prioritizing the Board's objective when he is discharging his duties. He encourages greater participation of Directors in all deliberations of all issues in the meetings by giving them ample time to deliberate during the stipulated meeting time. He abstains for all deliberations issues which have conflict of interest as well as its decision making thereafter.

The roles and responsibilities of the Chairman are as follows:-

- (a) To provide leadership to the Board;
- (b) To provide governance in matters requiring corporate justice and integrity and to lead the Board in establishing and monitoring good corporate governance;
- (c) To oversee the Board in the effective discharge of its responsibilities;
- (d) To lead the Board in the oversight of the Management and ensure its effectiveness of all aspects of its role;
- (e) To set board agenda and ensuring directors receive complete and accurate information timely;
- (f) To ensure the efficient organisation and conduct of the Board's meetings;
- (g) To ensure that quality information to facilitate decision-making is delivered to Board members on a timely basis;
- (h) To facilitate the effective contribution of all Directors at Board meetings and encouraging active participation and allowing dissenting views freely expressed;
- (i) To promote constructive and respectful relations within the Board, and between the Board and Management;
- (j) To promote effective communication among the Board members and with shareholders and relevant stakeholders with their views are communicated to the Board;
- (k) To chair general meetings of shareholders; and
- (l) To maintain effective professional relationship with external parties, investing public, regulatory bodies and trade associations.

Group Managing Director is accountable to the Board for the achievement of the corporate objectives and for the observance of management authorities. Group Managing Director shall be head of the Management of the Group and answerable to the Board in that manner.

CORPORATE GOVERNANCE OVERVIEW *(Cont'd)*

PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS *(Cont'd)*

I BOARD RESPONSIBILITIES *(Cont'd)*

1.2 Chairman and Managing Director *(Cont'd)*

Overall, the Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. The detailed attendance record of each Director during the financial year under review is as follows:-

NAME OF DIRECTORS	ATTENDANCE
Khoo Cheng Hai @ Ku Cheng Hai	5/5
Ku Hwa Seng	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

The responsibilities of Group Managing Director are as follows:-

- (a) To develop corporate strategies for the Group for the Board's approval and to implement such corporate strategies for the Group so approved;
- (b) To implement other Board's decision effectively and efficiently;
- (c) To provide leadership in order to achieve the vision, management philosophy and business strategies;
- (d) To ensure the efficiency and effectiveness of the day-to-day operations of the Group in accordance with authorities and delegations authorised by the Board;
- (e) To safeguard the assets of the Group;
- (f) To ensure effective internal and external reporting of the Group;
- (g) To ensure compliance with applicable laws and regulations;
- (h) To assess business opportunities which are of potential benefit to the Group and to recommend major business opportunities for the Board's consideration;
- (i) To communicate material and relevant matters to the attention of the Board timely and accurately for decision making;
- (j) To execute and implement risk management policy and process approved by the Board throughout the Group;
- (k) To ensure adequacy and effectiveness of the internal control system of the Group;
- (l) To execute and implement sustainability management policy and process approved by the Board throughout the Group;
- (m) To execute and implement anti-bribery and corruption policy and process approved by the Board throughout the Group; and
- (n) To discharge the responsibilities delegated by the Board and to execute authorities delegated by the Board, effectively and efficiently.

CORPORATE GOVERNANCE OVERVIEW (Cont'd)

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

I BOARD RESPONSIBILITIES (Cont'd)

1.3 Company Secretary

The appointment or removal of Company Secretary of the Board shall be the prerogative of the Board. The Company Secretary has an important role in advisory and assisting the Board and Committees in achieving good corporate governance and ensuring compliance of statutory laws, rules and regulations of the Companies Act, 2016, Main Market Listing Requirements ("MMLR") of Bursa Securities, the Securities Commission guidelines and other relevant legislation and regulatory authorities.

In addition, proper maintenance of the Group's statutory records, register books and documents are essential in assisting the Board to achieve the spirit and intent of good corporate governance besides ensuring proper conduct at the Annual General Meetings, Extraordinary General Meetings, Board Committees' Meeting and any other meetings and the preparation of minutes thereat.

The Company Secretary of the Group is suitably qualified and competent Company Secretary with relevant professional qualification and membership responsible to provide sound governance advice, ensure adherence to rules and procedures, advocate adoption of corporate governance best practices. The Company Secretary shall be the focal point for stakeholders' communication and engagement for corporate governance.

The Board will prepare a manual on the secretarial workflow within the next 5 years.

In particular, the Company Secretary is to:-

- Manage all board and committee meeting and facilitate board communications;
- Advise the board on its roles and responsibilities;
- Facilitate directors' orientation, coordinate directors' training and development;
- Advise the board on corporate disclosures and compliance with company, securities and listing laws;
- Manage processes of shareholder meeting;
- Keep abreast with corporate governance development and to assist the Board to apply; and
- Serve as a focal point for stakeholders' communication.

The Company Secretary should be equipped with knowledge in company and securities law, finance, governance, company secretaryship and listing requirements and to have continuous professional development/education. The Board as a whole is responsible for appointment and removal of Company Secretary.

The Company Secretary attended the following continuous professional development in 2017:-

- Malaysian Code on Corporate Governance: New Dimension (Roadshow)
- Changing Company Secretarial practices under the Companies Act 2016
- MA - what is the change?

1.4 Information and support for Directors

The Board shall meet at least four (4) times a year and has a formal schedule of matters reserved for the Board to decide. However, Special Meeting(s) may be convened as required. Notice of meetings and business to be conducted shall be given to members of the Board at least five (5) business days before the date of meeting.

CORPORATE GOVERNANCE OVERVIEW *(Cont'd)*

PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS *(Cont'd)*

I BOARD RESPONSIBILITIES *(Cont'd)*

1.4 Information and support for Directors *(Cont'd)*

A full agenda together with the relevant Board papers are circulated to all the Directors which include, amongst others, the following:-

- the quarterly report highlighting unaudited Group financial results and factors affecting the Group results;
- minutes of meetings of the Board and all committees of the Board;
- status of sales performance;
- management proposals that required Board's approval;
- list of Directors' circular resolutions passed during the period covered;
- list of Directors' dealings in securities during the period covered;
- list of announcements submitted to BMSB during the period covered; and
- major operational and financial issues.

Board papers, with sufficient details of the information and reports, are circulated via email to the Directors at least 5 business days before the date of meeting to review prior to the Board meeting. All matters arising from the previous meetings forms part of the agenda of the succeeding meeting and are reported in the next meeting in both of the Board meeting and its board committees accordingly. Board committees' minutes are presented to the Board members in the subsequent meeting.

Unless varied by any terms of reference, meetings and proceedings of the Board will be governed by the Company's Constitution.

Chairman of the Board meeting shall be the Chairman to the Board and in the absence of the Chairman and/or an appointed deputy in any meeting, the remaining members present shall elect one of themselves to chair the meeting in accordance with the provisions set out in the Constitution.

The quorum for meetings shall be two (2) members in accordance to Constitution. A duly convened meeting of a Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretion vested in or exercisable by the Board.

The Board may invite external parties such as the Management, auditors, solicitors or consultants to brief and clear the Directors' doubt or concern as and when the need arises. External parties invited may attend part or all of the Board Meeting at the discretion of the Board.

The Company Secretary shall take minutes of the meetings which shall be with sufficient details of the deliberations and decisions made in the meeting and circulated to all members of the Board no less than one (1) month before the date of next meeting for review.

All Directors have full access to the information within the Company and are entitled to obtain full disclosure of facts from the management and advice or services from the Company Secretary or independent professional adviser at the Company's expenses in carrying out their duties. This ensures that all the matters that are put forward to the Board for decision making will be discussed and examined in an impartial manner, taking into account the long term interests of shareholders, employees, suppliers and other public in which the Group conducts its business. Administrative matters such as change of bank signatories are carried out vide written circular resolutions to save time and enhance efficiency. In fact, salient information is encapsulated in the said written circular resolution. Relevant supporting document/information pertaining to the matter will be attached to the written circular resolution to enable the Directors to make an informed decision. Summary of written circular resolutions passed since the last board meeting is brought to the attention of the Board in the next board meeting for notation and minuted.

CORPORATE GOVERNANCE OVERVIEW *(Cont'd)*

PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS *(Cont'd)*

I BOARD RESPONSIBILITIES *(Cont'd)*

1.4 Information and support for Directors *(Cont'd)*

The Company Secretary always prepared in advance an annual tentative calendar year to be approved in a Board of Directors' meeting held in the fourth quarter of each calendar year to enable the Directors to make themselves available for the meetings accordingly.

2.0 Board Charter

The Board Charter was formalized and adopted by the Board to achieve the objectives of accountability, transparency and effective performance for the Group. It also able to enhance the standards of corporate governance, roles and responsibilities of the Board. The Board will review the Board Charter annually to ensure that it remains consistent with the Board's objectives. The Board Charter was recently reviewed and approved by the Board on 28 February 2017.

A full copy of the Board Charter is available for viewing at the Company's website at <http://www.ksl.my>

The Board has identified Mr. Goh Tyau Soon as Senior Independent Director of the Company, to whom concern may be conveyed. Senior Independent Director is appointed by the Board from among the Independent Directors to lead the non-executive directors. The Senior Independent Director shall be reputable in the industry and corporate scene and possesses sufficient skills, knowledge and experience in the corporate directorship and industry.

In particular, the Senior Independent Director is:-

- i. sounding board for Chairman (e.g. offer counsel to the chairman on matters such as board dynamics and concerns of stakeholders);
- ii. leads the annual review of the Chairman and board effectiveness, ensuring that the performance of each individual director is assessed objectively and holistically;
- iii. leads the succession planning and appointment of Board members, including the future Chairman and Chief Executive Officer;
- iv. provides leadership support and advice to the Board in the event that the board is undergoing a period of stress;
- v. serves as an intermediary for other directors when necessary;
- vi. to handle for complaints relating to directors and other senior management;
- vii. a conduit for other independent directors to voice their concerns;
- viii. acts as point of contact for shareholders and other stakeholders particularly on concerns which cannot be resolved through the normal channels of the chairman and/or chief executive officer;
- ix. acts as independent channel for whistle blowers to direct reports/complaints, as identified in the Company's Whistleblowing Policy; and
- x. ensuring the effective implementation of the Company's Whistleblowing Policy.

CORPORATE GOVERNANCE OVERVIEW (Cont'd)

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

I BOARD RESPONSIBILITIES (Cont'd)

3.0 Code of Conducts and Ethics

The Board noted the importance of the Code of Ethics and Conduct and Whistleblowing Policy of the Company that emphasized the Company's commitment to ethical practices and compliance with the applicable laws and regulations which also governs the standards of ethics and good conduct expected from the Directors and employees of the Group. Audit Committee is entrusted with the task to look into ethical practices and compliance of the Group in 2018. During the financial year, Audit Committee did not receive any complaint or any whistleblowing case. This indicate the strong leadership management spearheaded by the Group Managing Director. Audit Committee will always look into the effectiveness on Whistleblowing Policy regularly.

The Directors' Code of Professional Ethic and Conduct and Whistleblowing Policy were formalized and approved by the Board on 31 March 2016. They are recently reviewed and approved by the Board on 28 February 2018. They are available on the Company's website @ <http://www.ksl.my>.

The Board is committed to formalize the Corporate Disclosure Policy within the next 5 years. The Board and its Management have been discharging its duties within the Bursa Malaysia Securities Berhad Listing Requirements all these while in the absence of the formal Corporate Disclosure Policy.

II. BOARD COMPOSITION

4.1 Independent Directors

During the financial year ended 31 December 2017, the Board has (7) members, comprising one (1) Executive Chairman, one (1) Group Managing Director, two (2) Executive Directors and three (3) Independent Non-Executive Directors. Thus, the requirement as set out the Main Market Listing Requirement of the Bursa Securities ("Listing Requirements"), which required that at least 2 directors of 1/3 of the board of director of a listed issuer, whichever is the higher, are Independent Directors, is fulfilled. The profile of each Director is presented on pages 28 to 30 of the Annual Report. However, this did not fulfill the Code's practice which requires at least half of the current board composition must be independent directors. The Directors, with their diverse backgrounds and a varied spectrum of expertise to bring into effectiveness of the Board and successfully direct of the Group.

The tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, the Independent Director may either retire or continue to serve on the Board subject to the director's re-designation as a Non-Independent Director. Otherwise, the Board must satisfy itself with strong justification through rigorous review that the independency and objectivity of such Independent Director is not compromised by the passage of time and familiarity with the Executive Directors and senior management and to seek shareholders' approval, with sufficient information provided to the shareholders on the results of the review, in the event such director is to be retained as Independent Director.

If the Board is to continue to retain the Independent Director for a tenure of more than twelve (12) years, the Board should seek annual shareholders' approval through a two-tier voting process, whereby the decision for the resolution is determined based on a simple majority of Tier 1 and a simple majority of Tier 2. Such process is included in the Company's Constitution which is part of the forthcoming Annual General Meeting's agenda requires shareholders' approval.

The Board endeavours to increase the number of independent directors in the Company to at least half of the current board composition as well as the female director provided the Board can find a suitable, competent and capable candidate with due regard for diversity in skills, experience, age, cultural background and gender.

CORPORATE GOVERNANCE OVERVIEW *(Cont'd)*

PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS *(Cont'd)*

II. BOARD COMPOSITION *(Cont'd)*

4.1 Independent Directors *(Cont'd)*

The Board of Directors welcomes any suitable, competent and capable candidate, as and when the need arises; upon recommendation of Nominating Committee after undergoing the nomination and election processes of the Company.

The Independent Directors are always encouraged to speak during Board's discussion and the Board is mindful of maintaining its independence at all times when discharging their duties. The Independent Directors are free from management of the Company's business and did not sit on the subsidiaries' board.

4.2 Nominating Committee

The Nominating Committee was set up on 11 April 2002 to provide formal and transparent procedures for the appointment of new Directors to the Board. Currently, the members of the Nominating Committee comprises exclusively three (3) Independent Non-Executive Directors as follows:-

1. Goh Tyau Soon (Chairman)
2. Gow Kow
3. Tey Ping Cheng

During the financial year under review, one (1) meeting was held and attended by all members.

The Board is responsible to determine its optimised size in order to carry out its responsibility and authority effectively and efficiently. The appointment of a new director is for consideration and decision by the full Board, upon the recommendation from the Nominating Committee. The evaluation of the potential candidate for new directorship and director nominated for re-election are delegated to Nominating Committee with recommendation being made to the Board for decision. Potential candidate for independent directorship is subjected to independence assessment based on MMLR of Bursa Securities. In evaluating the suitability of potential candidate for the Board, the Nominating Committee shall ensure that the candidates possess the following criteria:-

- qualifications;
- skills and competence;
- functional knowledge;
- experience;
- background and character;
- integrity and professionalism; and
- time commitment

The Board endeavors not to solely rely on recommendations from existing board members, management or major shareholders for the nomination of new director and to expand the source to include recommendation by other professionals and open search within the next 5 years.

In the evaluation procedures, the members of Nominating Committee will conduct an informal interview with the potential candidates. Upon review, the Nominating Committee shall make its recommendation to the Board of Directors for consideration. Once the Board approves the recommendation, the Nominating Committee will arrange for the induction of any new Directors appointed to the Board to enable them to have a full understanding of the nature of the business, current issues within the Company and corporate strategies as well as the structure and management of the Company.

CORPORATE GOVERNANCE OVERVIEW (Cont'd)

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

II. BOARD COMPOSITION (Cont'd)

4.2 Nominating Committee (Cont'd)

On the appointment of the new director, such new director is required to commit sufficient time to the Board in order to discharge his/her duty and responsibility with reasonable due care, skills and diligence. Members of the Board are expected to devote sufficient time and effort to discharge their individual responsibilities with reasonable due care, skills and diligence.

It is the Board's policy that the former key audit partner for the external audit engagement of the Group are not appointed as a member of the Audit Committee for at least two years after he/she left the audit firm concerned.

In accordance with the Constitution of the Company, all the Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election. At least one third in number of the Board and who have been longest in office are subject to retirement by rotation during the annual general meeting. A newly appointed director shall retire at the next coming annual general meeting. A retiring Director is eligible for re-appointment.

The Board will look into developing a policy of rotating independent directors across its board committees within the next 5 years.

4.3 Diversity

The Company practices diversity at senior management level as it has 2 female senior managers of a total 14 senior management although the Company do not have any policy on diversity.

4.4 Chairman of Nominating Committee

Upon completion of annual assessment of the Board as a whole, Board committee and individual Directors, Nominating Committee Chairman will look into the skillset required for the role as of each committee chairman and selects the most ideal Independent Director who is capable to meet the required expectations within the next 5 years.

The Board recognises the importance of continuous education of its members in order for its members to discharge their responsibilities and duties effectively. In addition to the mandatory programmes required by the Bursa Securities, the Directors shall continue to update their knowledge and enhance their skills through appropriate education programmes.

The Board shall, through Nominating Committee, to assess and determine the training needs of its individual members annually and ensure that the members of the board received relevant updates and training to update individual directors' knowledge and enhance their skills to effectively discharge their duties and responsibilities and to participate actively in the Board deliberations. Specifically, the Audit Committee members should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

In 2017, the Directors have attended the conferences, seminars and training programmes as mentioned below:-

1. Ku Hwa Seng
 - a) 2018 Budget and Tax Conference
 - b) Pengurusan Penyelenggaraan Bangunan
 - c) Seminar Pelaksanaan GST Dalam Industri Pembinaan

CORPORATE GOVERNANCE OVERVIEW (Cont'd)

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

II. BOARD COMPOSITION (Cont'd)

4.4 Chairman of Nominating Committee (Cont'd)

2. Khoo Cheng Hai @ Ku Cheng Hai
 - a) 2018 Budget and Tax Conference
3. Ku Tien Sek
 - a) 2018 Budget and Tax Conference
4. Lee Chye Tee
 - a) Withholding Tax in Malaysia – Principles and Latest Developments
 - b) Practical Guide to the New Withholding Tax Regime
 - c) Income Tax & GST Implication and Application Leveraging the New Companies Act 2016
 - d) Business Sustainability and Reporting Key to Business Success Today
 - e) Real Property Gains Tax (RPGT) – Implications and Exemptions
 - f) Mastering GST Accounting, Reporting and GST Audits
 - g) Technical brief on MFRS 15/IFRS 15 – Revenue from Contracts with Customers
 - h) Persidangan Perlindungan Data Peribadi
 - i) 2018 Budget Seminar – Updates and Insights for Corporate Accountants
5. Gow Kow
 - a) Seminar Percukaian Kebangsaan 2017
 - b) Malaysian Private Entities Reporting Standards (MPERS) – A Comprehensive and Practical Approach
 - c) Transfer Pricing in Malaysia
 - d) Recent Tax Cases 2017
 - e) Income Tax & GST Implication and Application Leveraging the New Companies Act 2016
6. Tey Ping Cheng
 - a) GST Common Errors and Mitigating Risks
 - b) 2-day Workshop on Companies Act 2016 organised by MACS
 - c) Understanding the legal and practical aspects on deductibility of expenses based on Public Rulings
 - d) Malaysian Company Secretaries Conference 2017
 - e) 2018 Budget Seminar
7. Goh Tyau Soon
 - a) 2018 Budget and Tax Conference

5.1 Evaluation of Board and individual Directors

The Board recognizes the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Committees. The Board reviews and evaluates its own performance as well as the performance of its Committees on an annual basis.

CORPORATE GOVERNANCE OVERVIEW *(Cont'd)*

PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS *(Cont'd)*

II. BOARD COMPOSITION *(Cont'd)*

5.1 Evaluation of Board and individual Directors *(Cont'd)*

The Board delegated the annual assessment of effectiveness of the Board as a whole, individual members (including Chief Executive Officer and Chief Financial Officer who is not director) and its Board Committees to Nominating Committee. Nominating Committee is required to carry out the assessments, at least once per financial year, based on the following main criteria, inter alia:-

- establish clear roles and responsibilities;
- strengthen composition;
- reinforce independence;
- foster commitment;
- uphold integrity in financial reporting;
- recognize timely and high quality disclosure; and
- strengthen relationship between company and shareholders.

and to report assessment of the full Board, Board Committees and individual board members (including Chief Executive Officer and Chief Financial Officer who is not director) to the Board for review and discussion for further improvement annually.

Independent Directors are subjected to independence assessment annually based on the criteria set out in the MMLR of Bursa Securities.

The Board also recognized the importance of Independent Directors to perform in utmost good faith, confidentiality and high level of professionalism and impeccable integrity in his/her conducts at all times.

For example, the current Independent Directors of the Company namely, Mr. Gow Kow provides a macro independent and balanced assessment of proposals from the Executive Directors. Mr Tey always shared his insight on the latest compliance on various regulations such as tax, audit and others whilst Mr Goh provides legal inputs to the Executive Directors whenever their advice and thoughts are required.

Currently, the Board do not have a policy on the tenure of its Independent Directors as the Board believes that the Independent Directors continued contribution especially their knowledge of the Group's operations and their insights of the industry gained throughout their tenure will benefits the Group in the long run. In addition, the Board undertakes their independence, suitability and competency are reviewed annually. During the financial year under review, the Nominating Committee had assessed the Board effectiveness, its size and structure using self-evaluation methodology. Overall of the annual assessment, the Board was satisfied with the level of independence, due diligence and integrity demonstrated by all the Independent Directors and their ability to act in the best interest of the Company as well as the performance of the rest of Directors throughout the year.

Notwithstanding that Mr. Gow Kow, Mr. Goh Tyau Soon and Mr. Tey Ping Cheng have served on the Board for more than twelfth (12) years since the Company was listed on 6 February 2002 by 31 December 2017, the Board proposes to retain them as Independent Directors of the Company because:

- a. The Board holds the view that a Director's independence cannot be determined arbitrary with reference to a set of period of time.
- b. The Group benefits from these long serving Independent Directors who possess detailed knowledge of the Group's business and have proven commitment, experience, competence and wisdom to effectively advise and oversee the management.

CORPORATE GOVERNANCE OVERVIEW (Cont'd)

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

II. BOARD COMPOSITION (Cont'd)

5.1 Evaluation of Board and individual Directors (Cont'd)

- c. The Board has individually assessed Mr. Gow Kow, Mr. Goh Tyau Soon and Mr. Tey Ping Cheng to be independent in character and judgement, independent of management and free from any relationship or circumstances which are likely to affect or could affect their judgement.
- d. Mr. Gow Kow, Mr. Goh Tyau Soon and Mr. Tey Ping Cheng have fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of BMSB and thus, they would be able to function as a check and balance, and bring an element of objectivity to the Board.
- e. They have devoted sufficient time and attention to their professional obligations and have carried out their professional duties always in the best interest to the Company and the shareholders.
- f. They participated actively in all deliberations of all issues and always bring independent and objective judgment to Board deliberations.
- g. They are not afraid to ask uncomfortable questions on all matters particularly sensitive matters during board deliberations and express their criticism or disagreement to management or professional advisers if necessary.
- h. They actively pursue unresolved matters till obtained favourable responses or it is resolved.

The Board is committed in undertaking an assessment for the board committees, external auditors, internal auditors and company secretary in the next financial year.

III. REMUNERATION

6.1 Remuneration Policy and Procedures

In consideration of the recommendation from Remuneration Committee, the Board is responsible to determine the level of remuneration of the Directors and senior management of the Group in such a manner to promote and support long term vision and strategies of the Group.

The remuneration structure of senior management shall attract and retain key personnel of requisite quality for long term value creation as well as motivating and incentivising senior management to perform their best for the Group.

Non-Executive Directors will be paid based on fixed fees commensurate with their responsibilities in the Board and Board Committees and their attendance at the meetings, subject to approval from shareholders. The determination of the remuneration package of Non-Executive Directors should be a matter for the full Board, with individual director concerned should abstain from discussion of their own remuneration. Remuneration package of Non-Executive Directors shall not include an element of commission or percentage of turnover or profits.

Director shall not discuss and decide on his/her own remunerations, fees and benefit-in-kind during relevant committee and board meeting and director and his/her person connected with shall be abstained from vote on his/her remunerations, fees and benefit-in-kind during general meeting.

CORPORATE GOVERNANCE OVERVIEW (Cont'd)

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

III. REMUNERATION (Cont'd)

6.1 Remuneration Policy and Procedures (Cont'd)

In the absence of a formal Directors' remuneration framework, the Remuneration Committee of the Company is responsible for recommending to the Board a remuneration package for Executive Directors that is related to their individual performances in the Group. The Remuneration Committee also recommends to the Board a remuneration package for Non-Executive Directors that is related to their experience and level of responsibilities in the Group. It is the ultimate responsibility of the entire Board to approve the remuneration of the Board of Directors. The Board will ensure that the Directors' remuneration scheme is linked to their performance, service, seniority, experience and scope of responsibilities with full understanding of the complexities of the Company's remuneration scheme. The Board is committed to formalize the Directors' Remuneration Framework in the next 5 year to be in line with the risk strategy and corporate values of the Company in consultation with those in charge of internal control and risk management functions to attract and retain suitable candidates in the Company. Thereafter, it will be review periodically to ensure retention of key personnel.

Besides, individual Directors do not participate in the decisions regarding their individual remuneration.

6.2 Remuneration Committee

The Remuneration Committee comprises the following Directors:-

1. Tey Ping Cheng (Chairman, Independent Non-Executive Director)
2. Gow Kow (Member, Independent Non-Executive Director)
3. Goh Tyau Soon (Member, Independent Non-Executive Director)
4. Khoo Cheng Hai @ Ku Cheng Hai (Member, Group Managing Director)

During the financial year under review, one (1) meeting was held and attended by all members.

A summary of remuneration packages of the Directors of the Company who served during the FYE 31 December 2017 was as follows:-

Remuneration	Executive Directors RM '000	Non-Executive Directors RM '000
Directors' Fees	-	90
Salaries	16,744	-
Allowances	180	15
Bonuses	13,258	-
Total	30,182	105

Number of Directors whose remuneration falls into the following bands:-

Range of Remuneration	Executive Directors	Non-Executive Directors
Below RM 50,000	-	3
RM 400,001 tp RM 450,000	1	-
RM 9,500,001 to RM 10,000,000	2	-
RM 10,000,001 to RM 10,200,000	1	-
Total	4	3

CORPORATE GOVERNANCE OVERVIEW *(Cont'd)*

PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS *(Cont'd)*

III. REMUNERATION *(Cont'd)*

6.1 Remuneration Policy and Procedures *(Cont'd)*

A summary of remuneration packages of the top senior management team of the Company during the FYE 31 December 2017 was as follows:-

Range of Remuneration	# of Top Senior Management
RM 250,001 to RM 300,000	1
RM 1,000,001 to RM 1,500,000	1
	2

The Board will look into developing a policy of rotating the remuneration committee members whilst by taking into account the need to weigh the member's experience and knowledge against the risk of complacency within the next 5 years.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

8.1 Audit Committee

The Audit Committee is chaired by Gow Kow who is an Independent Director is not the Chairman of the Board. All the Audit Committee members are Independent Directors and financially literate. The Audit Committee recently reviewed its terms of reference to include the observation of cooling period of 2 years by former key audit partner after he/she has left the audit firm concerned. All Audit Committee members undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. Details of their training are listed in Pages 47 and 48 of this report.

The Company aims to present a clear and fair assessment of the Company's financial position and future prospects in respect of all quarterly results, annual audited financial statements and announcements issued by the Company within the stipulated timeframe.

The Board is assisted by the Audit Committee in scrutinizing information for disclosure to ensure its timeliness, accuracy, adequacy and compliance with the required standards and laws.

The Board ensures that the financial statements are prepared so as to give a true and fair view of the current financial status of the Company in accordance with the approved accounting standards.

The Board will develop structured communication channels between the Board and Audit Committee in next 5 years. In its absence, Audit Committee Chairman always report the proceedings of its meeting to the Board in its meeting which is held on the same day. In fact, the Board always consult the Audit Committee over any unresolved and uncertain issues whenever possible.

The Board and Audit Committee of KSL Holdings Bhd are committed to ensuring the suitability and independence of External Auditors in substance as well as in form although there is a lack of formal policy and procedure in relation thereto. The Board via the Audit Committee maintains a formal and transparent professional relationship with the Group's auditors, both internal and external in seeking their professional advice and ensuring compliance with accounting standards and statutory requirements.

CORPORATE GOVERNANCE OVERVIEW (Cont'd)

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

I. AUDIT COMMITTEE (Cont'd)

8.1 Audit Committee (Cont'd)

The Company's independent External Auditors fill an essential role for the shareholders by enhancing the reliability of the Company's financial statements and giving assurance of that reliability to users of these financial statements. The External Auditors have an obligation to bring any significant defects in the Company's system of control and compliance to the attention of the management; and if necessary, to the Audit Committee and the Board. This includes the communication of fraud.

During the financial year under review, the Group's External Auditors were invited and attended all the Audit Committee meetings and most of the Board meetings. Private session between External Auditors and Audit Committees have been established to discuss on all audit issues. External Auditors highlighted areas of emphasis to the Audit Committee and relevant actions have been taken by Management accordingly. As there is no major issue discovered by External Auditors, the Audit Committee is of the opinion that the financial statements for the financial year ended 31 December 2017 provides a true and fair view of the Company's financial position and performance.

The External Auditors have confirmed that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the Malaysia Institute of Accountants.

Besides, some of the matters for consideration regarding appointment, reappointment and removal of External Auditors by the Board include:-

1. Fees

A candidate must provide a fixed fee quotation for its audit services. However, price will not be the sole determining factor in the selection of a preferred External Auditors.

2. Independence

The External Auditors must satisfy the Audit Committee that it is independent from the Company. The Audit Committee will follow the following procedures for selection and appointment a preferred auditors for recommendation to the Board:-

- a. To identify the audit firms based on the independence criteria was set out by the Malaysia Institute of Accountants;
- b. To assess and select the suitable audit firms;
- c. To recommend the suitable audit firm to the Board for appointment as External Auditors; and
- d. Upon obtaining the endorsement from the Board, the recommendation will send to shareholders to get approval for the appointment of the new External Auditors, and/or removal of the existing External Auditors at the general meeting.

3. Annual Performance Assessment

Audit Committee shall accomplish an annual assessment on the performance of the External Auditors as following areas:-

- a. Service quality;
- b. Competency;
- c. Nature and extent of non-audit services;
- d. Sufficiency of resources;
- e. Communication with management; and
- f. Independence and professionalism

A summary of Audit Committee activities during the year was set out in the Audit Committee Report on pages 33 to 35 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW (Cont'd)

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

8.2 Independence of the Audit Committee

The proceedings of the Audit Committee are minuted including but not limited to comments and enquiries raised by Independent Directors. In fact, all concerns of the Audit Committee are raised in the Board meeting as well.

The Board will put in place mechanisms for Independent Directors to disclose changes in relationships or circumstances which may impact their independence as well as developing channels for Audit Committee members to enlist the services of third party experts in the next 5 years.

8.3 Financial literacy

The Board will induct Directors with sector-specific financial literacy into the Audit Committee in next 5 years. In addition, the Board will put in place a comprehensive induction programme for new audit committee members, covering the business and financial dynamics of the Company and establish structured professional development programmes for members of the Audit Committee on an ongoing and timely basis in the next 5 years.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board acknowledges its overall responsibility to maintain a sound risk management framework and effective internal control system to safeguard the Group's assets and consequently the shareholders' investment in the Company. However, it should be noted that, by its nature and its design, the system of internal controls is to manage rather than to eliminate risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against fraud, misstatement or loss. The Risk Management Committee was formed on 26 February 2014 to assist the Board in identifying, mitigating and monitoring critical risk highlighted by businesses units. The Risk Management Committee comprises the following members:

NAME OF DIRECTORS	EXECUTIVE POSITION
Khoo Cheng Hai @ Ku Cheng Hai	Group Managing Director
Gow Kow	Independent Non-Executive Director
Goh Tyau Soon	Independent Non-Executive Director
Tey Ping Cheng	Independent Non-Executive Director

The Board has reviewed the current system to ensure its effectiveness and to work towards complying with the guidelines issued by the relevant authorities.

The Board will establish platforms for periodic engagement sessions between the Risk Management Committee and senior management within the next 5 years. The key senior management usually attends all Board and board committees' meetings of the Company.

The details of key risk areas and key features of the Risk Management Framework are set out in its term of reference which is available for viewing at the Company's website at <http://www.ksl.my>.

CORPORATE GOVERNANCE OVERVIEW (Cont'd)

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

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (Cont'd)

2.0 Internal Audit Function

The Group's Internal Audit Function has been outsourced to an external consultant, Messrs Needsbridge Advisory Sdn. Bhd., spearheaded by Mr Pang Nam Ming who reports directly to the Audit Committee. Mr Pang is a Certified Internal Auditor ("CIA") accredited by the Institute of Internal Auditors Global and a professional member of the Institute of Internal Auditors Malaysia. Hence the internal audit personnel are free from any relationship or conflict of interest which could impair their objectivity and independence. A total of nine (9) staff is managing the Company's internal audit within the scope of work identified by the Audit Committee in consultation with Executive Directors. Internal Auditors confirmed that they carried out their work within the international recognized framework.

The Board did not have formal qualification and competency of the internal audit function at the moment as it has been outsourced to an external consultation which should be deemed qualified within the recognized framework of its esteemed governing bodies. The Board will look into this in the next 5 years.

The Board will establish platforms for external auditors and internal auditors to communicate and coordinate their work within the next 5 years.

Details of the Company's internal control system and framework as set out in the Statement on Risk Management and Internal Control together with Audit Committee of this Annual Report.

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

I. COMMUNICATION WITH STAKEHOLDERS

11.1 Communication with its stakeholders

The Board shall ensure timely release of financial results and announcements to provide shareholders with an overview of the Company's performance, corporate exercises and strategies and any other matters affecting the shareholders' interests. The Board to ensure material, non-public information shall be disclosed and disseminated in a manner which ensures fair and equitable access and by all stakeholders without selective disclosure as stipulated in Bursa Malaysia Securities Berhad Listing Requirements.

The Board shall ensure effective communication of the information on operations, activities and performance of the Group to the Shareholders and other stakeholders via the following channel:

a. The Annual Report

- Contains the financial and operational review of the Group's business, corporate and financial information and the information on the Board and Committees.

b. General Meeting of the Company:

- Adequate time during general meetings for the Board to answer questions raised and clarification required by the shareholders.
- Notice of General Meetings to be of sufficient details and information on agenda and issued at least 28 days prior to the meeting.
- All directors to present to the General Meeting so that effective two-way communication is preserved.
- Chairman of all the committees and External Auditors to present to answer questions pertaining to the duties per respective terms of reference and engagement terms.

CORPORATE GOVERNANCE OVERVIEW *(Cont'd)*

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

I. COMMUNICATION WITH STAKEHOLDERS *(Cont'd)*

11.1 Communication with its stakeholders *(Cont'd)*

c. Announcement made to Bursa Malaysia

- The announcement to be made based on the relevant Bursa Malaysia Securities Berhad Listing Requirements and rules. All material information is to be communicated through announcement via Bursa Securities Malaysia Berhad's BursaLink.

d. Press Conference and Briefing

- The Board to ensure such conference and briefing is to elaborate or further clarify material information already disclosed publicly as per Bursa Malaysia Securities Berhad Listing Requirements. The Board welcome the participation of the shareholders during press conference and briefing.

e. Company website and Social Media

- Contains information of the company such as products, services and activities.

The Board acknowledges the importance of ensuring that it has in place, appropriate corporate disclosure policies and procedures which leverages on information technology as recommended by the Code. The Company's investor relations function is oversee by Mr Lee Chye Tee in view of its organization size. Members can keep themselves abreast with the developments of the Company through electronic means such as announcement made to Bursa Malaysia Securities Berhad ('BMSB'), the Company's website and social media. The Board will develop the Company's stakeholder communication policy within the next 5 years.

II. CONDUCT OF GENERAL MEETINGS

12.1 Notice of general meeting

At the Annual General Meeting, the Board also provides opportunities for shareholders to raise questions pertaining to the business activities of the Group. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf.

Members of the Board as well as the Auditors of the Company are present to answer questions raised at the Annual General Meeting. Where appropriate, the Chairman of the Board as well as the Chairman of the board committees attend the Annual General Meeting to provide a written answer to any significant question that may not be readily answered on the spot.

The Board has been proactive by carrying out voting for all resolutions by way of polling via polling station in last year Annual General Meeting with scrutineers being appointed as required by BMSB LR. Although BMSB LR requires 21 days' notice to hold an Annual General Meeting, the Code encourages 28 days' notice. Notice of Annual General Meeting provides further explanation for the resolution proposed to enable shareholders to make an informed decision in exercising their voting rights. These have been fully applied in this Annual Report.

The Board is looking into ways of disseminating the notice or documents via electronic means to provide shareholders with alternative avenues to access the notice or documents within the next 5 years.

CORPORATE GOVERNANCE OVERVIEW (Cont'd)

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

II. CONDUCT OF GENERAL MEETINGS (Cont'd)

12.2 Attendance

The Directors are aware of their duties of keeping shareholders updated with the Company's development. The Directors always attend the Company's annual general meeting all these while. The Directors take the opportunity to interact with shareholders before and after the general meetings to understand the concerns and insights from shareholders of the Company.

12.3 Electronic voting

The Board has invested in electronic voting for shareholders in its Annual General Meeting.

OTHERS

(1) MATERIAL CONTRACTS

During the financial year under review, there were no material contract, including those related to loans, entered into by the Company and/or subsidiary companies, which involved Directors' and substantial shareholders' interests.

(2) RECURRENT RELATED PARTY TRANSACTIONS

The recurrent related party transactions entered into by the Group during the financial year under review are disclosed in Note 30 to the Financial Statements on pages 174 to 175 of this Annual Report.

(3) UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There were no proceeds raised from corporate proposals during the financial year under review.

(4) NON-AUDIT FEES

The amount of non-audit fees incurred for services rendered to the Company and its subsidiaries for the financial year under review was by the External Auditors was RM11,000.

(5) MATERIAL CONTRACT RELATING TO LOAN

There were no contract relating to loan by the Company and its subsidiaries during the financial year under review.

The Board reviewed and approved this Statement on 28 March 2018.