

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board of Directors (“Board”) of KSL Holdings Berhad is pleased to provide the Statement on Risk Management and Internal Control (“Statement”) for the financial year ended 31 December 2017, which has been prepared pursuant to paragraph 15.26(b) and Practice Note 9 of Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements for the Main Market and as guided by Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“the Guidelines”). The Statement outlines the process to be adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system of the Group.

## BOARD RESPONSIBILITIES

The Board of Directors (“the Board”) affirms its overall responsibility for maintaining a sound risk management and internal control systems and for reviewing their adequacy and effectiveness so as to so as to achieve the Group’s corporate objectives and strategies and to establish risk appetite of the Group based on the corporate objectives, strategies, external environment, business nature and corporate lifecycle as well as safeguard all its stakeholders’ interests and protecting the Group’s assets. The Board is committed to the establishment and maintenance of an appropriate control environment and framework that is embedded into the corporate culture, processes and strategies of the Group. The Board delegates the duty of identification, assessment and management of key business risks to the Risk and Sustainability Management Committee. As at the date of this statement, the Board has delegated the review roles to the Board Risk Management Committee (for risk management) and Audit Committee (for internal controls) whereby the Board Risk Management Committee and Audit Committee are assigned with the duty, through its terms of reference approved by the Board, to provide assurance to the Board on the effectiveness of risk management and internal control systems of the Group respectively. Through the Board Risk Management Committee and Audit Committee, the Board is kept informed of all significant control issues brought to the attention of the Board Risk Management Committee and Audit Committee by the Management, the internal audit function and the external auditors.

The system of internal controls covers inter-alia, risk assessment as well as financial, operational, environmental and compliance controls. However, in view of the limitations that are inherent in any system of internal controls, the system of internal controls is designed to manage, rather than to eliminate, the risk of failure to achieve the Group’s business objectives. Accordingly, the system of internal controls can only provide reasonable and not absolute assurance against material misstatement of losses and fraud.

## RISK MANAGEMENT

The Board recognises that a sound risk management system is critical in the pursuit of its strategic objectives and maintains an on-going commitment for identifying, evaluating and managing significant risks faced by the Group during the financial year under review. The Board maintains an on-going commitment for identifying, evaluating and managing significant risks faced by the Group systematically during the financial year under review. During the financial year under review, the Board had put in place a structured Risk Management Policy (last updated in November 2017 and approved by the Audit Committee and the Board), as the governance structure and processes for the risk management on enterprise wide, in order to embed the risk management practice into all level of the Group and to manage key business risks faced by the Group adequately and effectively as second line-of-defense. The duties for the identification, evaluation and management of the key business risk are delegated to the Risk and Sustainability Management Committee, led by the Managing Director. The Risk Management Policy is established with reference to ISO 31000:2009 – Principles and Guidelines and Enterprise Risk Management – Integrated Framework 2004 by the Committee of Sponsoring Organizations of the Treadway Commission.

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

### RISK MANAGEMENT *(Cont'd)*

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



Clear roles and responsibilities of the Board, the Audit Committee, Risk and Sustainability Management Committee, risk owners, Key Risk and Sustainability Officer and internal audit function are defined in the Risk Management Policy. In particular, the roles and responsibilities of the Risk & Sustainability Committee in relation to the risk management are as follows:-

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

Apart from the duty to monitor the implementation and compliance with approved risk policies and processes of the Group and that significant risks identified are being responded to appropriately, the Audit Committee is entrusted the duty to review and assess the adequacy and effectiveness of the risk management structure, approved risk policies, processes, and support system and to recommend such changes as may be deemed necessary to the Board.

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

- manage the risks of the business processes under his / her control;
- continuously identify risks and evaluate existing controls. If controls deemed ineffective, inadequate or non-existent, to establish and implement controls to reduce the likelihood and/or impact;
- to report to the Risk and Sustainability Management Committee of the emergence of new business risks or change in the existing business risks on a timely manner and assist the Risk and Sustainability Management Committee with the development of the management action plans and implement these action plans;

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

### RISK MANAGEMENT *(Cont'd)*

- (d) assist the Risk and Sustainability Management Committee with the half-yearly update of the changes in the Key Risks Register, management action plans and the status of these plans; and
- (e) ensure that staffs working under the him/her understand the risk exposure of the relevant process under his / her duty and the importance of the related controls.

Systematic risk management process is stipulated in the Policy, whereby each step of the risk identification, risk assessment, control identification, risk treatment and control activities are laid down for application by the Risk and Sustainability Management Committee and the risk owners. Risk assessment, at gross and residual level, are guided by the likelihood rating and impact rating established by the Board, incorporating the risk appetite of the Board, are stipulated in the Policy. Based on the risk management process, key risk registers were compiled by the Risk and Sustainability Management Committee with the participation of the risk owners, with relevant key risks identified rated based on the agreed upon risk rating. The key risk registers are used for the identification of high residual risks which is above the risk appetite of the Group that require the Management and the Board's immediate attention and risk treatment as well as for future risk monitoring. As an important risks monitoring mechanism, the Management is scheduled to review the key risk registers of key operating subsidiaries and assessment of emerging risks identified at strategic and operational level on annual basis or on more frequent basis if circumstances required and to report to the Audit Committee on the results of the review and assessment.

During the financial year under review, the Risk and Sustainability Management Committee conducted review and assessment exercises whereby existing environment, business and strategic, human resources, operational, finance, legal and compliance and information technology risks of key business units were reviewed with emerging risks assessed and incorporated into the key risk registers for on-going risk monitoring and assessment, after taken into consideration of the internal audit findings. Updated key risk registers were tabled to the Audit Committee for review and deliberation and for its reporting to the Board, which assumes the primary responsibility of the risk management of the Group. The control activities and proposed management action plans for each key business risks, as one of the key components of the key register, were tabled to the Audit Committee for review for its adequacy and effectiveness to mitigate the key business risks identified to acceptable level.

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

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

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

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

## RISK MANAGEMENT *(Cont'd)*

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

## INTERNAL CONTROL SYSTEM

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

- **Board of Directors/Board Committees**

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

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

- **Integrity and Ethical Value**

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

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

To further enhance the ethical value throughout the Group, formal Conflict of Interest Framework approved by the Board for implementation by the Management to reduce the risk of conflict of interest within the Group.

- **Organisation Structure and Authorisation Procedures**

The Group has a formal organization structure in place to ensure appropriate level of authorities and responsibilities are delegated accordingly to competent staffs in achieving operational effectiveness and efficiency. The authorisation requirements for key processes are incorporated in the design of the forms and stated in the Group's policies and procedures.

- **Policies and Procedures**

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

- **Human Resource Policy**

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

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

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

## INTERNAL CONTROL SYSTEM *(Cont'd)*

- **Information and Communication**

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

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

- **Monitoring and Review**

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

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

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

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

## INTERNAL AUDIT FUNCTIONS AND ACTIVITIES

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

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.

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

### **INTERNAL AUDIT FUNCTIONS AND ACTIVITIES (Cont'd)**

Risk-based internal audit plan in respect of financial year ended 31 December 2017 was drafted by the outsourced internal audit function, after taking into consideration existing and emergent key business risks identified in the key risk profile of the Group, the Senior Management's opinion and previous internal audits performed, and was reviewed and approved by the Audit Committee prior to execution. Each internal audit cycles within the internal audit plan are specific with regard to audit objective, key risks to be assessed and scopes of the internal control review.

As third-line-of-defense, the internal control review procedures performed by the outsourced internal audit function are designed to understand, document and evaluate risks and related controls to determine the adequacy and effectiveness of governance, risk and control structures and processes and to formulate recommendations for improvement thereon. The internal audit procedures applied principally consisted of process evaluations through interviews with relevant personnel involved in the process under review, review of the Standard Operating Procedures and/or process flows provided and observations of the functioning of processes in compliance with results of interviews and/or documented Standard Operating Procedures and/or process flows. Thereafter, testing of controls for the respective audit areas through the review of the samples selected based on sample sizes calculated in accordance to predetermined formulation, subject to the nature of testing and verification of the samples.

During financial year ended 31 December 2017, the outsourced internal audit function has conducted review for the following business processes as approved by the Audit Committee:

1. Sales, procurement, housekeeping, maintenance management of hotel operations in Johor Bahru, Malaysia;
2. Tenancy management of mall operations in Johor Bahru, Malaysia; and
3. Project management (included in-progress project management and monitoring, progress claim, variation order, quality management, tendering management subcontractor and procurement and payment processing) and Sales and Marketing Management (included sales activities and processing, progress billing and discount and rebate) for key subsidiary undertaking property development projects based in Klang, Malaysia.

Upon the completion of the individual internal audit field works during the financial year, the internal audit reports were presented to the Audit Committee during its scheduled meetings. During the presentation, the internal audit findings and recommendations as well as management response and action plans are presented and deliberated with the members of the Audit Committee to ensure its adequacy to address the potential risks identified. Update on the status of action plans as identified in the previous internal audit report are presented at subsequent Audit Committee meeting for review and deliberation.

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

The cost incurred in maintaining the outsourced internal audit functions for the financial year ended 31 December 2017 amounted to RM48,332.

### **ASSURANCE PROVIDED BY THE MANAGING DIRECTOR AND FINANCE DIRECTOR**

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

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

## OPINION AND CONCLUSION

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

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

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

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2017, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

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

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

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

# SUSTAINABILITY STATEMENT

## Introduction

This is KSL Holdings Berhad's ("the Company") first Sustainability Statement for the financial year ended 31 December 2017. The Board is committed to continuously update the sustainability progress and engage openly with the Company and its subsidiaries' ("the Group") stakeholders through transparent sustainability reporting. We recognise that stakeholder engagement plays an important role to ensure the businesses pursued by the Group is sustainable in the long term. Through Sustainability Statement, we provide our stakeholders a better understanding on our approach to sustainability and progress in meeting these commitments.

The Board of Directors of the Company acknowledges that businesses are not judged not solely on its financial performance but also, not to a lesser extent, on its conducts in respect of governance, economic, environment and social aspect in order to sustain in this challenging environment and to create value to its stakeholders on long term sustainable manner. It is, therefore, the underlying value of the Group to achieve optimum equilibrium between short-term financial performance and its long-term business sustainability and value creation. The Board is committed to promote good sustainability practices and to continuously integrate such practices into its working environment, business processes and strategy making process. As such, the Group is committed to be accountable and transparent in its sustainability performance.

The Board is pleased to present this Sustainability Statement for the financial year ended 31 December 2017 prepared pursuant to paragraph 29 in Part A of Chapter 9 - Appendix 9C Main Market Listing Requirements ("MMLR") of Bursa Securities Malaysia Berhad's ("Bursa Malaysia") whereby the Company is required to prepare a narrative statement of the Company's management of material economic, environmental and social risks and opportunities. In particular, the Company is to disclose the management of material sustainability matters in accordance with Part III of Practice Note 9 of MMLR on the content of the Sustainability Statement and Sustainability Reporting Guide issued by Bursa Securities ("the Guide").

## Scope of the Statement

This Statement covers all business operations of the Group, i.e. property development and property investment, for the only geographical location the Group is operating in, namely, Malaysia. The contents of this Statement primarily include activities carried out during the financial year ended 31 December 2017 and up to the date of this Statement. This Statement covers the Group's economic, environmental and social management and performance across all business operations in Malaysia. The Board have adhered the Statement to define stakeholder engagement, materiality assessment, sustainability commitment and achievement, and the complete information of significant economic, environmental, and social impact for assessment of the Group's management and performance.

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

## Value Championed by the Group

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

## SUSTAINABILITY STATEMENT (Cont'd)

### Sustainability Principles

As the highest governance body within the Group, the Board assume the ultimate accountability for the integration of sustainability in the Group, including sustainability-related strategy and performance. The sustainability principles instilled by the Board are:

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

### Sustainability Policy

The Sustainability Policy established by the Board is guided by the 17 Sustainable Development Goals ("SDGs") developed by the United Nations to address a range of social and economic development issues, just name a few, poverty, hunger, health, education, climate change, gender equality, water, sanitation, energy, environment and social justice.

## SUSTAINABLE DEVELOPMENT GOALS



## SUSTAINABILITY STATEMENT *(Cont'd)*

### Sustainability Policy *(Cont'd)*

#### ● Sustainable Economic Policy

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

#### ● Sustainable Environment Policy

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

#### ● Sustainable Social Policy

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

## SUSTAINABILITY STATEMENT *(Cont'd)*

### Sustainability Policy *(Cont'd)*

#### ● Sustainable Social Policy *(Cont'd)*

- To work with the local authorities and government bodies for the development of conducive environment for stakeholders
- To uphold the quality, safety and health of our products and services with expected standard of legitimacy and integrity
- To uphold the highest standard in the preserving confidentiality and privacy of information collected by us in the course of the Group's business and to ensure employees, customers and business partners receives such information to observe the confidentiality and privacy of such information.

### Group Profile

From the humble beginning as property developer in the town of Segamat in the Johor state of Malaysia more than thirty (30) years ago, KSL Holdings Berhad, a public limited company listed on the Main Market of Bursa Malaysia with headquarter at Johor Bahru of the State of Johor, Malaysia, had grown its prominent presence as property developer and property investment, i.e. the hotel and mall management, in Johor and Klang Valley in Peninsular Malaysia. To date, the Group, comprises the Company and twenty-five (25) subsidiaries operating under the corporate brand of KSL (abbreviation of Khoo Soon Lee), had developed more than ten (10) townships in Johor and Selangor, comprised of medium to high-end landed and high-rise properties for both residential and commercial purposes and is operating one of the well-known hotel and mall in Johor Bahru, the capital of the State of Johor, i.e. KSL Resort @ Johor Bahru and KSL City Mall @ Johor Bahru.

From the industry value chain perspective, The Group is operating at the downstream of the property development industry, concentrating in the design, sales and marketing of medium to high-end properties in Malaysia, with majority of the construction activities subcontracted to contractors specialising in respective trade. The property development industry in Malaysia is characterised as labour intensive industry with heavy dependence on the supply of foreign labours on construction works due to perceived "3D" nature (dirty, difficult and dangerous) of the construction industry.

On the other hand, the Group is positioning itself at the downstream of the hotel and mall management industry by providing services directly to the end-customers. As at the date of this report, the Group is actively engaging with 818 suppliers and contractors for the supply of materials and consumables as well as services required for the hotel and mall management.

During the financial year under review, there was no major changes of the composition of the contractors and suppliers for both property development and property investment division.

During the financial year ended 31 December 2017, there was no major changes in the location of operations nor share capital structure (except the share buyback executed during the financial year under review).

The Group employs 196 permanent employees for its property development activities and 320 permanent employees for its property investment activities for the financial year ended 31 December 2017.

No. of Employees	Johor		Klang Valley		Total	
	Male	Female	Male	Female	Male	Female
Permanent	249	209	30	28	279	237

## SUSTAINABILITY STATEMENT *(Cont'd)*

### Group Profile *(Cont'd)*

No. of Employees	Property Development		Property Investment		Total	
	Male	Female	Male	Female	Male	Female
Permanent	104	92	175	145	279	237

At the date of this report, Khoo Soon Lee Realty Sdn Bhd, a wholly-owned subsidiary of the Company, is a member of Real Estate and Housing Developers' Association Malaysia and KSL Resort @ Johor Bahru is a member of Malaysian Association of Hotels.

### Governance Structure and Process

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

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

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

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



## SUSTAINABILITY STATEMENT *(Cont'd)*

### Governance Structure and Process *(Cont'd)*

The governance structure defines clearly on the roles and responsibilities expected of the Board, the Audit Committee, Risk and Sustainability Management Committee, head of departments and divisions, key risk and sustainability officer and assurance function. In a nutshell, the Board assumes the ultimate responsible for sustainability management and performance within the Group while the Audit Committee is tasked with the duties to oversee the sustainability management and performance of the Group for reporting to the Board. More importantly, the Risk and Sustainability Management Committee, chaired by the Executive Chairman of the Company, is tasked with the following duties: -

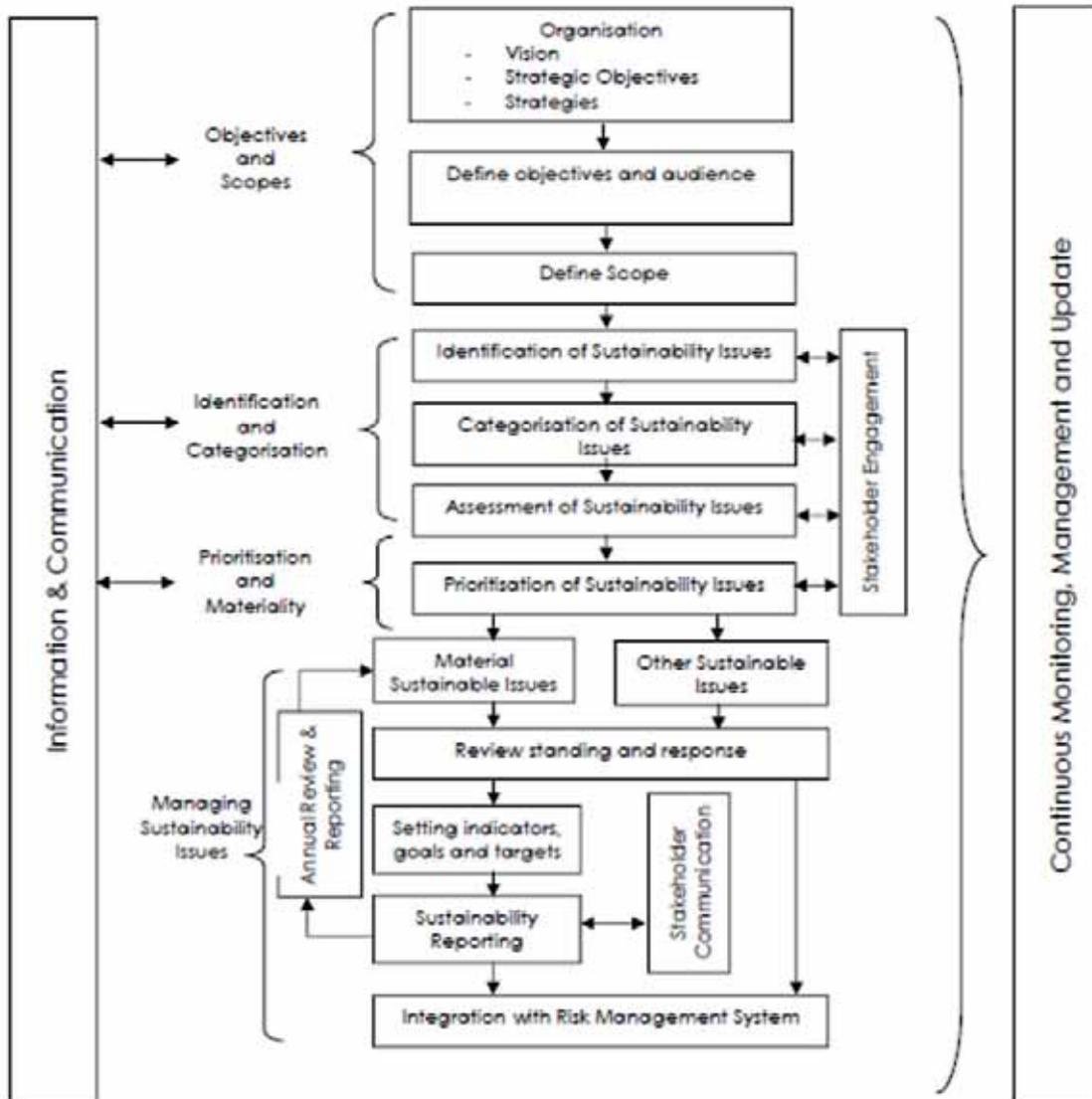
- a. implement the sustainability strategy and management policy as approved by the Board;
- b. lead and implement the process of sustainability matters identification, assessment and management and devising appropriate action plan in cases where sustainability issues are not adequately or effectively addressed and communicate proposed action plans to the Heads of Department/Division;
- c. To conduct periodic review of all sustainability matters of the Group (at least on an annual basis) and determine the adequacy of the response and the current standing of the sustainability matters and to report the review results (including material sustainability matters) and recommendations to the Audit Committee;
- d. To manage stakeholder engagement for input for assessment and communication of results of review and response;
- e. To implement the material sustainability matters' indicator and the target and performance monitoring thereof and the preparation of sustainability disclosures as required by laws and/or rules, and to report the AC for review;
- f. To oversee the Heads of Department/Division in the implementation of systems of sustainability management;
- g. To update the Audit Committee on changes to the material sustainability matters on periodical basis (at least on annual basis) respectively or when appropriate (due to change in external environment or internally) and the course of action to be taken by management in managing the changes; and
- h. To ensure relevant sustainability trainings are provided for appropriate level of employees to cultivate a positive attitude and promote correct approach toward sustainability management.

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

The sustainability matters management process established by the Board, in compliance with the Guide and Toolkit: Materiality Assessment issued by Bursa Securities with necessary adaption based on the nature and scale of the businesses of the Group, is as follows:

## SUSTAINABILITY STATEMENT (Cont'd)

### Governance Structure and Process (Cont'd)



The material sustainability matters assessment process employed by the Group entails the following major steps for each significant business segment and geographical segment, taking into consideration of the business strategies promoted by the Board:

- Identification of the intended stakeholder groups and sub-groups, the focus areas expected by the intended stakeholders and engagement objective(s) for each stakeholder group through Stakeholders' Mapping and the establishment of the Stakeholders' Profile;
- The stakeholders identified for each significant business segment and geographical segment are prioritised in relation to its influence over and dependence on the Group so that the Group can put in more effort on stakeholder groups that have higher influence and dependency and the concerns of key stakeholders will carry greater weight. The prioritisation of the stakeholders is conducted by the Risk and Sustainability Committee by using Stakeholder Prioritisation Matrix whereby each stakeholder identified are assessed by using influence and dependence criteria and rating scale established by the Board. The results of the prioritisation can be used to determine the level of engagement to be employed by the Group with respective stakeholders (from collaborate/empower to keep informed) based on the perceived influence and dependency of each stakeholder group;

## SUSTAINABILITY STATEMENT *(Cont'd)*

### Governance Structure and Process *(Cont'd)*

- Identification of sustainability matters for each significant business segment and geographical segment via internal sources (through internal documentations as well as information system and internal stakeholders' communication via engagement medium and direct communication) and from external sources (through internal documentations, management information system, trusted public domains, correspondences with external stakeholders and external stakeholders' communication via engagement medium and direct communication);
- Sustainability matters identified for each significant business segment and geographical segment via internal and external sources are refined, consolidated and categorised into respective sustainability categories determined by the Board and enlisted in the Sustainability Matters Listing, detailing the influential and dependent internal and external stakeholders;
- Sustainability matters categorised in the Sustainability Matters Listing are subjected to internal materiality assessment by the Risk and Sustainability Management Committee in order to prioritise the sustainability matters for assessment by internal and external stakeholders.

Sustainability issues considered material if:

- it has significant economic, environmental and social impacts on the Group from the organisation's point of view;
- substantively influence the assessments and decisions of stakeholders from the stakeholders' point of view; and
- it has significant economic, environmental and social impacts that affect the ability to meet the needs of the present and future generations.

The internal materiality assessment entails the assessment by the Risk and Sustainability Management Committee based on the rating scale established by the Board on the significance of each sustainability matters on the revenue, cost, reputation, strategic and operational risk and business opportunities criteria;

From internal and external stakeholders' perspective, stakeholders' assessment of the sustainability matters is based on the significance of such matters to influence on the assessment and decision by respective stakeholder. The stakeholders' assessment of the sustainability matters is obtained during stakeholders' engagement, either through prescribed checklist or direct communication by Risk and Sustainability Management Committee or Heads of Department/Division, via the rating system established by the Board.

- The identification of the material sustainability matters is performed by the Risk and Sustainability Management Committee by input into the Materiality Matrix, the result of the stakeholder prioritisation exercise (for the priority and weightage of the relevant stakeholder groups), internal materiality assessment by the Group and Stakeholders' assessment of the significance of relevant sustainable matter to influence on the assessment and decision by respective stakeholder.

The material sustainability matters are identified by reference to the sustainable matters above the acceptable threshold established by the Board.

- Subsequent to the assessment process, sustainable matters identified above are subjected to risk management policy and process established by the Board for the assessment and management of the risk and opportunities identified.

In the context of the sustainability matters management, the current standing of sustainability matters is assessed for its adequacy and effectiveness by the Risk and Sustainability Management Committee and to formulate management response (if existing controls are inadequate or ineffective) to mitigate the sustainability risk or optimise the sustainability opportunities, in line with the risk appetite and business strategies established by the Board. Please refer to Statement of Risk Management and Internal Control on the risk management system employed by the Group in the identification, management and monitoring of business risks.

## SUSTAINABILITY STATEMENT *(Cont'd)*

### Governance Structure and Process *(Cont'd)*

- For the management of material sustainability matters, the RSMC to develop position and response with respect to each material sustainability matters in the following manners:
  - developing policies and procedures
  - implementing various initiatives, measures or action plans
  - to comply with applicable laws and regulations
  - setting indicators, goals, targets and timeframe in line with the strategic objectives
  - implementing new, or changing existing systems, to capture, report, analyse, and manage data requirements

The Risk and Sustainability Management Committee to monitor the current standing (including but not limited to, indicators, target and actual performance) and responses of the material sustainability matters and actual performance and to report to the Audit Committee on half yearly basis for review and for their recommendation to the Board for review and approval.

### Sustainability Management Activity

During the first year of adoption by the Group of the formal Sustainability Management Policy established and approved by the Board on the structured management of identification, management and reporting of sustainability matters and performance by the Group, the Group had, during the first phase of implementation of the formal sustainability management during the financial year under review and up to the date of this Statement, performed the following activities in relation to the identification, management and reporting of sustainability matters and performance:

- identification of the internal and external stakeholders for property development segment and property investment segment that have influence over and dependence on the Group through Stakeholder's Mapping and with individual Stakeholder Profile established for each stakeholder identified.
- Internal and external stakeholders for both property development segment and property investment segment identified by the Risk and Sustainability Management Committee were assessed and prioritised for its degree of influence over and dependence on the Group based on the agreed upon criteria and rating scale approved by the Board via the Stakeholder Prioritisation exercise.
- During the first phase of implementation, the Risk and Sustainability Management Committee performed identification of the sustainability matters through internal sources and informal stakeholders' engagement through direct communication with relevant internal and external stakeholders by head of departments/divisions and executive directors. The sustainability matters identified are categorised by the Risk and Sustainable Management Committee accordingly into the relevant sustainable category for assessment purposes by way of Sustainability Matters Listing.
- The Risk and Sustainability Management Committee performed the internal materiality assessment by using predetermined criteria and rating scale approved by the Board in order to prioritise the sustainability matters for assessment by internal and external stakeholders and to determine the significance of the sustainability matters from the Group perspective.
- During the first phase of implementation, the degree of significance of the sustainable matters to influence on the assessment and decision by internal and external stakeholders were performed by the Risk and Sustainability Management Committee by using informal stakeholders' engagement through direct communication with relevant internal and external stakeholders by head of departments/divisions and executive directors.
- The results of the Stakeholder Prioritisation exercise, internal materiality assessment and degree of significance of the sustainable matters to influence on the assessment and decision by internal and external stakeholder are used to prioritised sustainability matters and identification of material sustainable matters by the Risk and Sustainability Management Committee. An identified sustainability issue is considered to be material by the Risk and Sustainability Management Committee if it is above the material threshold established by the Board.

## SUSTAINABILITY STATEMENT (Cont'd)

### Stakeholders' Engagement

The Board recognises and admits that the contribution and support of the internal and external stakeholders are utmost important for the realisation the Group's missions and the Group's long-term business sustainability and excellence. It is on this basis that the Board is pursuing the sustainable strategy of continuous engagement with internal and external stakeholders who is dependent on and influence by the activities undertaken by the Group and to ensure such engagements are to include all internal and external stakeholders across the value chain and to response proactively, via formal and informal channels, to the concerns and views of respective stakeholder groups. By actively engaging with all stakeholders, the Board is able to identify risks and opportunities in the way the businesses of the Group are carried out. During such engagement, the Group is able to validate the sustainable matters identified by the Management of the Group. The Group's stakeholder engagement process is guided by the Guide and Toolkit: Stakeholder Engagement issued by Bursa Securities with necessary adaption based on the nature and scale of the businesses of the Group.

During the financial year and up to the date of this Statement, there is no collective agreement entered between the Group and any trade union in Malaysia that remains effective and the Group do not intend to enter any collective agreement with any trade union in Malaysia.

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

<b>Property Development</b>		
<b>Stakeholder Group</b> • Sub-Group	<b>Focus Areas/ Engagement Objectives</b>	<b>Preferred Level of Engagement</b> [Preferred Frequency]
<b>Investor</b>	Long term sustainable growth/ To ensure continuous financial support from investors	Annual report [Annually], general meeting [Annually], shareholders' dialogue [Annually], press release [On-going] and public announcements [On-going]
<b>Employees</b> • Management • Non-Management • Contract Staffs	Human rights, career development, discrimination, remuneration commensurate with job responsibilities and occupational safety and health	Employees' survey [Annually], employees' dialogue [Annually], annual appraisal [Annually], memorandum [On-going] and electronic mail system [On-going]
<b>Board of Directors</b>	Sustainable business practices	Committee meetings [Quarterly] and Board of Directors meeting [Quarterly]
<b>Property Development</b>		
<b>Stakeholder Group</b> • Sub-Group	<b>Focus Areas/ Engagement Objectives</b>	<b>Preferred Level of Engagement</b> [Preferred Frequency]
<b>Suppliers</b> • Materials • Consultant • Contractors and Subcontractor	Payment practice, purchasing practices and business sustainability	Supplier's Evaluation and Appraisal [Annually], physical meeting [On-going], Conflict of Interest Policy [On-going] and Code of Conduct and Ethics for Directors [On-going]
<b>Customers</b> • Business • Individual house buyers • Local • Overseas	Safety & comfort, value for money/ affordability, accessibility, level of services and environmental friendliness	Customer's Feedback Form [On-going], Defect Form [On-going], face-to-face conversation [On-going], meetings [On-going], electronic mail system [On-going], social media [On-going] and printed medium [On-going]

## SUSTAINABILITY STATEMENT (Cont'd)

### Stakeholders' Engagement (Cont'd)

<b>Financial Institutions</b>	Long term sustainable growth	Annual report [Annually], press release [On-going], public announcements [On-going] and face-to-face meeting [On-going]
<b>Government and Regulators</b> <ul style="list-style-type: none"> <li>• Construction Industry Development Board</li> <li>• Ministry of Urban Wellbeing, Housing and Local Government</li> <li>• Department of Environment</li> <li>• Department of Occupational Safety and Health</li> <li>• Department of Labour</li> <li>• Immigration Department</li> <li>• Securities Commission and Bursa Malaysia</li> <li>• Inland Revenue Board and Customs Department</li> <li>• Local Authorities</li> </ul>	Compliance with law and regulations	Official submission [Monthly/Quarterly/Annually], official letter [On-going], public dialogue involving government officials [On-going], public announcement [On-going], telephone conversation [On-going], face-to-face meeting [On-going] and electronic mail system [On-going]
<b>Media</b> <ul style="list-style-type: none"> <li>• Professional Reporter - Newspaper &amp; Magazine</li> <li>• Non-Professional Reporter - Social Media</li> </ul>	Environmental and social issues/new service and product launch	Press conference/release [On-going], face-to-face interview/visit [On-going]
<b>Property Development</b>		
<b>Stakeholder Group</b> <ul style="list-style-type: none"> <li>• Sub-Group</li> </ul>	<b>Focus Areas/ Engagement Objectives</b>	<b>Preferred Level of Engagement</b> [Preferred Frequency]
<b>Local Society</b> <ul style="list-style-type: none"> <li>• Local Community</li> <li>• Local Government</li> <li>• Local Charity Organisation</li> </ul>	Local community development and safety and cater for local housing development needs	Corporate social responsibility programme [On-going], face-to-Face meeting [On-going] and press release [On-going]
<b>Industry Peers</b> <ul style="list-style-type: none"> <li>• Real Estate and Housing Developers' Association Malaysia</li> <li>• National House Buyers Association of Malaysia</li> <li>• Other trade associations</li> </ul>	Compliance on the policy of the trade associations	Participation in trade associations through membership or committee members, newsletters and meetings [On-going]
<b>Investor</b>	Long term sustainable growth	Annual report [Annually], general meeting [Annually], shareholders' dialogue [Annually], press release [On-going] and public announcements [On-going]
<b>Employees</b> <ul style="list-style-type: none"> <li>• Management</li> <li>• Non-Management</li> <li>• Contract Staffs</li> </ul>	Human rights, career development, discrimination, remuneration commensurate with job responsibilities and occupational safety and health	Employees' survey [Annually], employees' dialogue [Annually], annual appraisal [Annually], memorandum [On-going] and electronic mail system [On-going]
<b>Board of Directors</b>	Sustainable business practices	Committee meetings [Quarterly] and Board of Directors meeting [Quarterly]

## SUSTAINABILITY STATEMENT (Cont'd)

### Stakeholders' Engagement (Cont'd)

<b>Suppliers</b> <ul style="list-style-type: none"> <li>• Goods and Materials</li> <li>• Contractors</li> </ul>	Payment practice, purchasing practices and business sustainability	Supplier's Evaluation and Appraisal [Annually], physical meeting [On-going], Conflict of Interest Policy [On-going] and Code of Conduct and Ethics for Directors [On-going]
<b>Customers</b> <ul style="list-style-type: none"> <li>• Business</li> <li>• Non-business</li> <li>• Local</li> <li>• Overseas</li> <li>• Shopper</li> <li>• Tenant</li> </ul>	Personal & food safety, value for money, accessibility, level of services, cleanliness and environmental friendly	Customer's Feedback Form [On-going], face-to-face conversation [On-going], electronic mail system [On-going], social media and printed medium [On-going]
<b>Property Investment</b>		
<b>Stakeholder Group</b> <ul style="list-style-type: none"> <li>• Sub-Group</li> </ul>	<b>Focus Areas/ Engagement Objectives</b>	<b>Preferred Level of Engagement</b> [Preferred Frequency]
<b>Financial Institutions</b>	Long term sustainable growth	Annual report [Annually], press release [On-going], public announcements [On-going] and face-to-face meeting [On-going]
<b>Government and Regulators</b> <ul style="list-style-type: none"> <li>• Food Safety Quality Division, Ministry of Health</li> <li>• Department of Environment</li> <li>• Department of Occupational Safety and Health</li> <li>• Department of Labour</li> <li>• Immigration Department</li> <li>• Securities Commission and Bursa Malaysia</li> <li>• Inland Revenue Board and Customs Department</li> <li>• Local Authorities</li> </ul>	Environmental and social issues	Official submission [Monthly/Quarterly/Annually], official letter [On-going], public dialogue involving government officials [On-going], public announcement [On-going], telephone conversation [On-going], face-to-face meeting [On-going] and electronic mail system [On-going]
<b>Media</b> <ul style="list-style-type: none"> <li>• Professional Reporter - Newspaper &amp; Magazine</li> <li>• Non-Professional Reporter - Social Media</li> </ul>	Environmental and social issues/new service and product launch	Press conference/release [On-going], face-to-face interview/visit [On-going]
<b>Local Society</b> <ul style="list-style-type: none"> <li>• Local Community</li> <li>• Local Government</li> <li>• Local Charity Organisation</li> </ul>	Local community development and safety	Corporate social responsibility programme [On-going], face-to-Face meeting [On-going] and press release [On-going]
<b>Industry Peers</b> <ul style="list-style-type: none"> <li>• Malaysian Association of Hotels</li> <li>• Other trade associations</li> </ul>	Compliance on the policy of the trade associations	Participation in trade associations through membership or committee members, newsletters and meetings [On-going]

During the first phase of implementation of the sustainability assessment, management and monitoring process, the Risk and Sustainability Management Committee relied on the informal channels (such as, meetings, face-to-face communication) employed by the Head of Departments and Executive Directors, supported by formal channel of communication (such as, employees' performance appraisal) to engage with the stakeholders.

## **SUSTAINABILITY STATEMENT (Cont'd)**

### **Stakeholders' Engagement (Cont'd)**

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

### **Material Sustainability Matters**

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

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

The final list of sustainability matters together with its details of identification and assessment were reviewed by the Audit Committee and reported the Board for its approval during the financial year under review and up to the date of this Statement to ensure effective sustainability management and monitoring.

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

# SUSTAINABILITY STATEMENT (Cont'd)

## Stakeholders' Engagement (Cont'd)

Property Development					
Sustainability Matters	Category	Definition	Aspect Boundary		Relevant SDG Goals
			Internal Stakeholders	External Stakeholders	
Compliance with environmental laws and regulations	Compliance (Environmental)	Compliance identifies the adherence of an organisation's activities to relevant laws and guidelines	Investors, Board of Directors, Employees, Financial Institutions	Local society, customers, media, government & regulators	  
Safe & healthy working environment Management	Occupational Safety and Health	Anticipation, recognition, evaluation and control of hazards arising in or from the workplace that could impair the health and well-being of workers and stakeholders	Investors, Board of Directors, Employees, Financial Institutions	Government & Regulators, Customers, Media, Industry Peers	
Generation and treatment/ disposition of scheduled and unscheduled waste and toxic materials	Waste and effluent	Waste and effluent discharged from operations into public areas	Investors, Board of Directors, Employees, Financial Institutions	Local society, customers, media, government & regulators	  

# SUSTAINABILITY STATEMENT (Cont'd)

## Stakeholders' Engagement (Cont'd)

Property Investment					
Sustainability Matters	Category	Definition	Aspect Boundary		Relevant SDG Goals
			Internal Stakeholders	External Stakeholders	
Compliance with social laws and regulations	Compliance (Social)	The adherence of an organisation's activities to relevant laws and guidelines	Investors, Board of Directors, Employees, Financial Institutions	Government & Regulators, Local Society, Customers, Media, Industry Peer	   
Corruption with government official and suppliers/ contractors	Anti-corruption	Abuse of entrusted power for private gain. This theme discusses activities that promote transparency and guard against various forms of corruption	Investors, Board of Directors, Financial Institutions	Government & Regulators, Customers, Media, Industry Peers	

Property Investment					
Sustainability Matters	Category	Definition	Aspect Boundary		Relevant SDG Goals
			Internal Stakeholders	External Stakeholders	
Safe & healthy working environment and Management	Occupational Safety and Health	Anticipation, recognition, evaluation and control of hazards arising in or from the workplace that could impair the health and well-being of workers and stakeholders	Investors, Board of Directors, Employees, Financial Institutions	Government & Regulators, Customers, Media, Industry Peers	

# SUSTAINABILITY STATEMENT (Cont'd)

## Stakeholders' Engagement (Cont'd)

Property Investment					
Sustainability Matters	Category	Definition	Aspect Boundary		
			Internal Stakeholders	External Stakeholders	
Compliance with environmental laws and regulations	Compliance (Environmental)	Compliance identifies the adherence of an organisation's activities to relevant laws and guidelines	Investors, Board of Directors, Employees, Financial Institutions	Local society, customers, media, government & regulators	  
Property Investment					
Sustainability Matters	Category	Definition	Aspect Boundary		
			Internal Stakeholders	External Stakeholders	
Compliance with social laws and regulations	Compliance (Social)	The adherence of an organisation's activities to relevant laws and guidelines	Investors, Board of Directors, Employees, Financial Institutions	Government & Regulators, Local Society, Customers, Media, Industry Peers	   

# SUSTAINABILITY STATEMENT (Cont'd)

## Stakeholders' Engagement (Cont'd)

Property Investment					
Sustainability Matters	Category	Definition	Aspect Boundary		Relevant SDG Goals
			Internal Stakeholders	External Stakeholders	
Generation and treatment/ disposition of scheduled and unscheduled waste, Biodegradable materials and toxic materials	Waste and effluent	Waste and effluent discharged from operations into public areas	Investors, Board of Directors, Employees, Financial Institutions	Local society, customers, media, government & regulators	  

## SUSTAINABILITY STATEMENT (Cont'd)

### Safe and Healthy Environment

The Group's long-term sustainability hinged heavily on the safety and well-being of the employees and not to a lesser extent, the customers and contractors. A safe and healthy workplace and our properties are not only the fundamental right of the employees but also relevant stakeholder groups, such as customers and contractors. It is the Group's priority to take the responsibility to maintain a productive workplace and properties by minimising the risk of accidents, injury and exposure to health hazards.

### Property Development

The safety and health management at the construction site is managed by Safety and Health Committee in compliance with the Occupational Safety and Health Act 1994 and Occupational Safety and Health (Safety and Health Committee) Regulations 1996 and guided by the Safety and Health Policy established by the Safety and Health Committee. Safety and health rules and regulations are established by the Safety and Health Committee to ensure the construction activities are carried out to minimise industrial accidents. Safety and Health officer is employed by the Group to oversee due observance of safety and health rules and regulations established by the Management at sites and to promote safe and healthy conducts at each active construction sites, in compliance with Occupational Safety and Health Act 1994 and Occupational Safety and Health (Safety and Health Officer) Order 1997. Through routine inspections by the Safety and Health Officer, incidents of non-compliance of the safety and health rules by the construction workers are identified promptly by the Safety and Health Officer and corrective actions are implemented swiftly.

The Group enforce strict compliance of the Green Card requirement on all employees require access to the construction sites and all employees of the contractors and subcontractors performing construction services at the Group's construction sites. With the strict adherence of the Green Card requirement, the Group ensure that all personnel entering the construction sites underwent compulsory safety trainings per Construction Industry Development Board and equipped with required safety awareness and knowledge to ensure safe construction activities undertaken. Furthermore, safety toolbox briefings are given by the Safety and Health Officer to new construction personnel and thereafter at regular interval to ensure that the safety awareness and knowledge are not diminished through the passage of time.

As safety measures, the surrounding of all construction sites of the Group are fully barricaded by protective hoarding before the start of the construction works so that the general public would be protected from work in progress and unauthorised personnel are prevented to enter the work sites. In addition, access to the work sites required all personnel to report to the security personnel to ensure only the authorised and qualified personnel are granted the access to the worksite. It is the Group's important measure to put up safety notice and indicators at relevant and strategic areas. The operating of the construction equipment and scaffolds are guided by Factories & Machinery Act 1967 and Factories & Machinery (Building Operations & Works of Engineering Construction) (Safety) Regulations 1986.

### Property Investment

Similarly, KSL Resort @ Johor Bahru and KSL City Mall @ Johor Bahru, operating as integrated resort and mall opened to public, place safety and health of its resort and mall properties as one of its important elements of sustainable business. The tone from the top on safety and health is communicated through Safety and Health Policy established by the Safety and Health Committee. Safety and Health Committee plays a pivotal role in the management of safety and health in the resort and mall by formulate the safety and health rules and regulations to be complied by all employees, tenants, contractors and subcontractors. Regular inspections by representative of the Safety and Health Committee on the compliance of the safety and health rules established with incidents of non-compliance identified and corrective and preventive actions implemented timely. Safety notices/signboards and indicators placed at strategic and hazard-prone locations to convey safety messages and potential safety hazard to the customers, employees, tenants, contractors and subcontractors. Compliance monitoring of relevant requirements per Occupational Safety and Health Act 1994 and Factories & Machinery Act 1967 (and its orders and regulations) are performed by the Safety and Health Committee from time to time.

## SUSTAINABILITY STATEMENT *(Cont'd)*

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

Door access controls are installed at restricted areas to prevent unauthorised access. Fire preventive equipment and systems are tested at regular interval to ensure its functionalities are not compromised and clear escape route plans are placed in strategic locations and every rooms. Equipment used by the public are maintained at predetermined interval to ensure safe usage of the equipment is preserved. Security guards are employed and deployed at important safety control points in the mall and resort, including car park areas to ensure general safety within the building is maintained. Access to the floors with hotel rooms required electronic card access and strategic locations at the mall and resort are monitored through Closed-circuit television system connecting to the surveillance control room. To ensure our readiness in the event of unfortunate event, our emergency response team carried out drills and practice at regular intervals to ensure that such unlikely incident is handled satisfactorily and promptly to minimise damage to the properties and people.

For both property development and property investment business in Malaysia, there was no legal action taken against the Group nor any fine or monetary sanction imposed related to occupational safety and health aspects during the year.

During the first phase of the implementation of structured sustainability management system, the Risk and Sustainability Management Committee and the Board had yet to finalise the indicator(s) and target(s) to be used to measure progress, effectiveness or efficiency of the policies, measures or actions taken to manage associated risks in relation to safe and healthy working environment and management. The Risk and Sustainability Management Committee and the Board are committed to finalise the indicator(s) and target(s) to be used in relation to the safe and healthy working environment and management during the financial year ending 31 December 2018 and to report the actual performance with comparison to preceding financial year(s) and target(s) in the Annual Report for financial year ending 31 December 2018.

### **Compliance with Environmental Laws and Regulations and Generation and Treatment/Disposition of Scheduled and Unscheduled waste, Biodegradable materials and Toxic materials**

The Group is committed to comply with the environmental laws and regulations of the jurisdictions the Group is operating, i.e. Environmental Quality Act and its regulations. As a responsible group of companies in property development and property investment activity, the Group is committed wholeheartedly to ensure strict compliance of relevant environmental laws and regulations pertaining to property development and property investment activity.

In particular, for property development activity, the environmental laws and regulations compliance are delegated to the Executive Directors and Senior Management whereby relevant environmental preservation practices are formulated for compliance by the employees and contractors/subcontractors. For every development projects of more than 50 acres, relevant subsidiary is to perform Environmental Impact Assessment, together with the approved Environmental Impact Assessment consultant, during the feasibility study stage and only to commence construction works upon obtaining approval from Director General of Environmental and Ministry of Natural Resources and Environment. The Group is practicing no open burning by all employees and contractors/subcontractors and routine surveillances are conducted by the Site Supervisor to ensure strict compliance. The noise level at the construction sites are monitored by the Site Supervisors and Manager so that incidents of unacceptable noise level are brought down to recommended level for residential area for sub-urban and urban. No construction activity to be undertaken during night time unless it is approved by the Project Manager for works with low noise level. At construction site, it is the practice of the Group that construction wastes are to be reused and recycled to the extent possible and all disposals of construction waste that cannot be reused and recycled are to comply with the requirements of the relevant environmental laws and regulations and no illegal dumping is allowed. The usages of the pesticide are to be in compliance with Pesticides (Highly Toxic Pesticides) Regulations 1996. It is the policy of the Group that silt traps and sediment control facilities at each construction site to minimise the impact of the construction activities on the environment. Furthermore, the scheduled wastes mandated under Environmental Quality (Scheduled Waste) Regulation 2005 generated from the construction activities are to be monitored by the Project Department and disposed to approved scheduled waste operator in accordance with the regulation.

## **SUSTAINABILITY STATEMENT (Cont'd)**

### **Compliance with Environmental Laws and Regulations and Generation and Treatment/Disposition of Scheduled and Unscheduled waste, Biodegradable materials and Toxic materials (Cont'd)**

As for property investment activity, the management and monitoring of the environmental compliance is assigned to the Executive Directors and Safety and Health Committee and relevant policies and procedures are established to manage such compliance. It is the practice of the Group that the policy in relation to non-hazardous materials as well as other environmental preservation related activities shall be adhered by all suppliers or contractors. All non-hazardous materials are required to be kept in a different storage room and away from food storage and preparation area, whereby only authorised personnel are allowed to access to the storage room. Suppliers are required to provide the necessary trainings to the relevant staffs of KSL Group on the proper handling procedures in order to minimize the wastage or spillage. Stickers related to the hazardous chemicals or materials are also provided by the suppliers or contractors to the staffs as a reminder of the danger of such hazardous chemicals or materials. The Board place importance on the reduction of food wastes through effective material planning and utilisation process. In the event that the disposal of food and general wastes is inevitable, such disposal of waste is to be through authorized landfill's operators. On the other hand, the discharge of the effluent from the operations is such that such effluent is to be treated in compliance with the relevant laws and regulation before discharge. The Group practices the "Reduce, Reuse and Recycle" policy to uphold its value on environmental proposition. It is worth to note that its KSL Resort @ Johor Bahru is equipped with solar system for heating water to supply hot water to the hot water system of the property. Furthermore, the Group has appointed an independent consultant in studying the electricity consumption of the resorts and is in the midst of engaging the consultant to carry out the proposed electricity conservation program focusing on chiller plant and air handling unit ("AHU").

For both property development and property investment business in Malaysia, there was no legal action taken against the Group nor any fine or monetary sanction imposed related to environmental aspects during the year.

During the first phase of the implementation of structured sustainability management system, the Risk and Sustainability Management Committee and the Board had yet to finalise the performance indicator(s) and target(s) to be used to measure progress, effectiveness or efficiency of the policies, measures or actions taken to manage associated risks in relation to compliance with environmental laws and regulations. The Risk and Sustainability Management Committee and the Board are committed to finalise the indicator(s) and target(s) to be used in relation to the compliance with environmental laws and regulations during the financial year ending 31 December 2018 and to report the actual performance with comparison to preceding financial year(s) and target(s) in the Annual Report for financial year ending 31 December 2018.

### **Compliance with Social Laws and Regulations**

The Group recognises the importance to uphold the social value along with its value chain to cater for the needs of the stakeholders it is affecting through its activities undertaken.

The employees are an important and valuable resource and a key business differentiator for the Group. The Group's success lies heavily in every employee and it is critical to treat them equally, provide them with a safe and sustainable working environment and help them to further develop their skills.

The Group champions the culture that respects and leverages on the multiple cultural and ethnic of our country. This is of paramount important for the Group to respect the needs of respective ethnic groups and cater their needs and requirements in our business. The Group practices equal treatment for all stakeholders regardless of race, religion, nationality, age, marital status, or any other characteristic as protected by local legislation and regulations.

Needless to say, it is paramount for the Group to comply with the relevant social laws and regulations, such as Federal Constitution, Employment Act and Regulations, Minimum Wage Order, Competition Act, Personal Data Protection Act, Minimum Retirement Age Act and Child Act, just to name few important ones.

## **SUSTAINABILITY STATEMENT (Cont'd)**

### **Compliance with Social Laws and Regulations (Cont'd)**

For employees, management of human resources are embodied in the formal Human Resource Management policy established by the Senior Management for execution on the group-wide whereby minimum requirements of fair treatment of legitimate employees are specified for strict compliance. No discrimination of race, religion, nationality, age, marital/pregnant and disable status is allowed group-wide and strict enforcement of no illegals in the work place, including the contractors and subcontractors. Specific grievance procedure is established by the Management for the channel of the staff grievance to the appropriate level of authority and whistle-blowing mechanism put in place. Privacy Policy is put in place by the Group to collect and manage confidential personal data collected from our stakeholders in compliance with Personal Data Protection Act.

For both property development and property investment business in Malaysia, there was no legal action taken against the Group nor any fine or monetary sanction imposed related to social aspects during the year.

During the first phase of the implementation of structured sustainability management system, the Risk and Sustainability Management Committee and the Board had yet to finalise the performance indicator(s) and target(s) to be used to measure progress, effectiveness or efficiency of the policies, measures or actions taken to manage associated risks in relation to compliance with social laws and regulations. The Risk and Sustainability Management Committee and the Board are committed to finalise the indicator(s) and target(s) to be used in relation to the compliance with social laws and regulations during the financial year ending 31 December 2018 and to report the actual performance with comparison to preceding financial year(s) and target(s) in the Annual Report for financial year ending 31 December 2018.

### **Anti-Corruption**

It is of no argument that the corrupt and bribery malpractice stifle economic growth and necessary public investment for social development due to misallocation of public funds, deprive the access of the basic necessities by the needy, threaten the democratic development of the country and exacerbates the income inequality gap within the country.

The Group is holding the integrity value close to its heart and will walk the extra-mile to combat corruption and bribery practices throughout the Group and along the value chain. The spirit of anti-corruption and bribery of the Group is enshrined in the Code of Business Conduct and Ethics for Directors and Conflict of Interest Framework approved by the Board and ethic requirements as specified in the Human Resources Policy of the Group. Whistle-blowing policy approved by the Board and administered by the Audit Committee is put in place for reporting of malpractices with safeguard of the interest of the whistle blower in place.

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

During the first phase of the implementation of structured sustainability management system, the Risk and Sustainability Management Committee and the Board had yet to finalise the performance indicator(s) and target(s) to be used to measure progress, effectiveness or efficiency of the policies, measures or actions taken to manage associated risks in relation to corruption and bribery practice. The Risk and Sustainability Management Committee and the Board are committed to finalise the indicator(s) and target(s) to be used in relation to corruption and bribery practice during the financial year ending 31 December 2018 and to report the actual performance with comparison to preceding financial year(s) and target(s) in the Annual Report for financial year ending 31 December 2018.

### **Other Major Economic, Environment and Social Activities Undertaken During Financial Year**

Apart from the control activities undertaken to manage material sustainability issues identified as above, the Group had undertaken the following control activities in managing other sustainability matters identified by the Group during the financial year 2017: -

## SUSTAINABILITY STATEMENT *(Cont'd)*

### Other Major Economic, Environment and Social Activities Undertaken During Financial Year *(Cont'd)*

#### A. Our Employees and Workforce

The Board believe the employees are a valuable resource and a key business success factor for the Group. The long-term business success and sustainability of the Group lies in every employee and it is critical for the Board aim to treat them equally, provide them with a safe and sustainable working environment and help them to further develop their skills. We have developed Human Resources Policy in that respect.

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

The Board acknowledges its efforts with to remunerate our people with remuneration and benefits commensurate with their duties and responsibilities, to offer on-going opportunities for training and development, and long-term career prospects. The Board is committed to build performance-based culture by allowing the employees to demonstrate their capabilities. Annual performance appraisals are undertaken by the Management, not only for the performance-based remuneration, but also to have effective two-way communication with our people whereby the past performance and expectations for the future years by the Management on our people are communicated while our people's commitment and concerns are conveyed for future monitoring.

The Board is also championing equal opportunity for all employees regardless of race, religion, nationality, age, marital status, or any other characteristic. In addition, equal access and opportunities are provided to our employees in terms of recruitment, retention and training, notwithstanding the nature of our property development operations which come with not conducive working environment. This is evidenced by the diversity profile of our group. Please refer to the "Group Profile" for the analysis of our human capital.

#### B. Our Community Commitments

It is our strategy to be a responsible corporate citizen by giving back and investing in the community in which the Group operates. Our strategy is to generate sustainable value for both the community and economic growth through effective use of the Group's capabilities and resources as well as sharing of financial resources with local community for their developments. During the financial year, we have supported various community causes through corporate donations and community events for the less fortunate as well as induction programmes for students pursuing undergraduate programmes. The Group committed to continue to invest in community programmes and other corporate social responsibility initiatives to contribute towards the betterment of local communities.

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

During the financial year under review, in order to enable next generations are well-educated and armed with relevant knowledge so that people's lives are improved and sustainable development enhanced, the Group is contributing the development of education of the young children by donated to the SJK (C) Bukit Siput, Segamat and SJK (C) Labis. Our donations are not restricted to only education but also to sport association and club for sport development and health awareness in Johor, to non-for-profit associations for the social and economic development initiatives and charity donations for the people in needs.

## SUSTAINABILITY STATEMENT *(Cont'd)*

### Other Major Economic, Environment and Social Activities Undertaken During Financial Year *(Cont'd)*

#### B. Our Community Commitments *(Cont'd)*

Our efforts to connect with the communities in places we have operations didn't stop with the monetary donations, we place importance to reach out and give something back to the community directly with our active organisation and participation in the local organised events. We held a charitable event for the 2nd year named, "Sinar Ramadhan – Majlis Berbuka Puasa bersama Anak Yatim" by KSL Resorts @ Johor Bahru. 'Duit Raya' and goodies were awarded to the orphan and buffet event was held in the hotel to bring joy to these children and fulfilled their wishes in celebrating a joyous Hari Raya.

Apart from the sharing the joyous moment during the festive season, the Group sponsored a charity run event, "Run for Child 2017", for charitable fund-raising exercise of World Vision Malaysia for the less fortunate children and promotion of health awareness among the city dwellers.

We see our roles as partner to the communities didn't stop the donations and charitable events. We know that to share our knowledge base for next generation is also important for community developments. As for the past financial years, we continue with our internship programme to provide students with an opportunity to work with us during their semester breaks and at the same time in fulfilling their internship requirements. Such internship programme not only aimed to develop confidence and skill sets of the undergraduate for future job requirements but also to present the Group a ready source of new recruits.

Last but not least, it is the practice of the Group to promote the participation of local community and to improve the well-being of the local community by offering the part-time job opportunities in its food and beverage and banquet operations. The practices by the Group increased the financial capacity of the locals, especially during current economic unfriendly environment.

#### C. Awards and Recognitions of Excellence

The Group's strong commitment to excellence in its business operations has been, and continues to be attested by numerous awards and recognition over the past few years.

The Group has received a few prestigious awards for the past years for best in property and hotel sector in recognition of its exemplary performance. The awards recognised the efficiency and effectiveness of the usage of our capital.

This year, the Group has received the following awards for property sector:-

1. Top 30 of The Edge Malaysia Top Property Developers Awards 2017;
2. Gold Medal for Property Sector (below RM 3 billion market capitalisation) in term of highest growth in profit after tax over three years; and
3. Silver Medal for Property Sector (below RM 3 billion market capitalisation) in term of highest return on equity over three years.

The Edge Top Property Developers Awards 2017 ranks the best property players from the consumer's prospective based on their qualitative and quantitative attributes.



## SUSTAINABILITY STATEMENT (Cont'd)

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

#### C. Awards and Recognitions of Excellence (Cont'd)

During the year 2017, the Group has also received an award for Chinese Preferred Hotel 2017 from the online travel agent named Ctrip.com. We have put in much effort such as putting up mandarin signage and menus to make our Chinese guests from Hong Kong, Taiwan and China at ease, which made them feel comfortable staying in our hotel.

These awards will motivate the Group to continue its commitment to excellence in everything it performs.



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

# 5 years GROUP FINANCIAL HIGHLIGHTS

YEAR ENDED **31<sup>st</sup>** December

## Income Statement

		2013	2014	2015	2016	2017
Revenue	RM Million	680.0	801.0	686.1	689.1	697.5
Profit Before Taxation	RM Million	255.4	431.8	338.5	386.5	280.4
Profit Attributable to Shareholders	RM Million	181.5	342.3	266.1	314.5	220.6

## Balance Sheet

Issued and Paid Up Capital	Million Unit	390.5	788.8	1,007.6	1,037.5	1,037.5
Shareholders' Equity	RM Million	1,289.3	1,601.2	2,013.4	2,351.7	2,566.8

## Share Information

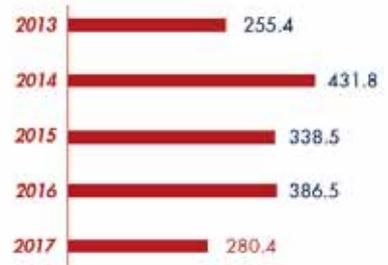
Basic Earnings Per Share	Sen	23.49	43.85	27.66	30.98	21.51
Dividend Per Share - Gross	Sen	-	10.00	2.00	-	-
Net Assets Per Share	RM	1.65	2.03	2.01	2.28	2.50
Return on Shareholders' Equity	%	14%	21%	13%	13%	9%

# 5 years GROUP FINANCIAL HIGHLIGHTS

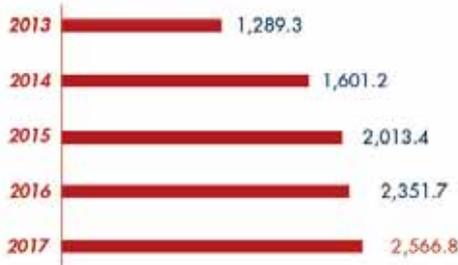
## Revenue



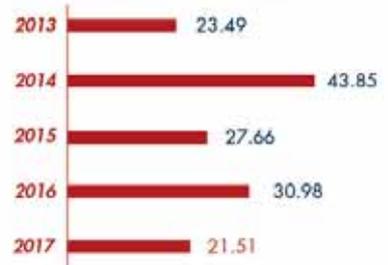
## Profit Before Taxation



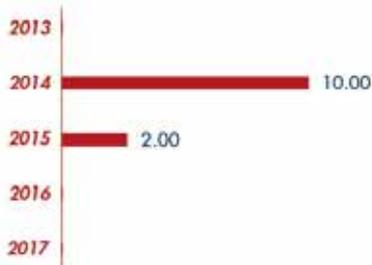
## Shareholders' Equity



## Basic Earnings Per Share



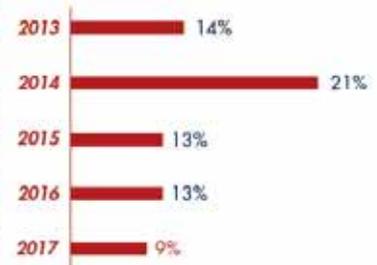
## Dividend Per Share



## Net Assets Per Share



## Return on Shareholders' Equity



## LIST OF MAJOR PROPERTIES HELD BY THE GROUP AS AT 31 DECEMBER 2017

No.	Lot No.	Description	Land Area (sq. ft.)	Existing Use	Tenure	Approximate Age (Year)	Net Book Value as at 31.12.2017 (RM)	Date of Last Revaluation or if none, Date of Acquisition
01.	PTB 22817 Mukim of Johor Bahru District of Johor Bahru Johor Darul Takzim	Commercial complex	295,515	KSL City Mall	Freehold	7	390,000,000	29.12.2017
02.	Lot 6412 & Lot 6415 Mukim of Klang District of Klang Selangor Darul Ehsan	Subdivided land under development	6,373,555	Bandar Bestari	Freehold	–	274,763,475	01.11.2007
03.	Lot 2437 Mukim of Tebrau District of Johor Bahru Johor Darul Takzim	Subdivided land under development	9,982,427	Taman Bestari Indah	Freehold	–	130,942,908	27.02.2002
04.	PTB 22817 Mukim of Johor Bahru District of Johor Bahru Johor Darul Takzim	Resort	295,515	KSL Resort	Freehold	5	100,486,139	21.03.2006
05.	Lot 18973 - 19011, Lot 19013 - 19040, Lot 19048 - 19054, Lot 19062 - 19063, Lot 19105 - 19113, Lot 19041 - 19047, Lot 19055 - 19061, Lot 19064 - 19104, Lot 19114 - 19136 Mukim Simpang Kanan District of Batu Pahat Johor Darul Takzim	Land held for development	12,945,196	Vacant Land	Freehold	-	94,350,795	30.01.2015
06.	PT 143339 Mukim of Klang District of Klang Selangor Darul Ehsan	Commercial complex	788,000	Propose KSL Esplanade Mall	Freehold	–	81,372,818	20.12.2017
07.	Lot 348 Mukim of Tebrau District of Johor Bahru Johor Darul Takzim	Subdivided land under development	257,467	KSL Residence @Daya	Freehold	–	78,424,691	23.10.2008
08.	Lot 3054 - Lot 3059, Lot 3068 - Lot 3071, Lot 3080 - Lot 3088 Mukim of Pulau District of Johor Bahru Johor Darul Takzim	Subdivided land under development	4,318,882	Taman Mutiara Bestari	Freehold	–	69,277,043	21.12.2009
09.	PTD 136166 (Partially) Mukim of Pulau District of Johor Bahru Johor Darul Takzim	Commercial complex	186,872	Giant Nusa Bestari	Freehold	9	63,800,000	29.12.2017
10.	Lot 3047 Mukim of Kluang District of Kluang Johor Darul Takzim	Subdivided land under development	4,378,216	Taman Mengkibol	Freehold	–	56,100,704	12.11.2010

# STATEMENT IN RELATION TO PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES

**THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, solicitor, accountant, bank manager or other professional adviser immediately.

Bursa Malaysia Securities Berhad (“Bursa Securities”) has not perused this Statement prior to its issuance as it is an exempt statement. Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

## DEFINITIONS

*Except where the context otherwise requires, the following definitions and terms shall apply throughout this Statement:-*

“Act”	: Companies Act, 2016
“AGM”	: Annual General Meeting
“Board” or the “Directors”	: The Board of Directors of KSL Holdings Berhad
“Bursa Securities”	: Bursa Malaysia Securities Berhad (635998-W)
“Code”	: Malaysian Code on Take-Overs and Mergers, 2016
“EPS”	: Earnings per share
“KSL” or the “Company”	: KSL Holdings Berhad (511433-P)
“KSL Group” or the “Group”	: KSL and its subsidiary companies, collectively
“KSL Shares” or the “Shares”	: Ordinary shares in KSL
“Listing Requirements”	: The Main Market Listing Requirements of Bursa Securities, including any amendment thereto that may be made from time to time
“Major shareholder”	: means a person who has an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares, is –  (a) 10% or more of the total number of voting shares in the corporation; or  (b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation.  For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in section 8 of the Act.
“NA”	: Net Assets

## STATEMENT IN RELATION TO PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES *(Cont'd)*

- “Proposed Share Buy-Back” : Proposed purchase of up to 10% of total number of issued shares of the Company
- “PSSB” : Premiere Sector Sdn Bhd (539226-U)
- “Person connected” : (a) in relation to a director or major shareholder of a corporation,  
(b) in relation to a member of the management team of a SPAC,  
(c) in relation to a trustee-manager, director or major shareholder of the trustee-manager, or major unit holder of a business trust, or  
(d) in relation to a Manager, director or major shareholder of the Manager,  
(each person mentioned under (a), (b), (c) and (d) above is referred to as “said Person”),  
means an associate or partner of the said Person
- “RM” and “sen” : Ringgit Malaysia and sen respectively
- “Subsidiary” : A subsidiary company of KSL as defined in Section 4 of the Act

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# STATEMENT IN RELATION TO PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES *(Cont'd)*

## 1. INTRODUCTION

On 28 March 2018, the Company announced that the approval granted by the shareholders at the Seventeenth AGM of KSL held on 30 May 2017 for the Company to purchase its own shares shall expire at the conclusion of the forthcoming Eighteenth AGM and that the Company proposed to seek a renewal of the approval from the shareholders at the forthcoming Eighteenth AGM to be held on 28 May 2018, to purchase and/or hold as treasury shares, its own Shares representing up to 10% of the total number of issued shares of the Company through Bursa Securities.

The renewal of approval for the Proposed Share Buy-Back will be effective immediately upon the passing of the ordinary resolution for the Proposed Share Buy-Back at the Company's Eighteenth AGM to be held on 28 May 2018 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.

Section 127 (2) of the Act states that a company shall not purchase its own shares unless:-

- a) the company is solvent at the date of the purchase and will not become insolvent by incurring the debts involved in the obligation to pay for the shares so purchased;
- b) the purchase is made through the stock exchange on which the shares of the company are quoted and in accordance with the relevant rules of the stock exchange; and
- c) the purchase is made in good faith and in the interests of the company.

A company satisfies the solvency test in accordance with Sections 112 and 113 of the Act if :-

- i. the share buyback would not result in the Company being insolvent and its capital being impaired at the date of the solvency statement; and
- ii. the Company will remain solvent after each share buyback during the period of six months after the date of the declaration made.

## STATEMENT IN RELATION TO PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES *(Cont'd)*

### 2. TREATMENT OF THE PURCHASED SHARES

Pursuant to Section 127(4) of the Act, the Directors of the Company may deal with the purchased Shares in the following manner:-

- i. cancel all the shares so purchased;
- ii. retain all the shares so purchased as Treasury Shares;
- iii. retain part of the shares so purchased as Treasury Shares and cancel the remainder of the shares; and
- iv. deal with the Treasury Shares in the manners as allowed by the Act from time to time.

It is the present intention of the Board to retain the purchased Shares as Treasury Shares and subsequently resell them on Bursa Securities if the opportunity arises for the Company to realise gains from the resale on Bursa Securities. However, the Board may distribute the Treasury Shares as share dividends, which will depend on the availability of, amongst others, retained earnings and tax credits of the Company, transfer the Treasury Shares for the purpose of or under a share scheme, or cancel the Treasury Shares if the Board decides to change the capital structure of the Company.

An immediate announcement will be made to Bursa Securities in respect of the intention of the Directors to either retain the purchased Shares as treasury shares or cancel them or a combination of both following any transaction(s) executed pursuant to the authority granted under the Proposed Share Buy-Back.

In the event the purchased Shares are held as treasury shares, the rights attaching to them in relation to voting, dividends and participation in any other distribution or otherwise, would be suspended and the Treasury Shares would not be taken into account in calculating the number of percentage of shares, or of a class of shares in the Company for any purposes including the determination of major shareholdings, take-overs, notices, the requisitioning of meetings, the quorum for meetings and the result of a vote on resolution(s) at meetings.

### 3. RATIONALE FOR THE PROPOSED SHARE BUY-BACK

The Proposed Share Buy-Back will enable KSL Group to utilise its surplus financial resources to purchase its own Shares from the market. It may stabilise the supply and demand as well as the prices of KSL Shares traded on the Main Market of Bursa Securities and thereby supporting its fundamental values.

Should KSL Shares be cancelled, either immediately or subsequently after being held as treasury shares, the Proposed Share Buy-Back is expected to strengthen the EPS of the Group and benefit the shareholders of the Company.

The purchased Shares could also be kept as treasury shares and resold on Bursa Securities at a higher price with the intention of realising a potential gain for the Company without affecting the total number of issued shares of the Company. In the event that the treasury shares are distributed as share dividend, it will serve to reward the shareholders of the Company.

The Proposed Share Buy-Back authority is not expected to have any potential material disadvantage to the Company and its shareholders, as it will be exercised only after in-depth consideration of the financial resources of KSL Group, the alternative business opportunities available and the resultant impact on its shareholders. The Directors in exercising any decision on the Proposed Share Buy-Back authority shall be mindful of the interest of the Company and its shareholders.

## STATEMENT IN RELATION TO PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES *(Cont'd)*

### 4. SOURCES OF FUNDS

The Proposed Share Buy-Back shall be financed through internally generated funds and/or bank borrowings. The actual amount of bank borrowings will depend on the financial resources available at the time of the Proposed Share Buy-Back. The Proposed Share Buy-Back will reduce the cash of the Company by an amount equivalent to the multiple of the purchase price of KSL Shares and the actual number of KSL Shares purchased.

In the event the Company decides to utilise bank borrowings to finance the Proposed Share Buy-Back, it will ensure that it has sufficient funds to repay the bank borrowings and interest expense and that the repayment will not have a material impact on the cash flows of the Company.

The maximum amount of funds to be allocated for the Proposed Share Buy-Back shall not exceed the aggregate amount of the retained earnings of the Company.

Based on the audited financial statements of the Company as at 31 December 2017, the retained profits of the Company amounted to RM203,468,683. For information purposes, the latest unaudited retained profits of the Company as at 31 March 2018 amounted to RM203,151,157.

The actual number of KSL Shares to be purchased, the total amount of funds involved for each purchase and timing of purchase(s) will depend on, *inter-alia*, the market conditions and sentiments of the stock markets as well as the availability of financial resources of the KSL Group at the time of the purchase(s).

### 5. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

The potential advantages of the Proposed Share Buy-Back to the Company and its shareholders are as follows:-

- (i) All things being equal, the Proposed Share Buy-Back shall enhance the EPS of the Group. This is expected to have a positive impact on the market price of KSL Shares which will benefit the shareholders of KSL.
- (ii) The Company may be able to stabilise the supply and demand of its Shares in the open market and thereby supporting the fundamental values of KSL Shares.
- (iii) If the purchased Shares are retained as treasury shares, it will provide the Board with an option to sell the Shares at a higher price and therefore make an exceptional gain for the Company. Alternatively, the purchased KSL Shares can be distributed as share dividends to the shareholders.

The potential disadvantages of the Proposed Share Buy-Back to the Company and its shareholders are as follows:-

- (i) As the Proposed Share Buy-Back can only be made out of retained profits, it may reduce the financial resources available for distribution to the shareholders of the Company in the immediate future.
- (ii) It may result in the Company foregoing other investment opportunities that may emerge in the future with the reduction in financial resources of the KSL Group available after financing the Proposed Share Buy-Back.

In any event, the Directors will be mindful of the interests of KSL and its shareholders in implementing the Proposed Share Buy-Back.

## STATEMENT IN RELATION TO PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES *(Cont'd)*

### 6 FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK

On the assumption that the Proposed Share Buy-Back is carried out in full, the effects of the Proposed Share Buy-Back on the share capital, shareholdings of Directors, major shareholders and persons connected to Directors and major shareholders of KSL, NA, working capital and EPS are set out below:-

#### 6.1 Share Capital

The effects of the Proposed Share Buy-Back on the share capital of KSL will depend on the intention of the Board with regard to the purchased Shares. In the event that the Proposed Share Buy-Back is carried out in full and the purchased Shares are cancelled, the Proposed Share Buy-Back will result in a reduction in the total number of issued shares of the Company as follows:-

	No. of Shares
Total Number of Issued Shares	1,037,508,399
Less:-	
Shares purchased amounting to 10% of the Share Capital and Number of Issued Shares pursuant to the Proposed Share Buy-Back*	103,750,839
Upon completion of the Proposed Share Buy-Back	933,757,560

*Note:-*

\* Includes a total of 17,307,300 KSL Shares (representing 1.668% of total number of issued shares) that have been purchased and held as treasury shares as at 28 March 2018. In addition, 88,100 KSL Shares (representing 0.008% of total number of issued shares) that have been purchased and held as treasury shares on 29 March 2018. Hence, as at 30 March 2018, a total of 17,395,400 KSL Shares (representing 1.676% of total number of issued shares) that have been purchased and held as treasury shares.

#### 6.2 NA

The effect of the Proposed Share Buy-Back on the consolidated NA per Share is dependent on the purchase price(s) of KSL Shares purchased. If the purchase price is less than the audited NA per Share of the Group at the time of purchase, the consolidated NA per Share will increase. Conversely, if the purchase price exceeds the audited consolidated NA per Share at the time of the purchase, the consolidated NA per Share will decrease.

#### 6.3 Working Capital

The Proposed Share Buy-Back will reduce the working capital of the Company, the quantum of which depends on, amongst others, the number of Shares purchased and the purchase prices of the Shares.

For Shares so purchased which are kept as treasury shares, upon its resale, the working capital of the Company will increase. Again, the quantum of the increase in the working capital will depend on the actual selling price of the treasury shares and the number of treasury shares resold.

# STATEMENT IN RELATION TO PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES *(Cont'd)*

## 6 FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK *(Cont'd)*

### 6.4 EPS

The effects of the Proposed Share Buy-Back on the consolidated EPS of KSL would depend on the purchase price and the number of KSL Shares purchased. The effective reduction in the issued share of the Company pursuant to the implementation of the Proposed Share Buy-Back may generally, all else being equal, have a positive impact on the consolidated EPS of KSL.

### 6.5 Dividends

The Proposed Share Buy-Back is not expected to adversely affect the payment of dividends to shareholders. If the amount of dividends to be paid remain in the same in Ringgit term as in the previous year and as there will be less Share qualifying for dividends, the remaining shareholders would potentially receive a higher dividend payment.

On the other hand, if the percentage of dividend payable remains the same as before the Company purchase its own Shares, the Proposed Share Buy-Back will not affect the amount of dividend received by the shareholders. However, if the Shares so purchased are retained as Treasury Shares, they can be used for subsequent payment of dividends in the form of share dividends.

## 7. MAJOR SHAREHOLDERS' SHAREHOLDINGS, DIRECTORS' SHAREHOLDINGS AND PERSON CONNECTED TO THEM

The effects of the Proposed Share Buy-Back on the share capital of KSL will depend on the intention of the Board with regards to the purchased Shares. In the event that the Shares purchased are retained as treasury shares, the Proposed Share Buy-Back will have no effect on the number of issued shares of KSL and the shareholdings of the major shareholders, Directors and person connected to them. In the event that the Shares purchased by the Company and subsequently cancelled, the Proposed Share Buy-Back will result in a reduction of the number of issued shares of the Company.

The Proforma effect on the direct and indirect interests of the Directors, major shareholders and person connected with them as at 30 March 2018, being the most practicable date prior to the printing of this Statement has been shown based on the following scenario:-

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## STATEMENT IN RELATION TO PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES *(Cont'd)*

Name	As at 30 March 2018 <sup>(i)</sup>				After Proposed Share Buy-Back <sup>(ii)</sup>			
	Direct Shareholdings		Indirect Shareholdings		Direct Shareholdings		Indirect Shareholdings	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b><u>Directors</u></b>								
Khoo Cheng Hai @ Ku Cheng Hai	84,394,051	8.27	328,367,722 <sup>(a)</sup>	32.19	84,394,051	9.04	328,367,722 <sup>(a)</sup>	35.17
Ku Tien Sek	53,818,457	5.28	323,546,642 <sup>(b)</sup>	31.72	53,818,457	5.76	323,546,642 <sup>(b)</sup>	34.65
Ku Hwa Seng	80,889,521	7.93	323,546,642 <sup>(b)</sup>	31.72	80,889,521	8.66	323,546,642 <sup>(b)</sup>	34.65
Lee Chye Tee	-	-	-	-	-	-	-	-
Gow Kow	-	-	-	-	-	-	-	-
Goh Tyau Soon	-	-	-	-	-	-	-	-
Tey Ping Cheng	-	-	-	-	-	-	-	-
<b><u>Major Shareholders</u></b>								
PSSB	323,546,642	31.72	-	-	323,546,642	34.65	-	-
Khoo Cheng Hai @ Ku Cheng Hai	84,394,051	8.27	328,367,722 <sup>(a)</sup>	32.19	84,394,051	9.04	328,367,722 <sup>(a)</sup>	35.17
Ku Tien Sek	53,818,457	5.28	323,546,642 <sup>(b)</sup>	31.72	53,818,457	5.76	323,546,642 <sup>(b)</sup>	34.65
Ku Hwa Seng	80,889,521	7.93	323,546,642 <sup>(b)</sup>	31.72	80,889,521	8.66	323,546,642 <sup>(b)</sup>	34.65
Ku Wa Chong	12,164,456	1.21	323,546,642 <sup>(b)</sup>	31.72	12,164,456	1.30	323,546,642 <sup>(b)</sup>	34.65
<b><u>Person connected</u></b>								
Khoo Lee Feng	853,400	0.084	84,394,051 <sup>(c)</sup>	8.27	853,400	0.09	84,394,051 <sup>(c)</sup>	9.04
Khoo Keng Ghiap	3,967,680	0.389	84,394,051 <sup>(c)</sup>	8.27	3,967,680	0.42	84,394,051 <sup>(c)</sup>	9.04

(i) After taking into account the total of 17,395,400 KSL Shares (representing 1.676% of the total number of issued shares) that have been purchased and held as treasury shares as at 30 March 2018.

(ii) Assuming 10% of KSL Shares are fully purchased.

(a) Deemed interested by virtue of his interest in PSSB pursuant to Section 8 of the Act and pursuant to Section 59 (11)(c) of the Act.

(b) Deemed interested by virtue of his respective interest in PSSB pursuant to Section 8 of the Act.

(c) Deemed interested through parents.

# STATEMENT IN RELATION TO PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES *(Cont'd)*

## 7. PURCHASE OF SHARES DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

During the financial year, the Company has repurchased 4,368,900 of its total number of issued shares from the open market for a total consideration of RM5,470,445.84. The average price paid for the shares repurchased was RM1.25 per share

The shares repurchased are being held as Treasury Shares and treated in accordance with the requirements of Section 127 of the Act. Details of the shares buyback for the current financial year under review are as follows:

	Number of Shares RM	Purchase Price			RM
		Highest price RM	Lowest price RM	Average Cost RM	
As at 1 January 2017	7,917,500	4.100	1.000	1.440	11,420,298
05.09.2017	188,700	1.240	1.240	1.240	234,510.44
06.09.2017	151,900	1.260	1.250	1.260	191,524.36
08.09.2017	196,300	1.260	1.250	1.260	246,664.16
11.09.2017	98,300	1.260	1.260	1.260	124,152.53
15.09.2017	550,000	1.240	1.240	1.240	683,139.80
18.09.2017	262,400	1.240	1.240	1.240	326,024.37
19.09.2017	113,000	1.250	1.250	1.250	141,585.89
20.09.2017	319,600	1.260	1.260	1.260	403,450.92
21.09.2017	67,500	1.260	1.260	1.260	85,252.25
26.09.2017	443,300	1.250	1.240	1.250	552,644.22
27.09.2017	95,500	1.250	1.250	1.250	119,658.87
29.09.2017	332,000	1.260	1.260	1.260	419,096.44
03.10.2017	350,500	1.280	1.260	1.280	449,448.21
09.10.2017	44,100	1.270	1.270	1.270	56,140.18
10.10.2017	263,100	1.270	1.270	1.270	334,797.44
11.10.2017	185,700	1.270	1.270	1.270	236,363.99
20.10.2017	95,900	1.270	1.270	1.270	122,082.62
27.10.2017	361,100	1.260	1.260	1.260	455,812.97
12.12.2017	250,000	1.150	1.150	1.150	288,096.18
As at 31 December 2017	12,286,400	4.100	1.000	1.388	17,058,460

The repurchase transactions were funded by internally generated funds. The shares repurchased are held as treasury shares.

As at 31 December 2017, the Company held 12,286,400 issued ordinary shares as treasury shares out of its total number of issued shares of 1,037,508,399 shares.

## STATEMENT IN RELATION TO PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES (Cont'd)

### 8. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of Shares as traded on Bursa Securities for the past 12 months from March 2017 to February 2018 are as follows:-

	LOWEST (RM)	HIGHEST (RM)
<b>2017</b>		
March	1.15	1.33
April	1.17	1.27
May	1.19	1.25
June	1.19	1.31
July	1.21	1.27
August	1.20	1.27
September	1.23	1.28
October	1.24	1.30
November	1.16	1.26
December	1.02	1.21
<b>2018</b>		
January	1.03	1.11
February	0.99	1.05

Last transacted market price before printing the circular RM0.95

(Source: Kenanga Live Chart)

### 9. PUBLIC SHAREHOLDING SPREAD

The public shareholding spread of 25% of the number of issued shares of the Company was maintained at all times. Based on the Record of Depositors of the Company as at 30 March 2018, the public shareholding spread of KSL is 45.12%.

### 10. IMPLICATION RELATING TO THE CODE

The substantial shareholders of KSL, namely PSSB, Mr. Khoo Cheng Hai @ Ku Cheng Hai, Mr. Ku Tien Sek, Mr. Ku Hwa Seng and Mr. Ku Wa Chong, who are deemed to be persons acting in concert ("PAC") are holding 54.88% of the total issued and paid-up share capital of the Company, collectively. In the event that the Proposed Share Buy-Back of up to 10% is carried out in full in a period of six (6) months, the shareholdings of the PAC in KSL would increase to 59.93% of the total number of issued shares of the Company, if the number of KSL Shares held by the PAC remains unchanged.

Pursuant to Part II of the Code, if a person or a group of persons acting in concert holding more than 33% but less than 50% of the voting shares of a company and such person or group of persons acting in concert acquiring or intends to acquire in any period of six (6) months more than 2% of the voting shares of the company, there is an obligation to undertake a mandatory general offer for the remaining ordinary shares of the company not already owned by the said person or persons acting in concert.

## STATEMENT IN RELATION TO PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES *(Cont'd)*

### 10. IMPLICATION RELATING TO THE CODE *(Cont'd)*

In addition, pursuant to Practice Note 2.3 of the Code, where a group of persons acting in concert hold more than 50% of the voting shares of the offeree, no obligation under Part II of the Code will arise from any further acquisition by such persons acting in concert unless a single member in the group of persons acting in concert acquires voting shares sufficient to increase his holding to more than 33% of the offeree or, if he holds more than 33% and less than 50%, acquires more than 2% of the voting shares of the offeree in any six (6) months period.

As at the date of this Statement, the Company has yet to decide on the percentage of its own Shares to be purchased under the Proposed Share Buy-Back. However, should the Company decide to purchase its own Shares which will result in PSSB's shareholding in KSL in any period of six (6) months increasing by more than 2% of the voting shares of the Company, it will seek a waiver from the Securities Commission under Practice Note 2.9.10 of the Code before the Company purchases its own Shares resulting the trigger point being breached.

Save as disclosed above, none of the other existing major shareholders of KSL is expected to trigger the obligation to undertake the mandatory general offer under the Code as a result of the Proposed Share Buy-Back.

### 11. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save for the proportionate increase in the percentage of shareholdings and/or voting rights of shareholders in the Company as a consequence of the Proposed Share Buy-Back, none of the Directors or major shareholders of the Company or persons connected to them, has any interest, direct or indirect, in the Proposed Share Buy-Back.

### 12. DIRECTORS' RECOMMENDATION

The Board, having considered the rationale for the Proposed Share Buy-Back and after careful deliberation, is of the opinion that the Proposed Share Buy-Back is in the best interests of KSL and its shareholders and accordingly, recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Share Buy-Back to be tabled at the forthcoming 18<sup>th</sup> AGM to be convened.

**Further Information**

**1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Statement has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy, completeness and correctness of the information given herein and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

**2. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of KSL at Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru from Mondays to Fridays (except public holidays) during normal business hours from the date of this Statement up to and including the date of the forthcoming 18<sup>th</sup> AGM:-

- i. Memorandum and Articles of Association ("M&A") of KSL\*; and
- ii. Audited Financial Statements of KSL for the past two (2) financial years ended 31 December 2016 and 2017.

**Notes :**

\* *The M&A of the Company shall have effect and enforceable under Companies Act 2016 pursuant to Section 619(3) of Act.*

## STATEMENT OF SHAREHOLDINGS AS AT 30 MARCH 2018

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

### ANALYSIS OF SHAREHOLDINGS

Holdings	Number of Holders	Number of Shares	% of Shares
Less than 100	516	20,533	0.00
100 - 1,000	680	365,949	0.04
1,001 - 10,000	2,818	14,490,370	1.42
10,001- 100,000	1,709	52,727,153	5.17
100,001 to less than 5% of issued shares	348	557,250,452	54.62
5% and above of issued shares	2	395,346,642	38.75
	<u>6,073</u>	<u>1,020,201,099*</u>	<u>100.00</u>

\* excluding a total of 17,307,300 KSL Shares (representing 1.668% of total number of issued shares) that have been purchased and held as treasury shares as at 28 March 2018. In addition, 88,100 KSL Shares (representing 0.008% of total number of issued shares) that have been purchased and held as treasury shares on 29 March 2018. Hence, as at 30 March 2018, a total of 17,395,400 KSL Shares (representing 1.676% of total number of issued shares) that have been purchased and held as treasury shares.

### THIRTY LARGEST SHAREHOLDERS

No.	Shareholders	Number of Shares	Percentage of Shares (%)
1.	PREMIERE SECTOR SDN BHD	323,546,642	31.71
2.	LEMBAGA TABUNG HAJI	71,800,000	7.04
3.	KHOO CHENG HAI @ KU CHENG HAI	50,581,813	4.96
4.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO. LTD.	49,938,898	4.90
5.	KU HWA SENG	47,815,338	4.69
6.	KU TIEN SEK	42,747,415	4.19
7.	KHOO CHENG HAI @ KU CHENG HAI	33,812,238	3.31
8.	KU HWA SENG	33,074,183	3.24
9.	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	27,455,286	2.69
10.	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	12,573,915	1.23
11.	KU TIEN SEK	11,071,042	1.09
12.	DAMAI MOTOR KREDIT SDN BHD	10,126,087	0.99
13.	STRATA CENTURY SDN BHD	10,117,573	0.99
14.	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD	9,453,995	0.93

## STATEMENT OF SHAREHOLDINGS *(Cont'd)* AS AT 30 MARCH 2018

### THIRTY LARGEST SHAREHOLDERS *(Cont'd)*

No.	Shareholders	Number of Shares	Percentage of Shares (%)
15.	KU WA CHONG	9,249,879	0.91
16.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	9,077,273	0.89
17.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	8,206,751	0.80
18.	AMANAHRAYA TRUSTEES BERHAD PB SMALLCAP GROWTH FUND	7,996,500	0.78
19.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	6,553,511	0.64
20.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND IZQI FOR GMO EMERGING MARKETS FUND	6,070,888	0.60
21.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK	6,015,435	0.59
22.	LTK (MELAKA) SDN BHD	4,911,315	0.48
23.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	4,681,218	0.46
24.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTS SMALL-CAP FUND	4,434,700	0.43
25.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC TREASURES GROWTH FUND	4,316,485	0.42
26.	AMANAHRAYA TRUSTEES BERHAD PB ISLAMIC SMALLCAP FUND	4,097,300	0.40
27.	KHOO KENG GHIAP	3,967,680	0.39
28.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR UBS AG SINGAPORE	3,640,300	0.36
29.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	3,481,816	0.34
30.	CITIGROUP NOMINEES (ASING) SDN BHD GOLDMAN SACHS INTERNATIONAL	3,402,300	0.33

## Substantial Shareholders

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

No.	Substantial Shareholders	Direct Interest		Deemed Interest	
		Number of Shares	% of Shares	Number of Shares	% of Shares
1.	PREMIERE SECTOR SDN BHD	323,546,642	31.71	-	-
2.	LEMBAGA TABUNG HAJI	73,230,100	7.18	-	-
3.	KHOO CHENG HAI @ KU CHENG HAI	84,394,051	8.27	328,367,722 <sup>(2)</sup>	32.19
4.	KU HWA SENG	80,889,521	7.93	323,546,642 <sup>(1)</sup>	31.71
5.	KU TIEN SEK	53,818,457	5.28	323,546,642 <sup>(1)</sup>	31.71
6.	KU WA CHONG	12,379,075	1.20	323,546,642 <sup>(1)</sup>	31.71

Notes:

(1) Deemed interested through his shareholdings in Premiere Sector Sdn Bhd by virtue of Section 8 of the Companies Act, 2016.

(2) Deemed interested pursuant to Section 59 (11) (c) and through his shareholdings in Premiere Sector Sdn Bhd by virtue of Section 8 of the Companies Act, 2016.

## LIST OF DIRECTORS' SHAREHOLDINGS

No.	Directors	Direct Interest		Deemed Interest	
		Number of Shares	% of Shares	Number of Shares	% of Shares
1.	KHOO CHENG HAI @ KU CHENG HAI	84,394,051	8.27	328,367,722 <sup>(1)</sup>	32.19
2.	KU HWA SENG	80,889,521	7.93	323,546,642 <sup>(2)</sup>	31.71
3.	KU TIEN SEK	53,818,457	5.28	323,546,642 <sup>(1)</sup>	31.71
4.	LEE CHYE TEE	-	-	-	-
5.	GOW KOW	-	-	-	-
6.	GOH TYAU SOON	-	-	-	-
7.	TEY PING CHENG	-	-	-	-

Notes:

(1) Deemed interested through his shareholdings in Premiere Sector Sdn Bhd by virtue of Section 8 of the Companies Act, 2016.

(2) Deemed interested pursuant to Section 59 (11) (c) and through his shareholdings in Premiere Sector Sdn Bhd by virtue of Section 8 of the Companies Act, 2016.