KSL HOLDINGS BERHAD
(511433-P)

ANNUAL REPORT 2014


KSL
RESIDENCES
@ Daya

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Ng Yim Kong *(LS 0009297)*
c/o Strategy Corporate Secretariat Sdn. Bhd.
Unit 07-02, Level 7, Persoft Tower
Tropicana Golf & Country Resort
6B Persiaran Tropicana, 47410 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7804 5929 / Fax: 03-7805 2559

REGISTERED OFFICE

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

AUDITORS

ECOVIS AHL PLT*(LLP0003185-LCA) & (AF: 001825)*
Chartered Accountants
No. 147-B, Jalan Sutera Tanjung 8/2
Taman Sutera Utama
81300 Skudai
Johor Darul Ta'zim
Tel: 07-556 7777 / Fax: 07-557 7776

PRINCIPAL BANKERS

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

SHARE REGISTRARS

Symphony Share Registrars Sdn Bhd (378993-D)
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46, 47301 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7841 8000 / Fax: 03-7841 8151
Website: http://www.symphony.com.my

SOLICITORS

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

YK Chin
144B Jalan Sri Pelangi, Taman Pelangi
80400 Johor Bahru, Johor Darul Takzim
Tel: 07-331 9939 / Fax: 07-331 8939

STOCK EXCHANGE LISTING

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifteenth Annual General Meeting of the Company will be held at KSL Resorts, Level G, Infusion Private Room, 33, Jalan Seladang, Taman Abad, 80250 Johor Bahru, Johor Darul Takzim on Tuesday, 23 June 2015 at 11.00 a.m. for the following purposes:-

AGENDA

1)	To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Directors' and Auditors' Reports thereon.	Please refer to Note B on this Agenda
2)	To approve the payment of the Directors' Fees for the financial year ended 31 December 2014.	Resolution 1
3)	To re-elect the following Directors who are retiring in accordance with Article 76 of the Company's Articles of Association:-	
	a) Mr. Khoo Cheng Hai @ Ku Cheng Hai	Resolution 2
	b) Mr. Goh Tyau Soon	Resolution 3
4)	To re-appoint Messrs. Ecovis AHL, the retiring Auditors of the Company and to authorise the Board of Directors to fix their remuneration.	Resolution 4

SPECIAL BUSINESS

To consider and, if thought fit, pass with or without modifications, the following Resolutions:-

5) **ORDINARY RESOLUTION 1** — Resolution 5

- **AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**

"**THAT** pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the issued and paid-up share capital of the Company (excluding treasury shares) for the time being, subject always to the approvals of the relevant regulatory authorities."

6) **ORDINARY RESOLUTION 2** — Resolution 6

- **PROPOSED RENEWAL OF AUTHORITY FOR THE PURCHASE OF ITS OWN SHARES BY THE COMPANY**

"**THAT** subject to the Companies Act, 1965, the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB") and all other prevailing laws, rules, regulations and orders issued and/or amended from time to time by the relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to purchase such amount of ordinary shares in the Company of not exceeding 10% of the total and issued paid-up ordinary shares of RM0.50 each in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through BMSB upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

a) the aggregate number of shares purchased does not exceed 10% of the total issued and paid-up share capital of the Company for the time being quoted on BMSB;

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

b) the maximum funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the retained profits and share premium account of the Company as at 31 December 2014 of RM114,764,186 and RM41,573,202 respectively at the time of the purchase(s); and

c) at the discretion of the Directors of the Company, the shares of the Company to be purchased are proposed to be cancelled and/or retained as treasury shares and may be distributed as dividends or resold on BMSB or subsequently cancelled.

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

a) the conclusion of the next Annual General Meeting ("AGM") of the Company, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;

b) the expiration of the period within which the next AGM is required by law to be held; or

c) revoked or varied by ordinary resolution passed by the members of the Company in a general meeting,

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

7) **ORDINARY RESOLUTION 3** Resolution 7

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

"**THAT** Mr. Gow Kow who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby authorised to continue to act as Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance 2012."

8) **ORDINARY RESOLUTION 4** Resolution 8

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

"**THAT** Mr. Goh Tyau Soon who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby authorised to continue to act as Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance 2012."

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

9) **ORDINARY RESOLUTION 5** — Resolution 9

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

  "**THAT** Mr. Tey Ping Cheng who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby authorised to continue to act as Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance 2012."

10) **ORDINARY RESOLUTION 6** — Resolution 10

- **PROPOSED RENEWAL OF AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE NEW ORDINARY SHARES OF RM0.50 EACH IN THE COMPANY (KSL SHARES) IN RELATION TO THE DIVIDEND REINVESTMENT PLAN THAT PROVIDES SHAREHOLDERS OF THE COMPANY WITH AN OPTION TO REINVEST THEIR CASH DIVIDEND IN NEW KSL SHARES (DIVIDEND REINVESTMENT PLAN)**

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

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

11) To transact any other business of the Company of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of the Board
KSL HOLDINGS BERHAD

NG YIM KONG (LS0009297)
Company Secretary
Selangor Darul Ehsan
Date: 29 May 2015

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

Notes: -

A. Appointment of Proxy

(i) A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy or Proxies to attend and vote on his(her) behalf. A Proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

(ii) Where a member appoints two (2) or more Proxies, the appointment shall be invalid unless he(she) specifies the proportions of his(her) holdings to be represented by each Proxy.

(iii) The Form of Proxy shall be signed by the appointor or his(her) attorney duly authorised in writing or, if the member is a corporation, it must be executed under its common seal or by its duly authorised attorney or officer.

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

(v) A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the members to speak at the meeting.

(vi) The instrument appointing a Proxy must be deposited at the registered office of the Company at Wisma KSL, 148, Batu 1 ½, Jalan Buloh Kasap, 85000 Segamat, Johor Darul Takzim not less than forty-eight (48) hours before the time for the Meeting i.e. latest by Sunday, 21 June 2015 at 11.00 a.m. or any adjournment thereof.

B. Audited Financial Statements

This agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the members/shareholders for the Audited financial Statements. Hence, this Agenda item is not put forward for voting.

EXPLANATORY NOTES ON SPECIAL BUSINESS:-

i) AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

The proposed Resolution 5 under item 5 of the agenda above, if passed, will empower the Directors of the Company, from the date of the Fifteenth Annual General Meeting ("15th AGM"), with the authority to allot and issue shares in the Company up to an amount not exceeding in total 10% of the issued and paid-up share capital of the Company (excluding treasury shares) for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting.

The general mandate sought to grant authority to Directors to allot and issue of shares is a renewal of the mandate that was approved by the shareholders at the Fourteenth Annual General Meeting held on 24 June 2014. The renewal of general mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/ or future investment projects, working capital and/ or acquisitions.

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

ii) PROPOSED RENEWAL OF AUTHORITY FOR THE PURCHASE OF ITS OWN SHARES BY THE COMPANY

The proposed Resolution 6 under item 6 of the agenda above is to renew the members' approval for the Company to purchase and/or hold up to 10% of the issued and paid-up share capital of the Company on Bursa Malaysia Securities Berhad.

Members are requested to refer to the Share Buy-Back Statement laid out in pages 136 to 142 of this Annual Report for additional information.

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

iii) AUTHORITY TO CONTINUE IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS OF THE COMPANY PURSUANT TO THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2012 (RESOLUTIONS 7, 8 AND 9)

(a) Mr. Gow Kow

Mr. Gow Kow was appointed as an Independent Non-Executive Director of the Company on 19 November 2001 and has therefore served for more than nine (9) years as at the forthcoming 15th AGM. However, he has met the independence criteria as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"). The Board based on the review and recommendation made by the Nomination Committee, therefore, considers him to be independent and recommends that he should continue to act as Independent Non-Executive Director. Further rationale for his retention as Independent Non-Executive Director can be found on Page 35 of this Annual Report.

(b) Mr. Goh Tyau Soon

Mr. Goh Tyau Soon was appointed as an Independent Non-Executive Director of the Company on 15 April 2002 and has therefore served for more than nine (9) years as at the forthcoming 15th AGM. However, he has met the independence criteria as set out in Chapter 1 of the MMLR. The Board based on the review and recommendation made by the Nomination Committee, therefore, considers him to be independent and recommends that he should continue to act as Independent Non-Executive Director. Further rationale for his retention as Independent Non-Executive Director can be found on Page 35 of this Annual Report.

(c) Mr. Tey Ping Cheng

Mr. Tey Ping Cheng was appointed as an Independent Non-Executive Director of the Company on 15 April 2002 and has therefore served for more than nine (9) years as at the forthcoming 15th AGM. However, he has met the independence criteria as set out in Chapter 1 of the MMLR. The Board based on the review and recommendation made by the Nomination Committee,therefore, considers him to be independent and recommends that he should continue to act as Independent Non-Executive Director. Further rationale for his retention as Independent Non-Executive Director can be found on Page 35 of this Annual Report.

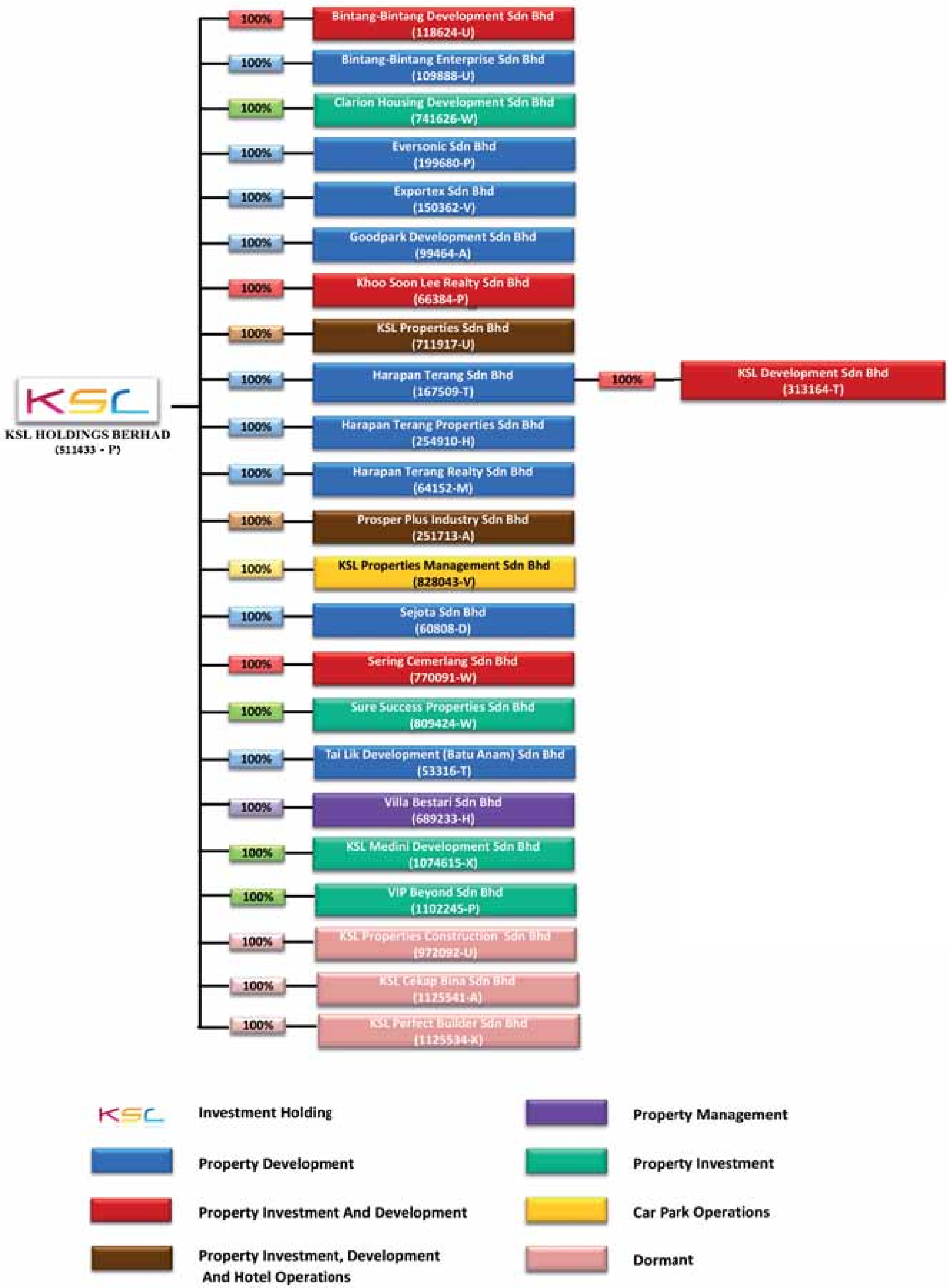
iv) PROPOSED RENEWAL OF AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE NEW ORDINARY SHARES OF RM0.50 EACH IN THE COMPANY (KSL SHARES) IN RELATION TO THE DIVIDEND REINVESTMENT PLAN THAT PROVIDES SHAREHOLDERS OF THE COMPANY WITH AN OPTION TO REINVEST THEIR CASH DIVIDEND IN NEW KSL SHARES

The proposed Resolution 10, if passed, will give the authority to the Directors to allot and issue new KSL Shares pursuant to the Dividend Reinvestment Plan in respect of the dividends declared from time to time until the next AGM.

GENERAL MEETING RECORD OF DEPOSITORS

For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd in accordance with Article 53(1) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 16 June 2015. Only a depositor whose name appears on the Record of Depositors as at 16 June 2015 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his stead.

- GROUP CORPORATE STRUCTURE -



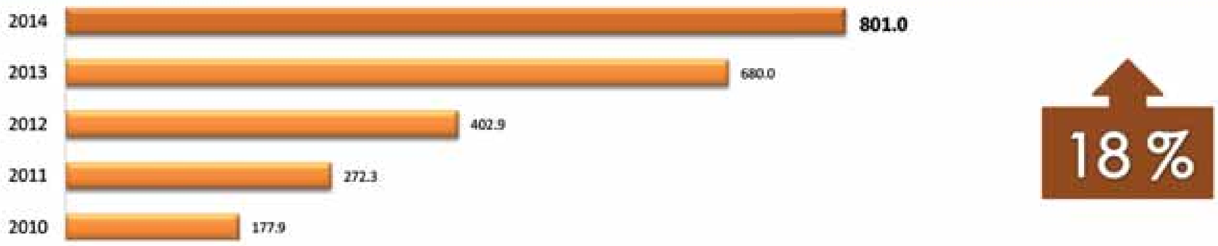
5 YEARS GROUP FINANCIAL HIGHLIGHTS

		Year Ended 31 December				
		2010	2011	2012	2013	2014
INCOME STATEMENT						
Revenue	*RM Million*	177.9	272.3	402.9	680.0	801.0
Profit Before Taxation	*RM Million*	164.3	112.2	173.0	255.4	431.8
Profit Attributable to Shareholders	*RM Million*	157.2	81.2	127.8	181.5	342.3
BALANCE SHEET						
Issued and Paid up Capital	*Million Unit*	390.5	390.5	390.5	390.5	788.8
Shareholders' Equity	*RM Million*	894.3	979.8	1,107.6	1,289.3	1,601.2
SHARE INFORMATION						
Basic Earnings Per Share	*Sen*	20.65	10.52	16.54	23.49	43.85
Dividend Per Share - Gross	*Sen*	5.00	-	-	-	10.00 #
Net Assets Per Share	*RM*	1.15	1.25	1.42	1.65	2.03
Return on Shareholders' Equity	*%*	18%	8%	12%	14%	21%

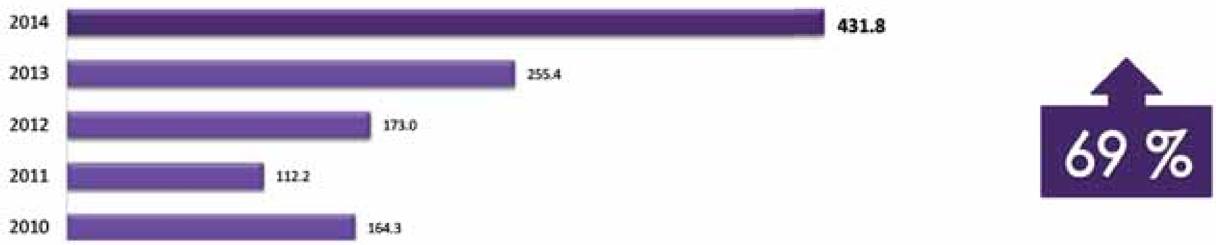
* Restated due to adoption of FRS 112
* Adjust for Bonus Issue of 1 for 2
# Inclusive of final dividend 5 sen subject to shareholsers' approval at the forthcoming AGM

5 YEARS GROUP FINANCIAL HIGHLIGHTS

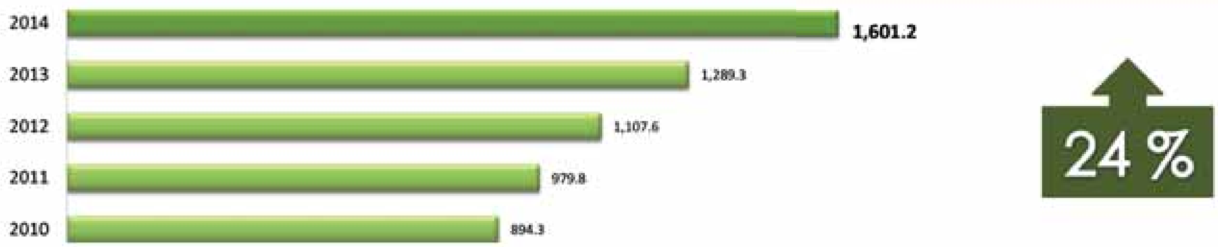
REVENUE (RM Million)



PROFIT BEFORE TAXATION (RM Million)

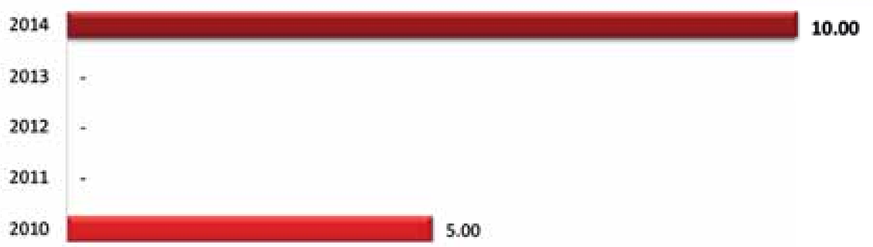


SHAREHOLDERS' EQUITY (RM Million)



BASIC EARNINGS PER SHARE (Sen)

DIVIDEND PER SHARE (Sen)



AWARDS & RECOGNITION

TOP TEN 2014 DEVELOPERS - MALAYSIA

BCI ASIA AWARDS 2014

TOPTEN DEVELOPERS 2014

Forbes Asia

The BCI Asia Top 10 Awards provides an overview of the regional building and construction industry by recognizing the top architectural firms and developers that had the greatest impact on the built environment in Southeast Asia.

CHAIRMAN'S STATEMENT

Dear Shareholders,

The year 2014 was an outstanding year for KSL Holdings Berhad ("KSLH"). Despite the cautious sentiment in the property sector, we have achieved numerous milestones that made for a truly remarkable year.

KSLH's property development segment continued to chalk up encouraging buyer take-up in our main townships – Taman Nusa Bestari, Taman Bestari Indah and Taman Kempas Indah in Johor, as well as Bandar Bestari in Klang. This allowed us to post a record-breaking performance in our financial year ended 31 December 2014 ("FY2014").

Adding to our achievements, we also saw a significant increase in revenues in the investment properties segment of our business, which was largely attributed to the improved occupancy and higher yields in our KSL City Mall and Hotel.

With these successes throughout the year, on behalf of the Board of Directors of KSLH, I am honoured to present you the 2014 Annual Report and audited financial statements for the Group.

Overview of the Malaysian Economy and Property Sector

The Malaysian economy charted strong gross domestic product (GDP) growth of 6.0% in 2014, surpassing the 4.7% GDP achieved in 2013. This was on the back of strong expansion in the construction, services and export-oriented manufacturing industries, which mitigated the subdued growth rate in the agriculture and public sectors.

Specifically, the Malaysian property sector treaded more cautiously in 2014 as various measures implemented by the Government to encourage genuine home ownership and reduce speculative activities came into effect from 1 January 2014 onwards.

For one thing, higher Real Property Gains Tax ("RPGT") rates were implemented on disposals of properties in Malaysia. Under the new ruling, capital gains on property disposals within the first three years of an individual's purchase would incur 30% tax, versus 10% to 15% previously. Furthermore, capital gains on property disposals in the fourth and fifth years of purchase would be levied 15% to 20% tax, compared to only 10% under the previous scheme.

At the same time, financial institutions also undertook more stringent evaluations on processing loan applications, in order to discourage purchases of multiple properties by individuals as well as to ensure borrowers had the capacity to service their loans. This resulted in buyers facing difficulty in securing end-financing.

Besides that, in an effort to boost home ownership amongst Malaysians, the Government imposed strict rulings on property purchases by foreigners. This meant that foreigners were not allowed to purchase properties priced below RM2 million in Selangor, and below RM1 million in Johor and other states. These restrictions were applicable for all projects approved from 1 May 2014 onwards for Johor and other states, and 1 September 2014 onwards for projects in Selangor.

All in all, these measures resulted in a dampened property sector in the year under review. The Real Estate & Housing Developers' Association Malaysia ("REHDA") opined that the cooling measures had led to a rather muted market in the first half of 2014.

Nonetheless, it is worthwhile noting that overall demand remained intact, particularly in city centres, with locals comprising 80% of property buyers for their own occupation.

CHAIRMAN'S STATEMENT *(Cont'd)*

Financial Highlights

Against this backdrop, KSLH post stellar financial performance as we recorded strong double-digit growth in both our top and bottom lines in FY2014.

Group revenue grew by 17.9% to RM801.0 million, compared to RM680.0 million in the previous year. This increase was largely due to new launches, improved take-up and higher revenue recognition from our ongoing projects in Johor and Selangor, as well as higher patronage to KSL City Mall & Hotel.

Overall, the Group's property development segment emerged as the majority revenue contributor with 80% oftotal FY2014 group revenue, while property investment made up the balance 20%.

The Group's profitability improved, with pre-tax profit growing 69.0% to RM431.8 million in the year under review from RM255.4 million previously, attributed to improving margin of our products and favourable sales mix, as well as the RM88.2 million fair value gain from our investment properties. Group net profit reached a record high of RM342.3 million, increasing 88.6% from RM181.5 million in the previous year.

KSLH's balance sheet as at end-December 2014 was further strengthened with our retained profits and increased profitability, with shareholders equity growing to RM1,601.2 million from RM1,289.3 million in the previous year end.

Cash and cash equivalents totalled RM67.0 million in end-2014 versus RM105.8 million a year ago. The Group's net gearing improved to 0.06 time from 0.07 time in FY2013, which would render KSLH sufficient flexibility to finance our pipeline projects and acquire more lands.

All said, we are delighted with the Group's financial results in FY2014, and are optimistic of continuing this growth momentum going forward.

Dividends and Dividend Policy

The Group has declared an interim single tier dividend of 5.0 sen per share in respect of FY2014 which was paid out in 25 February 2015.

In line with the excellent performance, the Board has proposed a final single tier dividend of 5.0 sen per share in respect of FY2014. In total, KSLH has declared dividends of 10.0 sen per share in respect of FY2014, with dividend payout amounting to RM93.1 million, which forms 36.3% of the Group'snet profit after tax from operations, net of the fair value gains.

I am also pleased to announce that the Group has adopted a dividend policy of distributing 40%of the Group's annual net profit after tax from operations (excluding any fair value gains) to shareholders in the form of cash dividends or new share issuance under the Dividend Reinvestment Plan scheme. The dividend policy aims to attract long term investors and to enable shareholders enjoy higher returns in tandem with the expanding business.

Corporate Updates

- **Bonus Issue**

  The Group undertook a Bonus Issueon the basis of one Bonus Share for every one existing KSL share held.

  The Bonus Issue was carried out to reward shareholders for their loyalty and support by enabling them to have greater equity participation in the equity of the Company in terms of shares held.

  Having obtained shareholders' approval at the Extraordinary General Meeting ("EGM") as well as from regulatory authorities, the Bonus Issue was completed on 22 December 2014, with the listing and quotation of 487.1 million new ordinary shares on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

CHAIRMAN'S STATEMENT *(Cont'd)*

The Bonus Issue effectively increased KSLH's share capital to RM394.4 million, comprising 788.8 million shares of RM0.50 each, from RM195.3 million comprising 390.6 million shares of RM0.50 par previously.

- **Dividend Reinvestment Plan ("DRP")**

  At the EGM, the Company also obtained shareholders' approval for the DRP which would provide shareholders the option of reinvesting their dividends in new KSL Shares instead of receiving cash.

  The DRP has capital management benefits where the reinvestment of dividends by shareholders for Dividend Reinvestment Shares would enlarge the Company's share capital base as well as strengthen our capital position. It is also expected to increase the trading liquidity of KSL shares on the Main Market of Bursa Malaysia.

  To this end, the shareholders had opted to receive 27.0 million shares, in lieu of RM42.0 million cash dividends for the interim dividend of 5.0 sen per share.

Future Outlook

Property Development

The Malaysian property market is widely anticipated to face more challenges in 2015, chiefly due to the implementation of the additional 6% Goods and Services Tax ("GST") on real estate transactions for both commercial and industrial properties. This would certainly result in overall price increase, thereby impacting buyers. The GST, on top of existing cooling measures, are expected to weigh on the overall property sector.

Despite the more challenging environment, we believe that the sector has its bright spots. The Government continues to encourage the development of affordable houses, with incentives such as the Private Affordable Ownership Housing Scheme (MyHome) to provide private developers a subsidy of RM30,000 for each low and medium-cost home built. Some of our projects are in this category and we believe that we will be able to benefit from this.

Besides that, the accelerated pace of development in key locations in Malaysia augur well for the property sector.

For instance, Iskandar Malaysia continues attract more domestic and foreign direct investments, resulting in long-term and sustainable development. Similarly, the upcoming advanced transportation network in the Klang Valley - such as the Mass Rapid Transit (MRT) line and additional highway linkages to support the ever increasing population - would also have a positive impact on property development in "feeder towns" and suburban areas.

Moreover, Malaysia also has a growing young population that will encourage new household formation, larger middle-income group and stable employment.

Given these developments, we remain positive that demand for property development in the South Peninsular and Klang Valley would continue to be robust. We intend to continue promoting our property development projects and acquire more land to build up our profile as a developer of choice.

Property Investment

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

While already home to successful parks such as Legoland, Hello Kitty and the Iskandar Regional Development Authority (IRDA), which is responsible for developing the Iskandar Region, is eyeing the development of up to six international theme parks in Iskandar Malaysia within the next three years in order to make the region into a leisure and entertainment hub. These include Pinewood Iskandar Malaysia Studios and the Six Flags theme park.

CHAIRMAN'S STATEMENT *(Cont'd)*

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

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

Appreciation

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

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

Thank you.

Ku Hwa Seng
Executive Chairman

REVIEW OF OPERATIONS

Despite the prevailing headwinds in the property sector, KSLH performed commendably in the year under review, bolstered by strong take-up rates in our property development arm and the recurring income from our property investment segment. At the same time, the Group put in place strategic initiatives to further strengthen our earnings base for the future.

- **Property Development**

  Property development continued to be the main top line contributor for the Group in the year under review. Revenue from this segment increased from RM542.9 million in FY2013 to RM643.1 million in FY2014, encouraged by higher sales in new and existing launches as well as strong revenue recognition from ongoing projects.

  The Group unveiled 7 new launches in FY2014 with a total Gross Development Value (GDV) of RM424.2 million, consisting of residential and commercial developments in Johor as well as Klang Valley.

  Due to the subdued sentiment in the property sector, new property sales in FY2014 slipped to RM830.0 million, compared to RM1,092.1million in FY2013. Unbilled sales as at 31 December 2014 stood at RM1,021.7 million, which would contribute positively to the Group's bottom line until 2017.

ONGOING PROJECTS

KSLH currently has ten ongoing projects in Johor with a total GDV of RM2.6 billion, and three ongoing projects in Klang with a GDV of RM410.7 million.

JOHOR

1. **Taman Nusa Bestari**
   Located just 14 km from the Johor Bahru City Centre, the 227-acre Taman Nusa Bestari is counted amongst the well-established and fast growing townships in the matured city, served by excellent highway networks, including the main North South Highway and the Iskandar Coastal Highway which link directly to our township.

   With a large catchment population within the township as well as the neighbouring locale, Taman Nusa Bestari is a vibrant residential and commercial hub.

   The Group has one ongoing project in Taman Nusa Bestari as at 31 December 2014, namely the D'Inspire Residence, which entails two blocks of service apartments comprising 597 residential units of between 460 and 1,300 sqft. D'Inspire Residence has a GDV of RM495.1 million and is targeted for completion in 2015.

REVIEW OF OPERATIONS *(Cont'd)*

2. Taman Bestari Indah

Taman Bestari Indah is a 715-acre mixed development township of over 15,000 units of residential and commercial buildings. Situated just 20km from the Johor Bahru City Centre, Taman Bestari Indah boasts of easy accessibility to the Tebrau Highway, Pasir Gudang Highway, North-South Highway and Senai-Desaru Highway.

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

The Group has two ongoing projects in Taman Bestari Indah as at 31 December 2014. The first is the Phase 1 of residential homes, featuring 144 units of single and double storey houses in addition to double storey shop offices. The second project of Puteri Park, launched in May 2014, features 194 units of double storey terrace houses. Taman Bestari Indah and Puteri Park have a combined GDV of RM206.8 million and are targeted for completion in 2015 and 2016 respectively.

3. Taman Kempas Indah

Taman Kempas Indah is a 237-acre development township featuring bungalows, cluster houses and service apartments. Taman Kempas Indah is 18 kilometres north of the Johor Bahru city centre. The township is also accessible through the North-South Highway, Pasir Gudang Highway and Tebrau Highway via the North-South Highway. Besides this, it is also located near the upcoming Kempas Sentral, which features the Rapid Transit System (RTS) railway link and proposed High Speed Rail (HSR) that connects to Singapore and Kuala Lumpur.

The Group's latest development - the gated community of Kempas Heights - is designed with residents' safety in mind, featuring a 24-hour security guard patrol, guarded entrance, smart card access, perimeter fencing with surveillance, as well asclosed circuit television (CCTV) and security alarm system.

The Group is currently undertaking one ongoing project in the township as at 31 December 2014, namely D'Secret Garden @ Kempas Indah, a 6.2-acre residential development featuring four blocks of service apartments. The apartments have atotal of 1,302 units with sizes ranging from 510 to 1,400 sq ft. The project has a GDV of RM813.0 mil and is targeted for completion in 2016.

REVIEW OF OPERATIONS *(Cont'd)*

4. KSL Residences @ Daya

The KSL Residences @ Daya is a 5.9-acre integrated development consisting of a hotel and three blocks of service apartments. Located 12 kilometres north of the Johor Bahru city centre, the project features excellent connectivity via the Johor Bahru Eastern Dispersal Link Expressway and existing road networks to various shopping and recreational centres, Senai Airport and the Johor Bahru Customs, Immigration and Quarantine Complex (CIQ).

At present, the Group is undertaking construction of one project in KSL Residences @ Daya as at 31 December 2014. Showcasing1,064 units of residences with sizes ranging from 500 sqft to 1,500 sqft, the project has a GDV of RM741.6 million and is targeted for completion in 2017.

5. Other Developments in Johor

Apart from the four main developments above, the Group has several other projects in Johor, namely Kluang and Segamat.

The Group is developing Taman Mengkibol in Kluang, which consists of a double and triple storey housing development project with a GDV of RM56.5 million. It is located about five minutes away from Kluang town and is easily accessible via the North-South highway. The project is set to be completed in 2017.

Meanwhile, ongoing projects in Segamat are the Phase 1 of the Taman Tasik Sejati, and Phase 2 of the Taman Makmur 2, which have a combined GDV of RM58.0 million. All these projects are single and double storey terrace houses in the affordable category. The projects are targeted for completion in 2015 and 2016.

KLANG, SELANGOR

1. Bandar Bestari Commercial City

The Bandar Bestari Commercial City is a 448-acre self-integrated township located in Klang with an exclusive blend of premium landed residential homes, strata properties and a 90-acre commercial business centre.

Situated merely 15 minutes from the bustling town centre of Klang, this township is easily accessed via the Federal Highway, New Klang Valley Expressway and South Klang Valley Expressway. Developed since 2009, Bandar Bestari has a resident population of over 50,000 strong as at 31 December 2014.

REVIEW OF OPERATIONS *(Cont'd)*

1. Bandar Bestari Commercial City *(Cont'd)*

i. Canary Garden @ Bandari Bestari

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

Besides that, the 90-acre retail and commercial hub boasts of various facilities to foster community living, including a private community clubhouse, a commercial zone, schools, and a medical centre.

The Group is currently developing 67 units of triple-storey shop offices within the township with an estimated GDV of RM145.1 million. The development is targeted to be completed by 2017.

ii. Bestari Business Park

The Bestari Business Park is a commercial development located adjacent to Canary Garden @ Bandar Bestari. The Group intends for the Bestari Business Park to become the up-and-coming retail and commercial destination to cater to the increasing affluent population in South Klang Valley.

The Group is currently developing 88 units of double and triple-storey shop offices. This project has a GDV of approximately RM173.8 million.

- **Property Investment**

Property investment continues to be an important driver for the Group, contributing RM158.0 million in revenue which makes up for 20% of the Group's total revenues in FY2014. This is a 15.3% rise compared to last year's top line of RM137.1 million.

The increasing contribution from the property investment arm of the Group is attributed to a higher number of visitors and traffic in the KSL City Mall & Hotel as well as higher yields from KSL City Mall. Besides that, several other investment properties such as the Giant Nusa Bestari and Giant Muar also continue to give us recurring income.

1. KSL City

KSL City is an iconic integrated resort in Johor Bahru comprising a shopping mall and a Hotel & Resort. Strategically placed in the heart of Johor Bahru, KSL City is just 5 minutes' drive from Johor Bahru's CIQ Complex.

REVIEW OF OPERATIONS *(Cont'd)*

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

i KSL City Mall

Officially opened in December 2010, KSL City Mall has a gross floor space of 1 million sqft, making it one of the largest malls in Johor. The KSL City Mall maintained an occupancy rate of approximately 95% as at December 2014, which speaks volumes of its positioning in the retail space in the city.

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

The following are the highlights of the activities held in KSL City Mall in 2014:

CNY 2014
The Lunar New Year Festival, one of the most mass events held in KSL Concourse area.

A yearly affair which never fails to prosper with over whelming crowds, lined-up activities and performances to catch our customers heart.




Wedding Fair 2014
Love is in the Air! When it comes to Wedding Fairs, KSL runs a pretty good show.
Wedding fair will take place 3 times a year, one of the massive events held in KSL. A series of fashion show and dedicated wedding consultants to draw the crowd never fails to hype up the area.




Mid-Autumn Festival 2014
Another happening event held by KSL, The Mid-Autumn Festival. A yearly affair which draws plenty crowd with overwhelming feedbacks. Flavored, ice-cream, savory moon cakes can be found in The Mid-Autumn Event held by KSL.




REVIEW OF OPERATIONS *(Cont'd)*

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

Prefect Home 2014

Perfect Home a perfect place to find great deals if your looking for a new furniture set. The event usually take place for a week and is swamped by activities for the crowd such as coloring contest, lucky draw and of course dance performances by little School Children. The Perfect Home event has one of the largest event held in KSL and will continue to carry out throughout the coming years.




ii KSL Hotel & Resort

The 868-room KSL Hotel & Resort Johor Bahru is aptly located to meet the requirements of leisure and business travellers alike.

Not only does the hotel feature a full suite of facilities - such as an international-cuisine restaurant, gymnasium, rooftop pool, dinosaur-themed water park and golf simulation area - it is also seamlessly integrated to a wide array of retail outlets in KSL City Mall for an enhanced 'shop-and-stay' experience. It is also closely situated to various theme parks such as Legoland Malaysia and Puteri Harbour theme park.

KSL Hotel & Resort achieved an average occupancy rate of 78% in FY2014, compared to 70% in FY2013, on account on improved patronage from local and foreign tourists.


GROWTH STRATEGIES

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

- **Property Development**

Notwithstanding the anticipated cautious sentiment in the property sector in 2015, the Group opines that demand would still be intact for properties strategically located in city centres and rapidly developing satellite towns. In this respect, the Group's ongoing projects stand in good stead to enjoy positive adoption from the target market.

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

The Group is targeting to launch new projects worth around RM6 billion in Johor Bahru and the Klang Valley over the next 5 years. These pipeline projects would certainly enable us to make our make our mark in these high-growth areas.

REVIEW OF OPERATIONS *(Cont'd)*

- **Property Investment**

  KSLH will continue to intensify our promotional and marketing campaigns, events and roadshowsto further increase the patronage to our KSL City Mall & Hotel.

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

  On the back of this successful partnership, we would seek to engage with more partners in the future, what more in light of the upcoming opening of more family-oriented theme parks in Iskandar Malaysia, such as Six Flags theme park and the Ocean Splash water park.

  Besides that, the Group is also exploring more opportunities to add more investment properties to our portfolio to further strengthen our recurring income stream.

- **Land Banking**

  KSLH continued adding to our land bank, especially in the Johor region. In 2014 alone, the Group acquired 41.9 acres of land in areas such as Pogoh, Tebrau and Johor Bahru. The acquisitions increased the Group's total undeveloped land bank in Johor and Klang Valley to approximately 1703.5 acres.

  Supported by our strong balance sheet, the Group intends to acquire more lands in the future, in order to safeguard our property development arm and generate a continuous pipeline of projects.

Conclusion

We believe that our current business model will enable us to move forward and achieve greater heights. Despite the prevailing mixed sentiments in the property sector, we believe that our business model of having both development revenue and recurring income is resilient in facing any economic challenges.

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

DIRECTORS' PROFILE

KU HWA SENG

Executive Chairman

Ku Hwa Seng, aged 59, Malaysian, was appointed to the Board on 19 November 2001 as an Executive Director and was subsequently appointed as the Executive Chairman of KSL Holdings Berhad ("KSLH" or "the Company") on 24 February 2011. He joined the KSLH Group in 1981 and has since gained vast invaluable experience and built a strong business network over the past thirty (30) years in the property development industry. Presently, he is involved in the KSLH Group's business development and operations in south Johor. He oversees the day-to-day management, decision-making and operations of Johor Bahru office. He is a director of most of the subsidiary companies within the KSLH Group and also a director of several other private limited companies.

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

Ku Hwa Seng is brother to Khoo Cheng Hai @ Ku Cheng Hai, Ku Tien Sek and Ku Wa Chong, who are the Directors and/or the substantial shareholders of the Company. He does not hold any directorships in other public companies. He has no convictions for any offences within the past ten (10) years other than traffic offences, if any.

KHOO CHENG HAI @ KU CHENG HAI

Group Managing Director
Members of Remuneration Committee and Risk Management Committee

Khoo Cheng Hai @ Ku Cheng Hai, aged 63, Malaysian, is the founder of the KSLH Group. He was appointed to the Board on 19 November 2001 as the Group Managing Director.

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

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

Khoo Cheng Hai @ Ku Cheng Hai is brother to Ku Hwa Seng, Ku Tien Sek and Ku Wa Chong, who are the Directors and/or the substantial shareholders of the Company. He does not hold any directorships in other public companies. He has no convictions for any offences within the past ten (10) years other than traffic offences, if any.

DIRECTORS' PROFILE

KU TIEN SEK

Executive Director

Ku Tien Sek, aged 57, Malaysian, was appointed to the Board on 19 November 2001 as an Executive Director. He has been involved in the management of the KSLH Group since 1981 particularly in KSLH Group's public relations as well as the formulation of the KSLH Group's strategic plans and policies. Presently, he is involved in the KSLH Group's business development and operations in Klang Valley. He is also responsible for the development of the KSLH Group's future expansion plans. He is a director of most of the subsidiary companies within the KSLH Group and also a director of several other private limited companies.

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

Ku Tien Sek is brother to Khoo Cheng Hai @ Ku Cheng Hai, Ku Hwa Seng and Ku Wa Chong, who are the Directors and/or the substantial shareholders of the Company. He does not hold any directorships in other public companies. He has no convictions for any offences within the past ten (10) years other than traffic offences, if any.

LEE CHYE TEE

Executive Director

Lee Chye Tee, aged 51, Malaysian, was appointed to the Board on 1 December 2003 as Executive Director of the Company. He is a fellow member of the Chartered Association of Certified Accountants. He is also a member of the Malaysian Institute of Accountants and the Malaysian Institute of Taxation. He has many years' experience in accounting, auditing, taxation and management consultancy. He is presently responsible for the overall accounting and corporate finance functions of the KSLH Group.

Lee Chye Tee does not hold any directorships in other public companies. He does not have any family relationship with any Director and/or substantial shareholder of the Company or any business arrangement with the Company in which he has personal interest. He has no convictions for any offences within the past ten (10) years other than traffic offences, if any.

GOW KOW

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

GowKow, aged 61, Malaysian, was appointed to the Board on 19 November 2001 as an Independent Non-Executive Director. He is fellow member of the Association of Chartered Certified Accountants and the Malaysian Institute of Taxation. He is also a member of the Malaysian Institute of Accountants, the Institute of Certified Public Accountants of Singapore and the Institute of Chartered Secretaries and Administrators. He joined Tan ChoonChye& Co (now known as Gow& Tan), a Public Accounting Firm in August 1978 as an Audit Assistant and had been holding various positions in the firm before he was admitted as an Audit Partner in October 1985. He assumed the position of managing partner of the firm since January 1988. He has more than thirty (30) years of public practice experience. His working exposures include accounting, auditing, taxation, liquidation and management consultancy.

GowKow does not hold any directorships in other public companies. He does not have any family relationship with any Director and/or substantial shareholder of the Company or any business arrangement with the Company in which he has personal interest. He has no convictions for any offences within the past ten (10) years other than traffic offences, if any.

DIRECTORS' PROFILE

GOH TYAU SOON

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

Goh Tyau Soon, aged 70, Malaysian, was appointed to the Board on 1 April 2002 as an Independent Non-Executive Director. He holds a Master of Law degree (LLM) from Kings College, University of London; Bachelor of Law (LLB) from Hull University and Barrister-at-Law (Middle Temple). He is a practicing lawyer and Principal Partner of Andrew T.S. Goh &Khairil, Malacca. He has been in private practice for more than forty (40) years principally engaged in conveyance and bank work.

Goh Tyau Soon does not hold any directorships in other public companies. He does not have any family relationship with any Director and/or substantial shareholder of the Company or any business arrangement with the Company in which he has personal interest. He has no convictions for any offences within the past ten (10) years other than traffic offences, if any.

TEY PING CHENG

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

Tey Ping Cheng, aged 46, Malaysian, was appointed to the Board on 15 April 2002 as an Independent Non-Executive Director. He is a member of the Malaysian Institute of Accountants and the CPA Australia. He graduated in 1994 with a degree in Bachelor of Business, majoring in Accounting from Curtin University of Technology, Perth, Australia. He has been a Partner of Tey Consultancy, a company secretarial and tax consultancy firm since 1992. Currently, he is the Council Member of Malaysian Association of Company Secretaries.

Tey Ping Cheng is currently the Independent Director of Lii Hen Industries Bhd. He does not have any family relationship with any Director and/or substantial shareholder of the Company or any business arrangement with the Company in which he has personal interest. He has no convictions for any offences within the past ten (10) years other than traffic offences, if any.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

KSLH is traditionally a company that grew up from the small town of Segamat. We are close to our roots and understand very well our social responsibility towards the community in which we operate in and at large.

Corporate social responsibility is nothing new to us. It is ingrained in our corporate decisions and operations. Our Group's policy has always been to construct quality and affordable houses for the community to buy and own. Over the years, our Group has helped hundreds and thousands of people to have their own houses. 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 year under review, our Group had also made contributions in kinds and/or in cash to various organizations to help them to further their objectives and causes in charity, arts, culture, education, health and welfare. It is our Group's belief that it must return to the community what it has benefited.

In our Group, corporate social responsibility is not only a statement. It is our way of life!

BOARD CHARTER

INTRODUCTION

The main objective of the Board Charter is to set out the functions, role, responsibilities and composition of the Board and to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members discharge its responsibility directly and through Committees.

BOARD COMPOSITION

At least two (2) or one-third (1/3) of the total number of directors on the Board, must be independent directors. The Company's Articles of Association provides for a minimum of two (2) directors and a maximum of twenty (20). Nominees to the Board of Directors shall be selected and recommended by the Nomination Committee to the Board for approval.

As prescribed by the Listing Requirements, at any one time, at least two (2) directors or one-third (1/3), whichever is higher, of the Board members must be independent directors. The Board must comprise a majority of independent directors where the Chairman of the Board is not an independent director.

The tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, the independent director may either retire or continue to serve on the Board subject to the director's re-designation as a non-independent director. However, the Board may justify and seek shareholders' approval in the event that it retains an independent director, who has served a cumulative term of nine (9) years as an independent director of the Company.

The Board will review the appropriate skills, experience and knowledge required of the Board members, including diversity of gender, age and ethnicity based on the needs of the Group. The Board will review its composition and size from time to time to ensure its appropriateness.

APPOINTMENT AND RE-ELECTION

The appointment of a new director is for consideration and decision by the full Board, upon the recommendation from the Nomination Committee.

The new Director is required to commit sufficient time to attend to the Company's meetings/matters before accepting his/her appointment to the Board

In accordance with the Articles of Association of the Company, all the Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election.

A Director who is over seventy (70) years of age is subject to yearly re-appointment in accordance with Section 129(6) of the Companies Act, 1965.

INDEPENDENT DIRECTORS

The assessment criteria for independence shall not be limited to the length of service of an independent director but rather particular emphasis is placed on the role of independent directors to facilitate independent and objective decision making in the Company.

BOARD CHARTER *(Cont'd)*

ROLE OF THE BOARD

The Board of Directors takes full responsibility for the overall performance of the Company and its Group and its obligations to the Company's shareholders and other stakeholders. The main duties and responsibility of the Board comprise the followings:-

- Setting the objectives, goals and strategic plan for the Company
- Deliberate, approve and monitoring progress of the Company's strategy, budgets, plans and policies
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed
- To retain an effective Board that consist of competent individuals with appropriate specialized skills and knowledge to lead and control the Company
- Identify principal and potential risks and ensure implementation of appropriate systems to manage / mitigate these risks
- Succession planning including appointing, training, fixing the compensation of and where appropriate, replacing any member of Senior Management
- Maintain an effective system of internal control to safeguard shareholder's investment and Company's assets
- Approve the quarterly results and annual audited financial statements
- Review the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance in accordance with the laws, regulations rules, directives and guidelines
- Develop and implement an investor relations programme or shareholder communications policy for the Company

BOARD COMMITTEES

The Board has four (4) Board Committees with their specific Terms of Reference to assist in the execution of its responsibilities:-

- Audit Committee
- Nomination Committee
- Remuneration Committee
- Risk Management Committee

The Committees shall operate under clearly defined Terms of Reference. Independent and Non-Executive Directors play a leading role in these Committees. The Chairman of the respective committees reports to the Board on the outcome of the committee meetings.

The Terms of Reference of the Board Committees are published in the Annual Report.

BOARD MEETINGS

The Board shall meet at least four (4) times a year and has a formal schedule of matters reserved for the Board to decide. However, Special Meeting(s) may be convened as required. Notice of meetings and business to be conducted shall be given to members of the Board at least seven (7) days prior to the meeting.

Matters reserved for the Board to decide will include amongst others decision on acquisition or disposal of assets, and subsidiaries, investment or divestment, material capital commitment and corporate exercises.

BOARD CHARTER *(Cont'd)*

BOARD MEETINGS *(Cont'd)*

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

a) Quarterly financial report and report on the Company's cash and borrowing positions;

b) Reports and Minutes of meetings of all Committees of the Board;

c) A current review of the operations of the Company and budget;

d) Board Circular Resolutions for notation; and

e) Directors' shares dealings.

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

The Company Secretary shall take minutes of the meetings which shall be reviewed and approved by the Chairman and management before being tabled to the Board at the next meeting.

DIRECTORS' ASSESSMENT / BOARD EVALUATION

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

DIRECTORS' TRAINING

In addition to the mandatory programmes required by the Bursa Securities, the Directors shall continue to update their knowledge and enhance their skills through appropriate education programmes. The Board will assess the training needs of the Directors and shall disclose in the Annual Report the trainings attended by the Directors.

ACCESS TO INFORMATION AND INDEPENDENT ADVICE

Directors shall have access to all information within the Company whether as a full Board or in their individual capacity, to the extent that the information required is pertinent to the discharge of their duties as Directors.

The Board has also put into place a procedure for Directors, whether as a full Board or in their individual capacity, to take independent professional advice at the Company's expense, if necessary.

All Directors have access to the advice and services of the Company Secretaries in carrying out their duties.

BOARD CHARTER *(Cont'd)*

FINANCIAL REPORTING

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

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

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

THE COMPANY SECRETARY

The appointment or removal of Company Secretary or Secretaries of the Board shall be the prerogative of the Board. The Company Secretary has an important role in advisory and assisting the Board and Committees in achieving good corporate governance and ensuring compliance of statutory laws, rules and regulations of the Companies Act, 1965, Bursa Securities Main Market Listing Requirements, the Securities Commission guidelines and other relevant legislation and regulatory authorities.

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

INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION POLICY

The Board shall ensure timely release of financial results and announcements to provide shareholders with an overview of the Company's performance, corporate exercises and strategies and any other matters affecting the shareholders' interests.

The Board shall maintain appropriate corporate disclosure policies and procedures which are in compliance with the Main Market Listing Requirements of Bursa Securities.

REVIEW OF THE BOARD CHARTER

The Board shall review the said Charter periodically and any amendments/improvements shall be made thereto as and when the Board deems necessary.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("the Board") fully support the recommendations of the Malaysian Code on Corporate Governance 2012 ("Code") which sets out the broad principles and recommendations for good corporate governance and best practices for listed companies.

The Board is committed to apply the recommendation of the Code to ensure that good corporate governance is practised throughout the Group to effectively discharge its responsibilities to protect and enhance shareholders' value and those of the other stakeholders.

Emphasising its commitment to good corporate governance practices of the Code, the Board has in place a Board Charter that sets out, amongst others, the responsibilities, authorities, procedures, evaluations and structures of the Board and Board Committees, as well as the relationship between the Board with management and the shareholders of the Company.

The Board of Directors is, therefore, pleased to report that this statement sets out the extent of the Group's compliance with the recommendations of the Code for financial year ended 31 December 2014.

(A) THE BOARD OF DIRECTORS

The Group is led and controlled by an effective Board which understands the Group's philosophy, principles, ethics, mission and vision. The Board maintains specific Board committees with clear responsibilities and terms of reference to assist the Board in carrying out its stewardship role and function, and fulfilling its fiduciary responsibilities.

(1) COMPOSITION OF THE BOARD

The Board currently has four (4) Executive Directors and three (3) Independent Non-Executive Directors and is therefore, in compliance with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB") which stipulates that at least one-third (1/3) of the Board comprises Independent Directors. The Board having reviewed its size and composition is satisfied that its current size and composition is effective for the proper functioning of the Board. Together, the Directors would bring a wide range of business and financial experience relevant to the Company and forming an effective Board for decision-making process. The brief profiles of the Board members are set out in pages 24 to 26 of this Annual Report.

The roles of the Chairman and Group Managing Director are separated to ensure a balance of power and authority. Although the position of Chairman is filled by Mr. Ku Hwa Seng, an Executive Director, presence of Independent Non-Executive Directors who are of a high calibre and credibility, and who have the necessary skill and experience ensures that sufficient weight and independent judgement are input into Board decisions. Mr. Ku Hwa Seng was appointed as the Chairman on 24 February 2011 after considering his vast experience, business acumen and strong business network built over the past thirty years in the property development industry.

The Board composition is appropriate in terms of its membership and size. There is a good mix of skills and core competencies in the Board membership. The Board is well represented by individuals with diverse professional backgrounds and experiences in the areas of finance, accounting, economics and law, as well as property development.

CORPORATE GOVERNANCE STATEMENT *(Cont'd)*

(2) STRENGTHEN COMPOSITION

The Board is led and managed by a diverse and experienced Board of Directors with a wide and varied spectrum of expertise that ensures accountability and competence. The Executive Directors are overall responsible for implementing the strategies and decisions of the Board, overseeing the Group's day-to-day operations and businesses, whilst the Independent Non-Executive Directors provide their independent view, unbiased judgement and knowledge to the management as well as safeguarding the interest of the shareholders. Non-Executive Directors do not participate in the day-to-day management of the Group.

NOMINATION COMMITTEE

The Company had set up the Nomination Committee on 11 April 2002 to provide formal and transparent procedures for the appointment of new Directors to the Board. All the members of the Nomination Committee are Independent Non-Executive Directors. The members of Nomination Committee comprise the following:-

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

The Nomination Committee is empowered to identify and recommend new appointments of Executive and Non-Executive Directors to the Board. In discharging this duty, the Nomination Committee will assess the suitability of an individual to be appointed to the Board by taking into account the individual's skill, knowledge, expertise and experience, professionalism and integrity. The Nomination Committee is supportive of gender diversity in the boardroom as recommended by the Code and will encourage women candidates to participate to promote the representation of women in the composition of the Board based on the needs of the Board.

The Nomination Committee will arrange for the induction of any new Directors appointed to the Board to enable them to have a full understanding of the nature of the business, current issues within the Company and corporate strategies as well as the structure and management of the Company.

The Board, through the Nomination Committee, assesses the effectiveness of the Board as a whole, the committees of the Board and the contributions of each Director on an ongoing basis. The Board also annually reviews the required mix of skills, experiences and other qualities including core competencies, which Non-Independent Directors should bring to the Board. The Company Secretary assists the Board in ensuring that all appointments are properly made and all necessary information is obtained from Directors, for the purposes of meeting statutory obligations and other regulatory requirements.

During the financial year under review, the Nomination Committee had reviewed the Board effectiveness, its size and structure.

CORPORATE GOVERNANCE STATEMENT *(Cont'd)*

(2) STRENGTHEN COMPOSITION *(Cont'd)*

DIRECTORS' REMUNERATION

The Remuneration Committee had been set up for the purpose of establishing formal and transparent procedures for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors and to structure the component parts of remuneration so as to link rewards to corporate and individual performance of the Board of Directors. All the Remuneration Committee's members are Independent Non-Executive Directors except for Khoo Cheng Hai @ Ku Cheng Hai who is the Group Managing Director of the Company. The Remuneration Committee comprises the following Directors:-

1. Tey Ping Cheng *(Chairman)*
2. Gow Kow
3. Goh Tyau Soon
4. Khoo Cheng Hai @ Ku Cheng Hai

The Remuneration Committee of the Company is primarily responsible for recommending the following for the Board's consideration:-

1. the framework of remuneration and the remuneration packages for Executive Directors;
2. any performance related pay schemes for Executive Directors; and
3. the guidelines for determining the remuneration of Non-Executive Directors.

During the financial year under review, the Remuneration Committee had at its meeting deliberated on Executive Directors' remuneration. The level of remuneration should be sufficient to attract and retain the Directors needed to run the Company successfully and with commitment.

It is the ultimate responsibility of the entire Board to approve the remuneration of the Board of Directors. The Board will ensure that the Directors' remuneration scheme is linked to their performance, service, seniority, experience and scope of responsibilities. The Directors concerned shall abstain from discussion of their own remuneration. The Board also reimburses any reasonable expenses incurred by these Directors in the course of discharge their duties as Directors.

The details of remuneration paid to Directors, in aggregation and analysed into the following bands during the financial year ended 31 December 2014 are as below:-

Remuneration	Executive Directors RM '000	Non-Executive Directors RM '000
Directors' Fees	-	90
Salaries	15,253	-
Allowances	180	17
Bonuses	12,996	-
Total	28,429	107

CORPORATE GOVERNANCE STATEMENT *(Cont'd)*

(2) STRENGTHEN COMPOSITION *(Cont'd)*

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

Range of Remuneration	Executive Directors	Non-Executive Directors
Below RM 50,000	-	3
RM 300,001 to RM 350,000	1	-
RM 9,300,001 to RM 9,350,000	2	-
RM 9,450,001 to RM 9,500,000	1	-
Total	4	3

The disclosure of Directors' remuneration is made in accordance with the BMSB's Main Market Listing Requirements. The Board of Directors is of the opinion that separate disclosure will infringe upon the Directors' rights of privacy.

The Board noted the importance of the Code of Ethics and Conduct of the Company that emphasized the Company's commitment to ethical practices and compliance with the applicable laws and regulations which also governs the standards of ethics and good conduct expected from the Directors and employees of the Group.

Currently, a formal Code of Ethics and Conduct is not in place for the Group's operation. Insofar as the Board is concerned, the Directors have a duty to declare immediately to the Board and abstain from further discussion and decision making process should they be interested in any transaction to be entered into by the Group and or whenever there is a potential conflict arising from any transactions which involved the interest of the Directors.

The Board will formalize its ethical standards through a Code of Conduct for adoption.

(3) REINFORCE INDEPENDENCE

The Board acknowledge the importance of Independent Non-Executive Directors, who provide objectivity, impartially and independent judgement to ensure that there is an adequate check and balance on the Board. The Independent Non-Executive Directors ensure that business and investment proposals presented by management are fully deliberated and examined. They perform a key role by providing unbiased and independent views, advice and judgement which take into account the interest of the Group and all its stakeholders including shareholders, employees, customers, business associates and the community as a whole. The Independent Directors led by Mr. Gow Kow provide a macro, independent and balanced assessment of proposals from the Executive Directors.

The Code recommends that the tenure of an independent director should not exceed nine (9) years cumulatively. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to his redesignation as a Non-Executive Director.

Not withstanding that Mr. Gow Kow, Mr. Goh Tyau Soon and Mr. Tey Ping Cheng have served on the Board for more than ten (10) years since the Company was listed on 6 February 2002 by 31 December 2014, the Board proposes to retain them as Independent Directors of the Company because:

(a) The Board holds the view that a Director's independence cannot be determined arbitary with reference to a set of period of time.

CORPORATE GOVERNANCE STATEMENT *(Cont'd)*

(3) REINFORCE INDEPENDENCE *(Cont'd)*

(b) The Group benefits from these long serving Independent Directors who possess detailed knowledge of the Group's business and have proven commitment, experience, competence and wisdom to effectively advise and oversee the management.

(c) The Board has individually assessed Mr. Gow Kow, Mr. Goh Tyau Soon and Mr. Tey Ping Cheng to be independent in character and judgement, independent of management and free from any relationship or circumstances which are likely to affect or could affect their judgement.

(d) Mr. Gow Kow, Mr. Goh Tyau Soon and Mr. Tey Ping Cheng have fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of BMSB and thus, they would be able to function as a check and balance, and bring an element of objectivity to the Board.

(e) They have devoted sufficient time and attention to their professional obligations and have carried out their professional duties always in the best interest to the Company and the shareholders.

The Board meets at least four (4) times a year, with additional meetings convened as necessary. During the year ended 31 December 2014, six (6) Board meetings were held with due notice of issues to be discussed and conclusions in discharging its duties and responsibilities properly recorded. The detailed attendance record of each Director during the financial year under review is as follows:-

NAME OF DIRECTORS	ATTENDANCE
Khoo Cheng Hai @ Ku Cheng Hai	6/6
Ku Hwa Seng	6/6
Ku Tien Sek	6/6
Lee Chye Tee	6/6
Gow Kow	6/6
Goh Tyau Soon	5/6
Tey Ping Cheng	6/6

(4) RE-ELECTION OF THE DIRECTORS

In accordance with the Company's Articles of Association, one-third (1/3) or nearest to one-third (1/3) of the Directors for the time being shall retire from their office and be eligible for re-election provided always that all the Directors shall retire from their office at least once in each three (3) years but shall be eligible for re-election. Any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors, shall hold office only until the next annual general meeting and shall then be eligible for re-election.

Details of the Directors who submit themselves for re-election this year may be found in pages 4, 24 and 26 of this Annual Report.

(5) BOARD CHARTER

The Board has formalised and adopted a Board Charter which sets out the roles and responsibilities of the Board. The Board will review the Board Charter as and when required to ensure compliance with the regulations.

CORPORATE GOVERNANCE STATEMENT *(Cont'd)*

(6) SUSTAINABILITY

The Board is committed to build a sustainable business by taking into consideration the impact on the environment, social and governance aspect of business operations.

(7) SUPPLY OF INFORMATION

All Board members are supplied with information on a timely manner. Board papers are circulated to the Directors prior to the Board meetings to enable the Directors to obtain further information and explanation, where necessary, in order to be briefed properly before the meetings.

The Board papers provide, amongst others, the followings:-

1. the quarterly report highlighting unaudited Group financial results and factors affecting the Group results;
2. minutes of meetings of the Board and all committees of the Board;
3. details of performance of the various business units and management proposals that required Board's approval;
4. list of Directors' circular resolutions passed during the period covered;
5. list of Directors' dealings in securities during the period covered;
6. list of announcements submitted to BMSB during the period covered; and
7. major operational and financial issues.

All Directors have full access to the information within the Company and are entitled to obtain full disclosure of facts from the management and advice or services from the Company Secretary or independent professional adviser at the Company's expenses in carrying out their duties. This ensures that all the matters that are put forward to the Board for decision making will be discussed and examined in an impartial manner, taking into account the long term interests of shareholders, employees, suppliers and other public in which the Group conducts its business.

(8) COMPANY SECRETARY

The Company Secretary is responsible for ensuring that the Board procedures are followed and the applicable rules and regulations for the conduct of the affairs of the Board are complied with. The Company Secretary is also responsible for all matters associated with the maintenance of the Board or otherwise required for its efficient operation. The Company Secretary advises the Board on issues relating to corporate governance, compliance with laws, rules, procedures and regulatory requirements.

The Company Secretary attends and ensures that all Board meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory registers of the Company.

The Board ensures that the Company Secretary appointed has the relevant experience and skill.

CORPORATE GOVERNANCE STATEMENT *(Cont'd)*

(9) FOSTER COMMITMENT

TIME COMMITMENT

The Board based on its annual assessment carried out by the Nomination Committee is satisfied with the time commitment given by its Directors as evidenced by the attendance record of the Directors at Board and Committee meetings.

DIRECTORS' TRAINING

The Directors have participated in conferences, seminars and training programmes to keep abreast with inter-alia financial sector issues and challenges, and the current and future developments in the global financial market. The Directors may also request to attend additional training courses according to their individual needs to equip themselves for the discharge of their responsibilities as directors of a public listed company and in the Board Committees in which they serve.

The Directors of the Company had attended briefing given by the Company Secretary pertaining to the amendments to the Main Market Listing Requirements of BMSB during the financial year under review. In addition to that, the following Directors had attended the conferences, seminars and training programmes as mentioned below:-

1. **Lee Chye Tee**

• Training on IFCA GST	25 July 2014
• 2015 Budget Seminar	21 Oct 2014

2. **Gow Kow**

• IRBM – CTIM Tax Forum 2014	08 Apr 2014
• Training on IFCA GST	25 July 2014
• Getting to Know GST Essentials	21 & 22 Aug 2014
• Seminar PercukaianKebangsaan 2014	29 Oct 2014
• MFRS and MPERS Financial Reporting- The Tax Impact	15 & 16 Dec 2014

3. **Tey Ping Cheng**

• The Proposed Goods and Services Tax (GST)	12 Feb 2014
• Recent Tax Cases	20 Feb 2014
• The Personal Data Protection Act 2010	08 Mar 2014
• Training on IFCA GST	25 July 2014
• Seminar Percukaian Kebangsaan 2014	30 Oct 2014
• 2015 Budget Seminar	17 Nov 2014

4. **Khoo Cheng Hai @ Ku Cheng Hai**

• Training on IFCA GST	25 July 2014

5. **Ku Hwa Seng**

• Training on IFCA GST	25 July 2014

6. **Ku Tien Sek**

• Training on IFCA GST	25 July 2014

7. **Goh Tyau Soon**

• Training on IFCA GST	25 July 2014

CORPORATE GOVERNANCE STATEMENT *(Cont'd)*

(B) ACCOUNTABILITY AND AUDIT

(1) FINANCIAL REPORTING

The Board aims to provide and present a balanced and meaningful assessment of the Company's financial performance and prospects from the quarterly announcement and at the end of the financial year, primarily through financial statements and the Chairman's Statement in the Annual Report. This also applies to other price-sensitive public reports and reports to regulators. The Audit Committee assists the Board in ensuring the information disclosed is accurate, adequate and complies with all applicable Financial Reporting Standards.

(2) STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Board of Directors is required under Paragraph 15.26(a) of BMSB's Main Market Listing Requirements to issue a statement explaining their responsibility in the preparation of the annual financial statements. The Directors are also required by the Companies Act, 1965 to prepare financial statements for each financial year, which have been made out in accordance with the approved accounting standards and to give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year.

The Directors are responsible for keeping proper accounting records, which are disclosed with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

In preparing these financial statements, the Directors have:-

1. selected appropriate accounting policies and applied them consistently;
2. made judgements and estimates that are reasonable and prudent;
3. ensured that all applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
4. prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries that the Group has adequate resources to continue in operational existence for the foreseeable future.

(3) RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its overall responsibility to maintain a sound risk management framework and effective internal control system to safeguard the Group's assets and consequently the shareholders' investment in the Company. However, it should be noted that, by its nature and its design, the system of internal controls is to manage rather than to eliminate risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against fraud, misstatement or loss.

The Risk Management Committee has been established on 26 February 2014 to review the adequacy and effectiveness of risk management of the Group.

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

CORPORATE GOVERNANCE STATEMENT *(Cont'd)*

(3) RISK MANAGEMENT AND INTERNAL CONTROL *(Cont'd)*

The Group's Internal Audit Function has been outsourced to an external consultant which reports directly to the Audit Committee.

The Statement on Risk Management and Internal Control which provides an overview of the state of risk management and internal controls within the Group may be found on pages 43 to 45 of this Annual Report.

(4) ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board acknowledges the importance of ensuring that it has in place, appropriate corporate disclosure policies and procedures which leverages on information technology as recommended by the Code.

The Company currently observes and complies with the disclosure requirements as set out in BMSB's Main Market Listing Requirements, guided by Bursa's Corporate Disclosure Guide.

(5) RELATIONSHIP WITH AUDITORS

The Board via the Audit Committee maintains a formal and transparent professional relationship with the Group's auditors, both internal and external in seeking their professional advice and ensuring compliance with accounting standards and statutory requirements.

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

During the financial year under review, the Group's external Auditors were invited and attended all the Audit Committee meetings and most of the Board meetings.

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

The Internal Auditors of the Group are independent with unrestricted access to information and rendered full cooperation by all levels of management in order to carry out their functions effectively. The Company is aware that the internal audit function forms an integral part of an effective system of corporate governance. Thus the Internal Auditors' impartiality, integrity and objectivity are greatly respected and being reciprocated by their professionalism in conducting audits of the Company.

The role of the Audit Committee in relation to the external Auditors and the number of meetings held during the financial year as well as the attendance record of each member are shown in the Audit Committee Report and may be found on pages 46 to 47 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT *(Cont'd)*

(C) SHAREHOLDERS

INVESTORS' RELATIONS AND SHAREHOLDERS' COMMUNICATION

The Board believes that investors and shareholders should be informed of all material business matters, which influence the Company. In view of this, the Group has established a direct line of communication through timely release of information on the Group's performance and major developments via appropriate channels of communication. In addition to various announcements made during the year, the timely release of quarterly financial results provides shareholders with an up to date overview of the Group's performance and operations.

The Board recognizes the importance of communications with its shareholders and takes additional measures to encourage shareholders participation at general meetings as recommended by the Code.

The Board will generally carry out resolutions by show of hands, except for related party transaction, if any, wherein a poll will be conducted and unless otherwise demanded by shareholders in accordance with the Articles of Association of the Company.

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

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

(D) OTHERS

(1) MATERIAL CONTRACTS

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

(2) SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Group, Directors or management by the relevant regulatory bodies.

(3) DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any Depository Receipt Programme during the financial year under review.

(4) PROFIT GUARANTEE

There was no profit guarantee given by the Company during the financial year under review.

CORPORATE GOVERNANCE STATEMENT *(Cont'd)*

(D) OTHERS *(Cont'd)*

(5) OPTIONS OR CONVERTIBLE SECURITIES

During the financial year, the exercise price of Warrants have adjusted from RM1.60 to RM0.80 as provided for in the Deed Poll in the event of the issuance of new ordinary shares by the Company credited as fully paid-up by way of capitalisation of retained earnings or reserves to the shareholders.

The Warrants exercised during the financial year were 5,077,819 at RM1.60 and 138,000 at RM0.80 respectively.

As at the year end, 182,909,404 Warrants remained unexercised.

(6) RECURRENT RELATED PARTY TRANSACTIONS

The recurrent related party transactions entered into by the Group during the financial year under review are disclosed in Note 29 to the Financial Statements on pages 125 to 126 of this Annual Report.

(7) SHARE BUY-BACK

During the financial year under review, the Company repurchased 400,000 of its issued shares for a total cash consideration of RM1,623,006 in the open market at an average price of RM4.05 per share including transaction cost. The repurchased transactions were financed by internally generated funds.

During the current financial quarter, the Company disposed of 2,000,000 of its issued ordinary shares held as treasury shares for a total cash consideration of RM8,870,120 in the open market at an average price of RM4.44 per share. The proceeds from the resale were utilized for working capital purposes.

The shares repurchased are being held as Treasury Shares and treated in accordance with the requirements of Section 67A of the Companies Act, 1965. Details of the shares buyback for the current financial year under review are as follows:

		Purchase Price			
	Number of shares	Highest price RM	Lowest price RM	Average Cost RM	RM
As at 1 January 2014	4,141,400	1.64	1.00	1.06	4,383,725
October 2014	400,000	4.10	3.99	4.05	1,623,006
December 2014	(2,000,000)	4.44	4.44	4.44	(8,870,120)
As at 31 December 2014	2,541,400	4.10	1.00	1.32	3,361,331

(8) VARIATION OF RESULTS

There was no material variance between the results for the financial year ended 31 December 2014 and the unaudited results previously announced by the Company.

(9) UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There were no proceeds raised from corporate proposals during the financial year ended 31 December 2014.

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 2014, which has been prepared pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements for the Main Market and as guided by Statement on Risk Management & Internal Control- Guidance for Directors of Public Listed Issuers ("the Guidance"). 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.

THE BOARD'S RESPONSIBILITY

The Board of Directors recognizes the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its responsibility for the Group's system of internal controls and risk management, and for reviewing the adequacy and integrity of those systems. These systems of internal control are utilized to mitigate as much of the principal risks as possible in achieving the corporate objectives or goals of the Group. The Board is of the view that the risk management framework and internal control system are designed to manage the Group's risks within an acceptable risk appetite, rather than eliminate the risk of failure to achieve the policies, goals and objectives of the Group. It can therefore only provide reasonable, rather than absolute assurance of effectiveness against material misstatement of management and financial information or against financial losses and fraud. The system of internal control covers, inter alia, financial, operational and compliance controls and risk management procedures.

The Board shall endeavor to continue to improving and enhancing the Group's existing system of internal control pertaining to the identified risks, with the anticipation of changing business environment due to changes in technologies and regulatory requirements etc.

RISK MANAGEMENT FRAMEWORK

The Risk Management Framework sets out the Group's underlying approach to risk management such as identification, analysis, evaluation, prioritization and mitigation of risks. It also sets out risk management and monitoring process of the Group.

The Group has in place an on-going process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives throughout the year under review. This process is carried out via the following risk management governance structure:-

- **The Board**

  The Board with the assistance of the internal audit team regularly reviews the framework to ensure its adequacy and effectiveness, in line with changes in its business environment, strategies and activities.

- **The Risk Management Committee**

  The Risk Management Committee has been established on 26 February 2014 to review the adequacy and effectiveness of risk management of the Group. The Risk Management Committee's main role is to review, on behalf of the Board, the system of risk management necessary to manage the key risks inherent in the business and to present its findings to the Board.

  In addition, the Risk Management Committee plays a significant role in contributing to the establishment of a more conducive risk management environment. The Risk Management Committee meets once a year to oversee the development of general risk policies and procedures to monitor and evaluate the numerous risks that may arise from the various business activities in the Group.

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

RISK MANAGEMENT FRAMEWORK *(Cont'd)*

- **The Audit Committee**

  The Audit Committee is responsible to review the adequacy and effectiveness of internal control and governance systems of the Group. The Audit Committee's main role is to review, on behalf of the Board, the system of internal controls necessary to manage the key risks inherent in the business.

  The Audit Committee is assisted by the internal audit function, whose role is to review the effectiveness of risk identification procedures and control process implemented by the management in accordance with an annual audit plan approved by the Audit Committee. The Audit Committee holds regular meetings to deliberate on findings and recommendations for improvement on the state of the internal control system, and report back to the Board.

- **The External Auditors**

  External auditor will in their course of conducting annual statutory audit of the Group's consolidated financial statements, reviews and where applicable based on their professional judgment highlights significant audit, accounting and internal control matters which require attention of the Board and Audit Committee. The report is made officially and specifically to the Audit Committee and the management post completion of the year end audit. Additionally, the external auditors are invited to attend the quarterly Audit Committee meetings and where applicable will provide views on any related matters for the attention of the Audit Committee.

Some internal control weaknesses were identified during the financial period under review, all of which have been or are being addressed by the management. None of these weaknesses have resulted in any material loss that would require disclosure in the Group's financial statements. The Internal and External Audit teams have highlighted to the Audit Committee and the Board on areas of improvement, provided recommendations and where applicable, subsequently reviewed the extent to which their recommendations have been implemented.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Other key elements of Internal control are described as follows:-

1. in considering business proposal and operational matters, the management evaluates risks involved and obtains advice from experts, if necessary, in order to make effective decision in the best interest of the Group.

2. full board meetings are held quarterly. Schedule of matters are set and brought to discussion, ensuring that the Board maintains supervision over appropriate controls. Detailed explanation is given on pertinent issues. Thorough deliberation and discussion by the Board is demanded before reaching any conclusion.

3. the Group maintains a simple yet clearly-defined organizational structure with distinguishable operating, management and senior management level. The organizational structure streamlines reporting processes and encourages responsive actions by facilitating information flow vertically and horizontally across the Group.

4. delegation of authority also serves as a reference tool for the identification and verification of transactions that requires proper approval.

5. formal training programmes, semi and annual performance appraisals, and other relevant procedures are in place to ensure that staff are adequately trained and competent to enable them to discharge their duties and responsibilities effectively. Proper guidelines are also followed for termination of staff.

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

OTHER KEY ELEMENTS OF INTERNAL CONTROL *(Cont'd)*

6. every development cycle is under absolute supervision from both the managerial personnel and operational employees. Both spending and progress are closely monitored throughout the project life cycle via project financial reports, progress status reports and project meetings.

7. comprehensive computerized financial system enables the production of timely, reliable and relevant management reports for the purposes of resources allocation decision making.

8. internal control systems in place are subject to regular review and amendment, whenever necessary, to respond to emerging changes in the environment the Group operates. The systems ensure that reports are timely, relevant and reliable for decision making and review purposes. These reports cover both quantitative and qualitative areas.

Assurance from Management

The Board is of the view that the Company's overall risk management and internal control system is operating adequately and effectively, in all material aspects, and have received the same assurance from both the Managing Director and Finance Director of the Company. The Board confirms that the risk management process in identifying, evaluating and managing significant risks faced by the Group has been in place throughout 2014 up to the date of approval of this statement. The Board is also of the view that the Group's system of internal control is robust and is able to detect any material losses, contingencies or uncertainties that would require disclosure in the Group's 2014 Annual Report.

Review of the Statement by External Auditors

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. The review was performed in accordance with Recommended Practice Guide (RPG) 5 issued by the Malaysia Institute of Accountants. RPG 5 does not require the external auditor to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

AUDIT COMMITTEE REPORT

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee are set out on pages 48 to 51 of this Annual Report.

MEMBERSHIP AND MEETINGS

The Audit Committee comprises three (3) Independent Non-Executive Directors with Mr. Gow Kow as the Chairman. During the financial year ended 31 December 2014, the Audit Committee held five (5) meetings. Other Executive Directors attended the meetings upon invitation by the Chairman of the Audit Committee, when necessary. The Group's external Auditors attended all the meetings. Details on the attendance record of the Audit Committee members at the Audit Committee Meetings are set out as follow:-

NUMBER OF MEETINGS AND DETAILS OF ATTENDANCE

	ATTENDANCE
Gow Kow Chairman (Independent Non-Executive Director)	5/5
Goh Tyau Soon (Independent Non-Executive Director)	5/5
Tey Ping Cheng (Independent Non-Executive Director)	5/5

SUMMARY OF ACTIVITIES

In line with the Terms of Reference of the Audit Committee, the following activities were carried out by the Audit Committee during the financial year under review in discharging its functions:-

1. reviewing and recommending the Group's unaudited quarterly financial results for the Board's approval;
2. reviewing the audited financial statements before recommending for the Board's approval;
3. reviewing with the External Auditors their scope of work, audit strategy and audit plan. Prior to the audit, representative from External Auditors presented the audit strategy and plan;
4. reviewing the evaluation of the system of internal accounting and control, the audit report and the assistance given by the Company's employees to the External Auditors;
5. reviewing Internal Audit Plan for the financial year to ensure adequate coverage over activities and time period;
6. reviewing the related party transactions to ensure that these were not detrimental to the Company and its minority shareholders;
7. reviewing the Auditors' remuneration to ensure its adequateness and fairness;
8. reviewing the Internal Audit reports on findings and recommendations and management's responses thereto to ensure adequate remedial actions have been taken; and
9. meeting with the External Auditors.

AUDIT COMMITTEE REPORT *(Cont'd)*

INTERNAL AUDIT FUNCTIONS

The Group does not have its own internal audit department and the internal audit functions were outsourced to assist the Audit Committee in discharging its duties and responsibilities.

The Internal Auditor adopts a risk-based approach focusing its work mainly on key processes and principal risk areas of the operating units, in accordance with the internal audit plan approved by the Audit Committee. The Internal Auditor undertakes regular and systematic reviews of the system of internal controls and processes so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. The Internal Auditor provides the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the operating units with established policies and procedures.

The fees paid to the internal audit firm for the financial year ended 31 December 2014 was RM25,000.

The Internal Auditor (IA) assists the Audit Committee in discharging its duties and responsibilities.

The principal responsibility of the IA is to conduct periodic audits on internal control matters to ensure their compliance with systems and standard operating procedures in each of the Group's operations. The main objective of the audits is to provide reasonable assurance that they operated satisfactorily and effectively. The IA had undertaken independent and objective reviews of the system internal controls within the Group's operations. The Internal Audit reports were deliberated by the Audit Committee and recommendations were duly implemented by management.

For the current financial year, internal audit works were principally focused on the Group's operations in KSL Resort and KSL City Mall Johor Baru and Kluang branch, in the following areas:-

- Reviewing the adequacy of Group's policies and procedures with regards to sales, billings, collections and payments process;
- Ascertaining the extent to which the Company's and the Group's assets are accounted for and safeguarded from losses of all kinds;
- Recommending improvements to the existing systems of controls;
- Identifying opportunities to improve the operations and processes in the Company and the Group;
- Reviewing and appraising the soundness, adequacy and application of accounting, bank reconciliation and taxation;
- Appraising the reliability and usefulness of information developed within the Company and the Group for management;
- Ascertaining the extent of compliance with established policies and procedures on human resource including evaluation of contractors; and
- Assessing the adequacy of the Company's existing control procedures on project management and material control.
- Reviewing the adequacy of insurance coverage on KSL Resort and KSL City Mall.

TERMS OF REFERENCE OF AUDIT COMMITTEE

OBJECTIVES

The primary objective of the Audit Committee is to assist the Board of Directors in fulfilling its responsibilities relating to accounting and reporting practices of the Group.

In addition, the Audit Committee shall:-

1. oversee and appraise the quality of the audits conducted both by the Company's Internal and External Auditors;

2. maintain open lines of communication between the Board of Directors, the Internal Auditors and the External Auditors for the exchange of views and information, as well as to confirm their respective authorities and responsibilities; and

3. determine the adequacy of the Group's administrative, operating and accounting controls.

COMPOSITION

The Board of Directors shall appoint the Audit Committee members from amongst the Directors of the Company. The Audit Committee shall comprise not less than three (3) members of whom:-

1. all must be Non-Executive Directors, with a majority of them being Independent Directors;

2. at least one (1) member of the Audit Committee:-

    a) must be a member of the Malaysian Institute of Accountants;

    b) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:-

        - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or

        - he must be a member of one (1) of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or

    c) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("BMSB");

3. no Alternate Director shall be appointed as a member of the Audit Committee.

The members of the Audit Committee shall elect a Chairman from among their number who shall be an Independent Director.

The Board of Directors must review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board of Directors shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

TERMS OF REFERENCE OF AUDIT COMMITTEE *(Cont'd)*

QUORUM

The quorum of the Audit Committee shall be two (2) of whom the majority of members present shall be Independent Directors.

ATTENDANCE AND MEETINGS

Apart from the members of the Audit Committee who will be present at the meetings, the Audit Committee may invite any member of the management, employees, other Directors and representatives of the External Auditors to be present at meetings of the Audit Committee.

The Audit Committee shall meet at least four (4) times a year and such additional meetings as the Chairman shall decide in order to fulfill its duties. In addition, the Chairman may call a meeting of the Audit Committee if, a request is made by any Audit Committee member, the Company's Managing Director, or the Internal or External Auditors.

SECRETARY

The Company Secretary shall be the Secretary of the Audit Committee.

FUNCTIONS AND RESPONSIBILITIES

The functions and responsibilities of the Audit Committee shall include the following:-

1. to review with the External Auditors their audit plan, their evaluation of the system of internal accounting and controls and their audit report;

2. to review the assistance given by the Company's employees to the External Auditors;

3. to review the adequacy of the scope, function, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;

4. to review the financial condition of the Group, its internal controls and audit programme, the performance and findings of internal audit staff and to recommend action to be taken thereon by the management and whether or not appropriate action is taken on the recommendations of the internal audit function;

5. to review the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-

    a) changes in or implementation of major accounting policy changes;

    b) significant and unusual events; and

    c) compliance with accounting standards and other legal requirements;

6. to review any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;

7. to review and report the same to the Board of Directors any letter of resignation from the External Auditors of the Company as well as whether there is any reason (supported by grounds) to believe that the Company's External Auditors are not suitable for re-appointment;

TERMS OF REFERENCE OF AUDIT COMMITTEE *(Cont'd)*

FUNCTIONS AND RESPONSIBILITIES *(Cont'd)*

8. to make recommendations concerning the appointment of the External Auditors and their remuneration to the Board of Directors;

9. such other functions as may be agreed to by the Audit Committee and the Board of Directors; and

10. meeting with External Auditors at least twice a year.

MINUTES

Minutes of each Audit Committee meeting are to be prepared and sent to its members. The Secretary shall also circulate the minutes of the meetings of the Audit Committee to all members of the Board of Directors.

RIGHTS OF THE AUDIT COMMITTEE

The Audit Committee shall, wherever necessary and reasonable for its performance of its duties and in accordance with a procedure to be determined by the Board of Directors and at the Company's cost:-

1. have authority to investigate any matter within its terms of reference;

2. have the resources, which are required to perform its duties;

3. have full and unrestricted access to any information pertaining to the Company;

4. have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity;

5. be able to obtain independent professional or other advice; and

6. be able to convene meetings with the External Auditors, Internal Auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

AUDIT COMMITTEE REPORT

The Audit Committee shall ensure that an Audit Committee Report which is prepared at the end of each financial year complies with the following:-

1. the Audit Committee Report shall be clearly set out in the annual report of the Company;

2. the Audit Committee Report shall include the following:-

    a) the composition of the Audit Committee, including the name, designation (indicating the chairman) and directorship of the members (indicating whether the Directors are independent or otherwise);

    b) the Terms of Reference of the Audit Committee;

    c) the number of Audit Committee meetings held during the financial year and details of attendance of each member;

TERMS OF REFERENCE OF AUDIT COMMITTEE *(Cont'd)*

AUDIT COMMITTEE REPORT *(Cont'd)*

d) a summary of activities of the Audit Committee in the discharge of its functions and duties for that financial year of the Company; and

e) a summary of the activities of the internal audit function or activity.

REPORTING OF BREACHES TO BMSB

Where the Audit Committee is of the view that a matter reported by it to the Board of Directors of the Company has not been satisfactorily resolved resulting in a breach of BMSB's Listing Requirements, the Audit Committee shall promptly report such matter to BMSB.

TERMS OF REFERENCE OF NOMINATION COMMITTEE

1. OBJECTIVES

The primary objective of the Nomination Committee is to act as a committee of the Board to assist in discharging the Board's responsibilities in: -

(a) assessing each of the existing directors' ability to contribute to the effective decision making of the Board;

(b) identifying, appointing and orientating new directors;

(c) reviewing the mix skills and experience and other qualities the Board requires for it to function independently and efficiently;

(d) membership of the Audit and Remuneration Committees and any other Board Committees as appropriate, in consultation with the Chairman of those committees;

(e) assessing and evaluating the effectiveness of the Board as a whole and the board committees, assessing the performance of independence of Independent Non-Executive Directors and Chief Executive Officer/ Managing Director; and

(f) identifying and recommending directors who are to be put forward for retirement by rotation in accordance with the Company's Articles of Association.

2. COMPOSITION

The Nomination Committee shall be appointed by the Board of Directors from among their members and shall consist of not less than three (3) members. All the members shall be Non-Executive Directors, the majority of whom shall be Independent Directors.

3. QUORUM

The quorum for each meeting shall be two members present.

4. CHAIRMAN

The Chairman of the Nomination Committee shall be an Independent Non-Executive Director. In the absence of the Nomination Committee Chairman, the remaining members present shall elect one of them to chair the meeting.

5. MEETINGS

The number of meetings shall be held not less than once a year and additional meetings shall be held as required. A member may at any time and the Secretary shall on the requisition of a director summon a meeting of the Nomination Committee.

Questions arising at any meeting of Nomination Committee shall be decided by a majority of votes and a determination by a majority of members shall for all purposes be deemed a determination/decision of the Nomination Committee.

TERMS OF REFERENCE OF NOMINATION COMMITTEE

(Cont'd)

5. MEETINGS *(Cont'd)*

In the case of an equality of votes, the Chairman of the meeting shall have a second or casting vote **PROVIDED THAT** where two (2) members form a quorum, the Chairman of the meeting at which only such a quorum is present, or at which only two members are competent to vote on the question at issue, shall not have a casting vote.

Minutes of Meeting shall be recorded and kept.

6. SECRETARY

The Company Secretary shall be the Secretary of the Nomination Committee.

7. RESPONSIBILITIES

The Nomination Committee shall have the following responsibilities:-

(a) Recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board. In making its recommendations, the Nomination Committee should consider the candidates'

- skills, knowledge, expertise and experience;
- professionalism;
- integrity; and
- in the case of candidates for the position of independent non-executive directors, the Nomination Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive directors.

(b) Consider in making its recommendations, candidates for directorship proposed by the Chief Executive Officer/Managing Director and, within the bounds of practicability, by any other senior executive or any director or shareholder.

(c) Recommend to the Board, directors to fill seats on Board Committees.

(d) Assess the effectiveness of the Board as a whole.

(e) Assess the effectiveness of the committees of the Board.

(f) Assess the contribution of each individual director.

(g) Review and recommend to the Board the required mix of skills and experience and other qualities the Board requires in order to function independently and efficiently.

(h) Develop and review the criteria used for the selection process of new directors and annual assessment of the board, board committees and individual directors.

(i) Formulate a policy on Board composition including mix of skills, independence and diversity (including diversity of gender, age and ethnicity).

(j) Assess the independence of the Directors annually who have served on the Board for a cumulative term of more than nine (9) years for appointment or otherwise.

TERMS OF REFERENCE OF NOMINATION COMMITTEE
(Cont'd)

7. RESPONSIBILITIES *(Cont'd)*

(k) Review the training and professional development programmes for the Board.

(l) Develop succession plans in order for the Board to maintain appropriate experience, expertise and diversity (including diversity of gender, age and ethnicity).

(m) Consider gender diversity generally when making appointments to the Board.

TERMS OF REFERENCE OF REMUNERATION COMMITTEE

1. COMPOSITION

The Committee shall be appointed by the Board from amongst the Directors of the Company consisting of majority Independent Non-Executive Directors. It shall consist of not less than three (3) members.

2. QUORUM

Two (2) members shall form a quorum for meetings.

3. CHAIRMAN

The members of the Committee shall elect a Chairman from among their members who shall be an Independent Non-Executive Directors. In the absence of the Chairman of the Remuneration Committee, the remaining members present shall elect one of their members as Chairman of the meeting.

4. SECRETARY

The Secretary to the Remuneration Committee shall be the Company Secretary.

5. MEETINGS AND MINUTES

a) The Remuneration Committee shall meet at least once a year or at such other times as the Chairman of the Committee deemed necessary.

b) Minutes of each meeting shall be distributed to each member of the Board.

c) Question arising shall be decided by a majority of votes and determination by a majority of members shall for all purposes be deemed a determination of the Remuneration Committee.

d) In the case of an equality of votes, the Chairman of the meeting shall have a second or casting vote provided that where two (2) members form a quorum, the Chairman of the meeting which only such a quorum is present, or at which only two (2) members are competent to vote on the question at issue, shall not have a casting vote.

6. FUNCTION

a) To recommend to the Board the framework of Executive Directors' remuneration and the remuneration package for each Executive Director, drawing from outside advice as necessary.

b) To recommend to the Board, guidelines for determining remuneration of Non- Executive Directors.

c) To recommend to the Board, performance related pay schemes for Executive Directors.

d) To review Executive Directors' scope of service contracts.

e) To consider the appointment of the service of such advisers or consultants as it deems necessary to fulfil its functions.

TERMS OF REFERENCE OF REMUNERATION COMMITTEE

(Cont'd)

7. REPORTING PROCEDURES

a) The remuneration of Directors shall be the ultimate responsibility of the full Board after considering the recommendation of the Committee.

b) Executive Directors do not participate in the discussion of their own remuneration.

c) The determination of remuneration packages of Non-Executive Directors, including Non-Executive Chairman should be a matter for consideration by the Board as whole.

d) Level of remuneration should be sufficient to attract and retain the Directors needed to run the Company successfully. The component part of remuneration should be structured so as to link rewards to corporate and individual performance in the case of executive Directors. The level of remuneration should reflect the experience and responsibility undertaken by the particular Executive Director concerned.

e) Membership of the Remuneration Committee should appear in the Annual Report.

TERMS OF REFERENCE OF RISK MANAGEMENT COMMITTEE

1. OBJECTIVE

The objective of the Committee is to support the Board in fulfilling its responsibilities on risk oversight and to satisfy itself that the integrated risk management functions within the Group are effectively discharged.

2. COMPOSITION AND APPOINTMENT

2.1 The Committee members shall be appointed by the Board from amongst their number and shall consist of not less than three (3) members who are non-independent non-executive director, out of which, at least one (1) of the Committee member shall be an independent director.

2.2 The Chairman of the Committee shall be an independent non-executive director appointed by the Board.

2.3 In the absence of the Chairman of the Committee, the other members of the Committee shall amongst themselves elect a Chairman who must be an independent non-executive director to chair the meeting.

2.4 In the event of any vacancies resulting in the number of members falling below three (3), the vacancy shall be filled within three (3) months of it arising.

3. QUORUM

The quorum for the Committee shall be two (2) members comprising a minimum of one (1) independent non-executive director.

4. SECRETARY

4.1 The Company Secretary shall be the Secretary of the Committee and shall ensure that proper minutes are kept of each meeting for approval of the Committee.

4.2 The Minutes shall be circulated to all members of the Board at the next scheduled Board Meeting.

5. MEETINGS

5.1 The Committee shall meet at least once a year.

5.2 In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion or if so directed by the Board.

5.3 Notice of Committee meetings shall be circulated to all committee members at least one (1) week prior to each meeting unless the Committee waives such requirement.

5.4 The Chairman may require the attendance of any officer of the Group at any part of any meeting.

5.5 The Chairman shall report on each meeting to the Board.

TERMS OF REFERENCE OF RISK MANAGEMENT COMMITTEE

(Cont'd)

6. AUTHORITY

6.1 The Committee is authorised by the Board to have direct communications with and unrestricted access to all information and documents/resources as well as to officers of the Group which are necessary for the Committee to discharge its duties and responsibilities.

6.2 The Committee shall have the authority to obtain independent professional or other advice and to invite outsiders with relevant experience to attend the meeting, as necessary.

6.3 The Committee shall make recommendations to the Board but shall have no executive powers with regards to its findings and/or recommendations.

7. DUTIES AND RESPONSIBILITIES

The Committee shall provide oversight, direction and counsel to the Group risk management process and shall consider any matters relating to the identification, assessment, monitoring and management of any risks associated with the Group that it deems appropriate. In addition, the Committee shall examine any other matters as directed by the Board.

The duties of the Committee shall include, but not limited to:

7.1 Review, assess, formulate and recommend risk management strategies, framework, policies, processes, tolerance and risk appetite limits to the Board.

7.2 Monitoring of Group risk exposures to ensure implementation and compliance with approved risk policies and processes of the Group, and to ensure that significant risks identified are being responded to appropriately.

7.3 Review status of management action in mitigating significant risks identified.

7.4 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.

7.5 Review and assess the risks associated with all proposed strategic transactions of the Group and report the same to the Board for its deliberation of the transaction.

7.6 Promote a "risk-aware" culture within the Group.

FINANCIAL STATEMENTS

CORPORATE INFORMATION

Registered Office

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

Principal Place of Business

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

Company Secretary

Ng Yim Kong (LS 0009297)

Auditors

ECOVIS AHL PLT
(LLP0003185-LCA) & (AF 001825)
No. 147-B, Jalan Sutera Tanjung 8/2
Taman Sutera Utama
81300 Skudai
Johor Darul Ta'zim

Principal Bankers

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

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and provision of management services to the subsidiaries. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Profit for the year attributable to owners of the Company	342,316,708	158,622,143

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

DIVIDENDS

On 28 November 2014, the directors declared an interim single tier dividend of 5 sen per ordinary share in respect of the current financial year. This is computed based on the issued and paid-up capital, excluding treasury shares held by the Company, to be paid and distributed to shareholders whose names appear in the Record of Depositors at the close of business on 29 January 2015. The dividend payment method is disclosed in Note 32 to the financial statements.

After the reporting date, the directors recommended a final ordinary single tier dividend of 5 sen per ordinary share in respect of the year ended 31 December 2014 subject to the approval of the shareholders at the forthcoming Annual General Meeting. The financial statements do not reflect this proposed final dividend, which will be accounted for in the statement of changes in equity as an appropriation of retained earnings in the year ending 31 December 2015.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company has increased its:

(a) authorised share capital from RM500,000,000 to RM1,000,000,000 through the creation of 1,000,000,000 ordinary shares of RM0.50 each; and

DIRECTORS' REPORT *(Cont'd)*

ISSUE OF SHARES AND DEBENTURES *(Cont'd)*

(b) issued and paid-up share capital from RM195,273,744 to RM394,423,606 as follows:

i) 5,077,819 new ordinary shares of RM0.50 each at an exercise price of RM1.60 per ordinary share via the conversion of warrants for a total consideration of RM8,124,510;

ii) 393,083,906 new ordinary shares of RM0.50 each via the bonus issue on the basis of 1 share for 1 existing ordinary share of RM0.50 each at par held in the Company;

iii) 138,000 new ordinary shares of RM0.50 each at an exercise price of RM0.80 per ordinary share via the conversion of warrants for a total consideration of RM110,400.

All the new ordinary shares that were issued rank pari passu in all respects with the existing shares of the Company.

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

ISSUE OF WARRANTS

The Warrants are constituted by the Deed Poll dated 14 July 2011.

During the financial year, the exercise price of Warrants have adjusted from RM1.60 to RM0.80 as provided for in the Deed Poll in the event of the issuance of new ordinary shares by the Company credited as fully paid-up by way of capitalisation of retained earnings or reserves to the shareholders.

The Warrants exercised during the financial year were 5,077,819 at RM1.60 and 138,000 at RM0.80 respectively.

As at the year end, 182,909,404 Warrants remained unexercised. Further information is disclosed in Note 14 to the financial statements.

SHARE BUY-BACK

During the financial year, the Company has:

a) repurchased 400,000 (2013: Nil) of its issued ordinary shares from the open market for a total consideration of RM1,623,006 (2013: Nil). The average price paid for the shares repurchased was RM4.05 (2013: Nil) per share; and

b) disposed 2,000,000 of its issued ordinary shares held as treasury shares for a total consideration of RM8,870,120 (after deducting transaction costs) in the open market at an average price of RM4.44 per share.

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

As at 31 December 2014, the Company held 2,541,400 issued ordinary shares as treasury shares out of its total issued and paid-up share capital of 788,847,212 shares. Such treasury shares are held at a carrying amount of RM3,361,331. Further information is disclosed in Note 14 to the financial statements.

OPTIONS

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

DIRECTORS' REPORT *(Cont'd)*

DIRECTORS

The directors who served since the date of the last report are: -

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

DIRECTORS' BENEFITS

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

Since the end of previous financial year, no director of the Company has received or become entitled to receive any benefit, other than those disclosed as directors' remuneration in the financial statements or those entered in the normal course of business, by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest required to be disclosed by Section 169(8) of the Companies Act, 1965.

DIRECTORS' INTERESTS

Details of holdings in the share capital of the Company and its related corporation by the directors in office at the end of the financial year, according to the register required to be kept under Section 134 of the Companies Act, 1965, were as follows: -

	<------ Number of ordinary shares of RM0.50 each ------>				
	As at 1.1.2014	**Acquired**	**Disposed**	**Bonus issued**	**As at 31.12.2014**
Company					
Direct interest					
Khoo Cheng Hai @ Ku Cheng Hai	18,184,667	520,400	-	18,705,067	37,410,134
Ku Hwa Seng	17,765,752	720,000	-	18,485,752	36,971,504
Ku Tien Sek	12,186,926	-	-	12,186,926	24,373,852
Indirect interest (+)					
Khoo Cheng Hai @ Ku Cheng Hai	1,466,666	-	-	1,466,666	2,933,332
Deemed interest (#)					
Khoo Cheng Hai @ Ku Cheng Hai	144,800,000	-	-	144,800,000	289,600,000
Ku Hwa Seng	144,800,000	-	-	144,800,000	289,600,000
Ku Tien Sek	144,800,000	-	-	144,800,000	289,600,000

\+ By virtue of his child's direct shareholding

Held through Premiere Sector Sdn. Bhd.

DIRECTORS' REPORT *(Cont'd)*

DIRECTORS' INTERESTS *(Cont'd)*

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

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

	<------------------	Number of warrants		------------------>
	As at 1.1.2014	**Acquired**	**Disposed**	**Bonus issued**	**As at 31.12.2014**
Company					
Direct interest					
Khoo Cheng Hai @ Ku Cheng Hai	6,836,330	1,895,194	-	6,836,330	15,567,854
Ku Hwa Seng	6,390,571	-	-	6,390,571	12,781,142
Ku Tien Sek	5,801,876	-	-	5,801,876	11,603,752
Indirect interest (*)					
Khoo Cheng Hai @ Ku Cheng Hai	366,666	-	-	366,666	733,332
Deemed interest (**)					
Khoo Cheng Hai @ Ku Cheng Hai	36,200,000	-	-	36,200,000	72,400,000
Ku Hwa Seng	36,200,000	-	-	36,200,000	72,400,000
Ku Tien Sek	36,200,000	-	-	36,200,000	72,400,000

* By virtue of his child's direct shareholding

** Held through Premiere Sector Sdn. Bhd.

OTHER STATUTORY INFORMATION

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

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

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

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

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

DIRECTORS' REPORT *(Cont'd)*

OTHER STATUTORY INFORMATION *(Cont'd)*

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

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

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

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

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

(f) In the opinion of the directors: -

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

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

SIGNIFICANT EVENTS DURING THE YEAR

The significant events during the financial year are as disclosed in Note 31 to the financial statements.

SUBSEQUENT EVENTS

The events subsequent to the reporting date are as disclosed in Note 32 to the financial statements.

DIRECTORS' REPORT *(Cont'd)*

AUDITORS

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

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

KHOO CHENG HAI @ KU CHENG HAI

LEE CHYE TEE

JOHOR BAHRU

Date: 27 April 2015

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, KHOO CHENG HAI @ KU CHENG HAI and LEE CHYE TEE, being two of the directors of KSL HOLDINGS BERHAD, do hereby state that, in the opinion of the directors, the financial statements set out on pages 70 to 129 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the year then ended.

In the opinion of the directors, the information set out in Note 34 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

KHOO CHENG HAI @ KU CHENG HAI

LEE CHYE TEE

JOHOR BAHRU

Date: 27 April 2015

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, LEE CHYE TEE, being the director primarily responsible for the financial management of KSL HOLDINGS BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 70 to 129, are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed)
LEE CHYE TEE at Johor Bahru in the state of Johor)
Darul Ta'zim on 27 April 2015)

LEE CHYE TEE

Before me,
Commissioner of Oath
Harcharan Singh A/L Chanchel Singh (No: J 210)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KSL HOLDINGS BERHAD

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of KSL HOLDINGS BERHAD, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 70 to 129.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to the fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

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

(Incorporated in Malaysia)

Report on other legal and regulatory requirements *(Cont'd)*

c) The audit report on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 34 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ECOVIS AHL PLT
AF 001825
Chartered Accountants

KHOR KENG LIEH
2733/07/15 (J)
Chartered Accountant

JOHOR BAHRU

Date: 27 April 2015

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	3	146,895,849	151,123,032	2	2
Land held for property development	4	642,312,414	625,432,311	-	-
Investment properties	5	584,227,602	421,826,426	-	-
Investment in subsidiaries	6	-	-	84,448,960	83,648,955
Deferred tax assets	7	2,484,291	2,152,517	-	-
		1,375,920,156	1,200,534,286	84,448,962	83,648,957
CURRENT ASSETS					
Property development costs	8	303,319,360	239,171,290	-	-
Inventories	9	137,226,490	96,227,565	-	-
Trade and other receivables	10	222,684,983	160,113,632	-	1,061
Amount due by subsidiaries	11	-	-	532,978,122	354,280,530
Current tax assets		646,883	34,443	-	-
Cash and bank balances	12	67,026,089	105,831,617	205,855	252,917
		730,903,805	601,378,547	533,183,977	354,534,508
TOTAL ASSETS		2,106,823,961	1,801,912,833	617,632,939	438,183,465
EQUITY AND LIABILITIES					
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	13	394,423,606	195,273,744	394,423,606	195,273,744
Reserves	14	1,206,801,245	1,094,032,379	170,704,293	241,634,141
TOTAL EQUITY		1,601,224,851	1,289,306,123	565,127,899	436,907,885
NON-CURRENT LIABILITIES					
Other payables	15	103,068,666	99,898,836	-	-
Loans and borrowings	16	116,863,021	130,718,137	-	-
Deferred tax liabilities	7	34,553,637	27,316,507	-	-
		254,485,324	257,933,480	-	-

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

STATEMENTS OF FINANCIAL POSITION *(Cont'd)*
AS AT 31 DECEMBER 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
CURRENT LIABILITIES					
Trade and other payables	15	189,318,374	179,771,357	46,262,712	496,825
Amount due to subsidiaries	11	-	-	5,162,124	363,105
Loans and borrowings	16	39,695,164	59,830,049	-	-
Current tax liabilities		22,100,248	15,071,824	1,080,204	415,650
		251,113,786	254,673,230	52,505,040	1,275,580
TOTAL LIABILITIES		505,599,110	512,606,710	52,505,040	1,275,580
TOTAL EQUITY AND LIABILITIES		2,106,823,961	1,801,912,833	617,632,939	438,183,465

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
REVENUE	17	801,026,284	680,003,540	156,464,000	10,355,000
COST OF SALES	18	(345,751,270)	(309,959,967)	-	-
GROSS PROFIT		455,275,014	370,043,573	156,464,000	10,355,000
ADD: OTHER INCOME	19	98,975,903	15,152,450	11,578,185	5,204,905
LESS: DISTRIBUTION EXPENSES		(19,358,236)	(29,426,134)	(12,236)	(5,940)
LESS: ADMINISTRATIVE EXPENSES		(93,976,191)	(90,272,738)	(6,382,381)	(5,263,421)
LESS: OTHER EXPENSES		(451,560)	(12,532)	-	-
LESS: FINANCE COSTS	20	(8,664,800)	(10,035,959)	(65,297)	(42,222)
PROFIT BEFORE TAX	21	431,800,130	255,448,660	161,582,271	10,248,322
INCOME TAX EXPENSE	22	(89,483,422)	(73,918,639)	(2,960,128)	(1,364,236)
PROFIT FOR THE YEAR		342,316,708	181,530,021	158,622,143	8,884,086
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		342,316,708	181,530,021	158,622,143	8,884,086
EARNINGS PER ORDINARY SHARE (SEN): -					
Basic	23	43.85	23.49		
Diluted	23	39.44	22.42		

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

STATEMENTS OF CHANGES IN EQUITY
For the year ended 31 December 2014

	<------ Attributable to owners of the Company						
	<------ Non-Distributable			------>		Distributable	
	Share capital (Note 13)	Share premium (Note 14)	Warrants reserve (Note 14)	Treasury shares (Note 14)	Revaluation reserve (Note 14)	Retained earnings (Note 14)	Total equity
Group	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
At 1 January 2013	195,273,744	28,868,900	18,764,150	(4,383,725)	17,778,354	851,285,014	1,107,586,437
Revaluation surplus realised	-	-	-	-	(547,877)	547,877	-
Reversal of deferred tax arising from change in tax rate	-	-	-	-	189,665	-	189,665
Profit/Total comprehensive income for the year	-	-	-	-	-	181,530,021	181,530,021
At 31 December 2013	195,273,744	28,868,900	18,764,150	(4,383,725)	17,420,142	1,033,362,912	1,289,306,123

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

STATEMENTS OF CHANGES IN EQUITY *(Cont'd)*
For the year ended 31 December 2014

	<---------- Attributable to owners of the Company					---------->	
	<------------------ Non-Distributable				------------------>	Distributable	
	Share capital (Note 13)	Share premium (Note 14)	Warrants reserve (Note 14)	Treasury shares (Note 14)	Revaluation reserve (Note 14)	Retained earnings (Note 14)	Total equity
Group	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
At 31 December 2013	195,273,744	28,868,900	18,764,150	(4,383,725)	17,420,142	1,033,362,912	1,289,306,123
Revaluation surplus realised	-	-	-	-	(22,928)	22,928	-
Own shares: -							
- acquired	-	-	-	(1,623,006)	-	-	(1,623,006)
- disposed	-	6,224,720	-	2,645,400	-	-	8,870,120
Reversal of deferred tax arising from change in tax rate	-	-	-	-	4,149	-	4,149
Issue of ordinary shares: -							
- exercise of warrants	2,607,909	6,656,365	(1,029,364)	-	-	-	8,234,910
- bonus issue	196,541,953	-	-	-	-	(196,541,953)	-
Share issuance expenses	-	(176,783)	(6,550)	-	-	-	(183,333)
Dividends to owners of the Company	-	-	-	-	-	(45,700,820)	(45,700,820)
Profit/Total comprehensive income for the year	-	-	-	-	-	342,316,708	342,316,708
At 31 December 2014	394,423,606	41,573,202	17,728,236	(3,361,331)	17,401,363	1,133,459,775	1,601,224,851

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

STATEMENTS OF CHANGES IN EQUITY *(Cont'd)*
For the year ended 31 December 2014

Company	Share capital (Note 13) RM	Share premium (Note 14) RM	Warrants reserve (Note 14) RM	Treasury shares (Note 14) RM	Retained earnings (Note 14) RM	Total equity RM
	<------ Attributable to owners of the Company				------>	
	<------ Non-Distributable			------>	Distributable	
At 1 January 2013	195,273,744	28,868,900	18,764,150	(4,383,725)	189,500,730	428,023,799
Profit/Total comprehensive income for the year	-	-	-	-	8,884,086	8,884,086
At 31 December 2013	195,273,744	28,868,900	18,764,150	(4,383,725)	198,384,816	436,907,885
Own shares: -						
- acquired	-	-	-	(1,623,006)	-	(1,623,006)
- disposed	-	6,224,720	-	2,645,400	-	8,870,120
Issue of ordinary shares: -						
- exercise of warrants	2,607,909	6,656,365	(1,029,364)	-	-	8,234,910
- bonus issue	196,541,953	-	-	-	(196,541,953)	-
Share issuance expenses	-	(176,783)	(6,550)	-	-	(183,333)
Dividends to owners of the Company	-	-	-	-	(45,700,820)	(45,700,820)
Profit/Total comprehensive income for the year	-	-	-	-	158,622,143	158,622,143
At 31 December 2014	394,423,606	41,573,202	17,728,236	(3,361,331)	114,764,186	565,127,899

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

STATEMENTS OF CASH FLOWS
For the year ended 31 December 2014

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	431,800,130	255,448,660	161,582,271	10,248,322
Adjustments for: -				
Depreciation of property, plant and equipment	10,531,328	10,624,600	-	155
Loss on disposal of property, plant and equipment	52,000	161,250	-	-
Interest expenses	7,609,051	9,051,980	62,849	39,727
Property, plant and equipment written off	255,521	1,166	-	-
Fair value adjustment of investment properties	(88,200,835)	(7,809,188)	-	-
Compensation sum from compulsory acquisition of land	1,934	(254,382)	-	-
Interest income	(4,098,706)	(1,927,702)	(11,578,185)	(5,204,905)
Operating profit before working capital changes	357,950,423	265,296,384	150,066,935	5,083,299
Decrease/(Increase) in working capital				
Property development costs	(75,164,385)	(45,060,128)	-	-
Inventories	20,039,426	66,038,099	-	-
Trade and other receivables	(62,571,351)	(82,207,833)	1,061	(55)
Trade and other payables	(34,835,113)	26,170,964	65,067	138,601
Amount due by/(to) subsidiaries	-	-	(173,898,573)	(10,115,510)
Cash generated from/(used in) operations	205,419,000	230,237,486	(23,765,510)	(4,893,665)
Interest paid	(7,609,051)	(9,051,980)	(62,849)	(39,727)
Tax paid	(76,157,933)	(59,976,232)	(2,295,574)	(1,385,105)
Net cash from/(used in) operating activities	121,652,016	161,209,274	(26,123,933)	(6,318,497)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of subsidiary	-	-	(5)	-
Increase in investment in subsidiaries	-	-	(800,000)	-
Development expenditure on land held for property development	(65,065,077)	(45,030,372)	-	-
Development expenditure on investment properties	(74,200,341)	(3,281,790)	-	-
Purchase of property, plant and equipment	(6,644,666)	(14,806,465)	-	-
Proceeds from disposal of property, plant and equipment	33,000	15,500	-	-
Interest received	4,098,706	1,927,702	11,578,185	5,204,905
Proceeds from compulsory acquisition	12,144	353,798	-	-
Net cash (used in)/from investing activities	(141,766,234)	(60,821,627)	10,778,180	5,204,905

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

STATEMENTS OF CASH FLOWS *(Cont'd)*
For the year ended 31 December 2014

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Repurchase of treasury shares	(1,623,006)	-	(1,623,006)	-
Proceeds from disposal of treasury shares	8,870,120	-	8,870,120	-
Proceeds from issuance of shares through exercise of warrants	8,234,910	-	8,234,910	-
Payment of share issuance expenses	(183,333)	-	(183,333)	-
Repayment of term loans	(14,702,616)	(33,329,043)	-	-
Repayment of finance lease	-	(86,481)	-	-
Repayment of revolving credit	(12,924,000)	(5,184,000)	-	-
Repayment of bankers acceptances	(26,000,000)	(31,900,000)	-	-
Drawdown of term loans	18,000,000	-	-	-
Drawdown of bankers acceptances	10,700,000	31,200,000	-	-
Net cash (used in)/from financing activities	(9,627,925)	(39,299,524)	15,298,691	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(29,742,143)	61,088,123	(47,062)	(1,113,592)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	91,839,416	30,751,293	252,917	1,366,509
CASH AND CASH EQUIVALENTS AT END OF YEAR	62,097,273	91,839,416	205,855	252,917
Cash and cash equivalents comprise the following: -				
Cash and bank balances	67,026,089	105,831,617	205,855	252,917
Bank overdraft (Note 16)	(4,928,816)	(13,992,201)	-	-
	62,097,273	91,839,416	205,855	252,917

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The principal activities of the Company are those of investment holding and provision of management services to the subsidiaries. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

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

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities").

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 April 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and comply with Financial Reporting Standards (FRSs) and the Companies Act, 1965 in Malaysia.

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

(b) Statement of compliance

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

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

Amendments to FRS 1, First-time Adoption of Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)
Amendments to FRS 2, Share-based Payment (Annual Improvements 2010-2012 Cycle)
Amendments to FRS 3, Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
Amendments to FRS 8, Operating Segments (Annual Improvements 2010-2012 Cycle)
Amendments to FRS 13, Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
Amendments to FRS 116, Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)
Amendments to FRS 119, Employee Benefits – Defined Benefit Plans: Employee Contribution
Amendments to FRS 124, Related Party Disclosures (Annual Improvements 2010-2012 Cycle)
Amendments to FRS 138, Intangible Assets (Annual Improvements 2010-2012 Cycle)
Amendments to FRS 140, Investment Property (Annual Improvements 2011-2013 Cycle)

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

Amendments to FRS 5, Non-Current Assets Held for Sale and Discontinued operation (Annual Improvements 2012-2014 Cycle)
Amendments to FRS 7, Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)
Amendments to FRS 10 and FRS 128 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to FRS 10, FRS 12 and FRS 128 – Investment Entities: Applying the Consolidation Exception
Amendments to FRS 11, Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations
FRS 14, Regulatory Deferral Accounts
Amendments to FRS 101, Presentation of Financial Statement - Disclosures Initiative
Amendments to FRS 116, Property, Plant and Equipment and FRS 138, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 119, Employee Benefits (Annual Improvements 2012-2014 Cycle)
Amendments to FRS 127, Separate Financial Statements - Equity Method in Separate Financial Statements
Amendments to FRS 134, Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)

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

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

The Group and the Company have not applied the following standards and amendments (which are applicable upon adoption of MFRS framework) that have been issued by the MASB but are not yet effective.

Malaysian Financial Reporting Standard ("MFRS Framework")

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework"), a fully-IFRS compliant framework. Entities other than private entities shall apply the MFRS Framework for annual periods beginning on or after 1 January 2012, with the exception of Transitioning Entities.

Transitioning Entities, being entities within the scope of MFRS 141 Agriculture and/or IC Interpretation 15: Agreements for the construction of Real Estate, including its parents, significant investors and ventures were given a transitional period of two years, which allowed these entities an option to continue with the FRS Framework. Following the announcement by the MASB on 7 August 2013, the transitional period for Transitioning Entities has been extended for an additional year. On 2 September 2014, MASB further announced that Transitioning Entities shall be required to apply the MFRS Framework for annual periods beginning on or after 1 January 2017.

The Group and the Company falls within the scope definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. Accordingly, the Group and the Company will be required to prepare its first set of MFRS financial statements for the financial year ending 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

MFRS 15, Revenue from Contracts with Customers
Amendments to MFRS 116, Property, Plant and Equipment and MFRS 141, Agriculture –Bearer Plants

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

MFRS 9, Financial Instruments (IFRS 9, issued by IASB in July 2014)

Except as otherwise indicated below, the adoption of the above new standard and amendments are not expected to have significant impact on the financial statements of the Group and the Company.

MFRS 9 Financial Instruments

MFRS 9 addresses the classification, recognition, derecognition, measurement and impairment of financial assets and financial liabilities, as well as general hedge accounting. It replaces MFRS 139. MFRS 9 requires financial assets to be classified into two measurement categories, i.e. at fair value and at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to changes in an entity's own credit risk is recorded in other comprehensive income, unless this creates an accounting mismatch. MFRS 9 contains a new impairment model based on expected losses (as oppose to 'incurred loss' model under MFRS 139), i.e. a loss event needs not occur before an impairment loss is recognised, which will result in earlier recognition of losses.

The Group and the Company is currently assessing the impact to the financial statements upon adopting MFRS 9, and intends to adopt MFRS 9 on the mandatory effective date.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 introduces a new model for revenue recognition arising from contracts with customers. MFRS 15 will supersede MFRS 111 Construction contracts, MFRS 118 Revenue, IC 13 Customer Loyalty Programmes, IC 15 Agreements for the Construction of Real Estate, IC 18 Transfers of Assets from Customers and IC 31 Revenue - Barter Transactions Involving Advertising Services. The application of MFRS 15 may result in difference in timing of revenue recognition as compared with current accounting policies.

The Group and the Company is currently assessing the impact to the financial statements upon adopting MFRS 15, and will adopt MFRS 15 on the mandatory effective date.

(c) Basis of consolidation

(i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and its subsidiary companies made up to the end of the financial year. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from the involvement with the investee; and
- has the ability to affect those returns through its power over investee.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(c) Basis of consolidation *(Cont'd)*

(i) Subsidiaries *(Cont'd)*

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control listed above.

When the Group has less than a majority of the voting rights but has rights that are sufficient to give it the practical ability to direct the relevant activities unilaterally, the Group considers all facts and circumstances in assessing whether or not the voting rights give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiary companies are consolidated from the date on which the Group controls, and ceases from the date that control ceases. The financial results of the subsidiary companies are included in the consolidated financial statements from the date that control is obtained until the date that the Group loses control.

(ii) Business combination

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

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

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

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

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

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

(iii) Acquisitions of non-controlling interests

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

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(c) Basis of consolidation *(Cont'd)*

(iv) Loss of control

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

(v) Associates

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

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

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

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

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

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

(vi) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The parties are bound by a contractual arrangement which gives two or more parties joint control of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(c) Basis of consolidation *(Cont'd)*

(vi) Joint arrangements *(Cont'd)*

A joint arrangement is either a joint operation or a joint venture.

- Joint operation

  A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. These parties are known as joint operators.

  The Group and the Company recognise in relation to its interest in a joint operation:

  (a) its assets, including its share of any assets held jointly;
  (b) its liabilities, including its share of any liabilities incurred jointly;
  (c) its revenue from the sale of its share of the output arising from the joint operation;
  (d) its share of the revenue from the sale of the output by the joint operation; and
  (e) its expenses, including its share of any expenses incurred jointly.

  When the Group transacts with a joint operation (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, as such the gains and losses resulting from the transactions are recognised only to the extent of interests of other parties in the joint operation.

  When the Group transacts with a joint operation (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

- Joint venture

  A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. These parties are known as joint venturers.

  In the separate financial statements of the Company, an investment in a joint venture is stated at cost.

  Any premium paid for an investment in a joint venture above the fair value of the share of the identifiable assets, liabilities and contingent liabilities acquired of the Group is capitalised and included in the carrying amount of the investment in joint venture. Where there is an objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in accordance with FRS 136 *Impairment of Assets* as a single asset, by comparing its recoverable amount with its carrying amount.

  The Group recognises its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with FRS 128 *Investments in Associates and Joint Ventures.*

  The Group determines the type of joint arrangement in which it is involved, based on the rights and obligations of the parties to the arrangement. In assessing the classification of interests in joint arrangements, the Group considers:

  (a) The structure of the joint arrangement;
  (b) the legal form of joint arrangements structured through a separate vehicle;

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(c) Basis of consolidation *(Cont'd)*

(vi) Joint arrangements *(Cont'd)*

(c) the contractual terms of the joint arrangement agreement; and
(d) any other facts and circumstances.

When there are changes in the facts and circumstances change, the Group reassesses whether the type of joint arrangement in which it is involved has changed.

(vii) Non-controlling interests

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

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

(viii) Transactions eliminated on consolidation

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

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

(d) Foreign currencies

Foreign currency transaction and balances

Transactions in foreign currencies are initially translated to the functional currency of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(e) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

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

(ii) Financial instrument categories and subsequent measurement

Financial instruments are classified in the following categories – financial instruments at fair value through profit or loss, loans and receivables, financial investments held-to-maturity and financial investments available-for-sale. Management determines the classification of financial instruments at initial recognition. The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group or the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(e) Financial instruments *(Cont'd)*

(ii) Financial instrument categories and subsequent measurement *(Cont'd)*

(c) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(d) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(e) Financial instruments *(Cont'd)*

(iii) Financial guarantee contracts *(Cont'd)*

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Derecognition

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

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

(f) Property, plant and equipment

(i) Recognition and measurement

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

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

Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount or which a property could be exchanged between knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(f) Property, plant and equipment *(Cont'd)*

(i) Recognition and measurement *(Cont'd)*

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within 'other income' and 'other expenses' respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction is not depreciated until the assets are ready for their intended use.

The annual depreciation rates used for the current and comparative periods are as follows: -

	%
Buildings	2
Plant and machinery	10 - 20
Motor vehicles	20
Furniture and equipment	
- Office equipment	10 - 25
- Tele-communication equipment	10 - 20
- Renovation	10
- Sales office	10
- Site office	10
- Signboards	10
- Furniture and fittings	5- 10
- Hotel equipment	20
- Food and beverage equipment	20

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(g) Leased asset

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(h) Goodwill

Goodwill which arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investees.

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that it may be impaired.

(i) Investment property

(i) Investment property carried at fair value

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(i) Investment property *(Cont'd)*

(i) Investment property carried at fair value *(Cont'd)*

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings, the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its deemed cost for subsequent accounting.

(j) Property development activities

(i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(ii) Property development cost

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(j) Property development activities *(Cont'd)*

(ii) Property development cost *(Cont'd)*

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the year in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability year, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which are measured at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within current assets and the excess of billings to purchasers over revenue recognised in the profit or loss is classified as progress billings within current liabilities.

(k) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is determined using average cost method. Cost comprises the original cost of purchase plus the cost of bringing the inventories to their intended location and condition.

Inventories of completed development properties are stated at the lower of cost and net realisable value. Cost is measured based on specific identification basis, and includes costs of land and construction and appropriate development overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(m) Impairment

Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investment in subsidiaries and investment in associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the financial asset's recoverable amount is estimated.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

Other assets

The carrying amounts of the other assets (except for inventories, amount due from contract customers, deferred tax asset, assets arising from employee benefits, investment property measured at fair value and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purposes of impairment testing, is allocated to group of cash-generating units that are expected to benefit from the synergies of the combination.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(m) Impairment *(Cont'd)*

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating unit) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that asset's carrying amount does not exceed the carrying amount that amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(n) Equity instruments

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

(i) Issue expenses

Cost directly attributable to the issue of instruments classified as equity is recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount to the treasury shares is recognised in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(o) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(p) Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(q) Revenue and other income

(i) Revenue from development property

Revenue from sales of development properties is recognised in the profit or loss by using the stage of completion method as described in Note 2(j).

(ii) Sales of land

Revenue relating to sale of land is recognised upon the transfer of risks and rewards. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of land.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iv) Services

Revenue from car park management is recognised in profit or loss as and when the services are rendered.

(v) Rental income

Rental income from investment is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(q) Revenue and other income *(Cont'd)*

(vi) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(vii) Hotel and food and beverage revenue

Hotel and food and beverage revenue represents the invoiced value of charges derived from the hotel and cafeteria operations less trade discounts.

(viii) Car park income

Car park income is accounted for on receipt and receivable basis.

(ix) Management fees

Management fees are recognised as when services are rendered.

(x) Construction contracts

Revenue from construction contracts is recognised in the profit or loss as described in Note 2(r).

(r) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs.

When outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

(s) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(s) Borrowing costs *(Cont'd)*

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing eligible for capitalisation.

(t) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Any unutilised portion of a tax incentive that is not a tax base of an asset is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(u) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(v) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(w) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

Where it is not probable that there is an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the statement of financial position and is disclosed as a contingent asset, unless the probability of inflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

(x) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(x) Fair value measurement *(Cont'd)*

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with external valuers, which valuation techniques and inputs to use for each case.

(y) Use of estimates and judgments

The preparation of the financial statements in conformity with FRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies, and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

(i) Valuation of investment properties

The fair value of investment property is arrived at by reference to market evidence of transaction prices for similar property or by considering the aggregate of the present value of the estimated cash flows expected to be received from renting out the property and is performed by registered independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

(ii) Revenue recognition on property development

The Group recognises property development revenue and expenses in the statement of profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(y) Use of estimates and judgments *(Cont'd)*

(iii) Impairment of loan and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments.

Where is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

(iv) Deferred tax assets

Deferred tax assets are recognised for provision for foreseeable loss to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(v) Classification between investment property and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portion separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

(vi) Provision for foreseeable loss

The Group recognises a provision for foreseeable loss for affordable houses as required under FRSIC Consensus 17 Development of Affordable Housing. The provision for foreseeable loss for affordable houses represents the shortfall between the cost of constructing affordable housing and the economic benefits expected to be received from the purchaser of affordable housing in the development of affordable housing on involuntary basis. This provision is capitalised in the form of common costs for development of premium housing based on the master and building plans approved.

In determining the provision or foreseeable loss or affordable houses, judgements and assumptions are made by the Group on the structure and construction costs in constructing the affordable houses. In making those judgements, the Group evaluates the provisions based on past experience and by relying on the work of specialists.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

3. PROPERTY, PLANT AND EQUIPMENT

Group 2014	As at 1.1.2014 RM	Additions RM	Disposals/ Written off RM	Reclassifi- cation RM	As at 31.12.2014 RM
Cost					
Freehold land and building	136,350,028	-	-	-	136,350,028
Freehold land and buildings- in-progress	1,857,013	1,108,826	-	-	2,965,839
Plant and machinery	3,750,120	205,479	(634,080)	-	3,321,519
Motor vehicles	8,988,677	749,177	(150,000)	-	9,587,854
Furniture and equipment	23,238,365	4,581,184	(1,799,121)	-	26,020,428
	174,184,203	6,644,666	(2,583,201)	-	178,245,668

Group 2014	As at 1.1.2014 RM	Charge for the year RM	Disposals/ Written off RM	Reclassifi- cation RM	As at 31.12.2014 RM
Accumulated depreciation					
Buildings	7,872,675	5,945,913	-	-	13,818,588
Plant and machinery	1,483,924	345,907	(631,302)	-	1,198,529
Motor vehicles	4,569,547	844,677	(65,000)	-	5,349,224
Furniture and equipment	9,135,025	3,394,831	(1,546,378)	-	10,983,478
	23,061,171	10,531,328	(2,242,680)	-	31,349,819

Group 2013	As at 1.1.2013 RM	Additions RM	Disposals/ Written off RM	Reclassifi- cation RM	As at 31.12.2013 RM
Cost					
Freehold land and building	4,368,886	-	-	131,981,142	136,350,028
Freehold land and buildings- in-progress	123,893,243	8,087,899	-	(130,124,129) *	1,857,013
Plant and machinery	1,913,020	1,837,100	-	-	3,750,120
Motor vehicles	8,287,530	1,864,384	(1,163,237)	-	8,988,677
Furniture and equipment	20,247,014	3,017,082	(25,731)	-	23,238,365
	158,709,693	14,806,465	(1,188,968)	1,857,013	174,184,203

Group 2013	As at 1.1.2013 RM	Charge for the year RM	Disposals/ Written off RM	Reclassifi- cation RM	As at 31.12.2013 RM
Accumulated depreciation					
Buildings	1,926,762	5,945,913	-	-	7,872,675
Plant and machinery	1,195,010	288,914	-	-	1,483,924
Motor vehicles	4,361,443	1,194,586	(986,482)	-	4,569,547
Furniture and equipment	5,964,408	3,195,187	(24,570)	-	9,135,025
	13,447,623	10,624,600	(1,011,052)	-	23,061,171

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

3. PROPERTY, PLANT AND EQUIPMENT *(Cont'd)*

	2014 RM	2013 RM
Net carrying amount		
Buildings	122,531,440	128,477,353
Freehold land and buildings-in-progress	2,965,839	1,857,013
Plant and machinery	2,122,990	2,266,196
Motor vehicles	4,238,630	4,419,130
Furniture and equipment	15,036,950	14,103,340
	146,895,849	151,123,032

* The reclassification consists of:		
Transfer from investment properties (Note 5)	-	1,857,013
Reclassification to freehold land and building	-	(131,981,142)

Company **2014** **Cost**	As at 1.1.2014 RM	Additions RM	As at 31.12.2014 RM
Signboard	27,853	-	27,853

2014 **Accumulated depreciation**	As at 1.1.2014 RM	Charge for the year RM	As at 31.12.2014 RM
Signboard	27,851	-	27,851

2013 **Cost**	As at 1.1.2013 RM	Additions RM	As at 31.12.2013 RM
Signboard	27,853	-	27,853

2013 **Accumulated depreciation**	As at 1.1.2013 RM	Charge for the year RM	As at 31.12.2013 RM
Signboard	27,696	155	27,851

	2014 RM	2013 RM
Net carrying amount		
Signboard	2	2

Property, plant and equipment of the Group at cost of RM2,997,261 (2013: RM4,535,726) are fully depreciated and still in use.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

4. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2014	**2013**
	RM	**RM**
Cost		
At 1 January	625,432,311	580,601,935
Additions	65,065,077	45,030,372
Transfer from investment properties (Note 5)	-	8,717,000
Transfer from property development costs (Note 8)	1,662,961	251,238
Transfer to property development costs:		
- Land and development costs (Note 8)	(49,598,081)	(8,555,941)
- Provision for foreseeable loss (Note 8)	(235,776)	(512,877)
Compulsory acquisition	(14,078)	(99,416)
Carrying amount	642,312,414	625,432,311
Carrying amount at 31 December consisting of:		
At cost	596,634,094	571,808,663
At surrogate cost	45,678,320	53,623,648
	642,312,414	625,432,311

The surrogate cost represents the revalued amount which was previously allowed under MASB Approved Accounting Standard MAS 7: Accounting for Property Development, which the Company continues to retain as its surrogate cost.

Freehold land of the Group amounting to RM170,365,295 (2013: RM173,264,073) have been charged as security for loans and borrowings as referred to in Note 16.

5. INVESTMENT PROPERTIES

	Group	
	2014	**2013**
	RM	**RM**
At fair value		
At 1 January	421,826,426	430,266,449
Additions	74,200,341	3,281,790
Transfer to property, plant and equipment (Note 3)	-	(1,857,013)
Transfer to land held for property development (Note 4)	-	(8,717,000)
Transfer to property development cost (Note 8)	-	(8,956,988)
Fair value adjustments	88,200,835	7,809,188
	162,401,176	(8,440,023)
At 31 December	584,227,602	421,826,426

Investment properties with an aggregate carrying amount of RM141,758,818 (2013: RM131,730,000) are pledged as securities for loans and borrowings as referred to in Note 16.

Investment properties comprise a number of freehold shop houses and commercial properties leased to third parties.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

5. INVESTMENT PROPERTIES *(Cont'd)*

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

	Group 2014 RM	Group 2013 RM
Rental income	82,535,002	71,992,578
Direct operating expenses - income generating investment property	(14,073,497)	(13,037,254)
- non-income generating investment property	(230,278)	(722)

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

(a) RM151,637,602 (2013: RM75,926,426) arrived at by reference to transaction prices for similar properties.

(b) RM432,590,000 (2013: RM345,900,000) determined by considering the aggregate of the present value of the estimated cash flows expected to be received from renting out the property using yield rates range from 6.5% to 8.5% (2013: 6% to 10%) and weighted average rate at 7% (2013: 8%).

Fair value of investment properties are as described in Note 26(f) to the financial statements.

6. INVESTMENT IN SUBSIDIARIES

	Company 2014 RM	Company 2013 RM
At cost		
Unquoted shares	84,448,960	83,648,955

Details of the subsidiaries are as follows: -

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest 2014	Effective ownership interest 2013
Bintang-Bintang Development Sdn. Bhd.	Malaysia	Property investment and development	100%	100%
Bintang-Bintang Enterprise Sdn. Bhd.	Malaysia	Property development	100%	100%
Clarion Housing Development Sdn. Bhd.	Malaysia	Property investment	100%	100%
Eversonic Sdn. Bhd.	Malaysia	Property development	100%	100%
Exportex Sdn. Bhd.	Malaysia	Property development	100%	100%
Goodpark Development Sdn. Bhd.	Malaysia	Property development	100%	100%
Harapan Terang Sdn. Bhd.	Malaysia	Property development	100%	100%
Harapan Terang Properties Sdn. Bhd.	Malaysia	Property development	100%	100%
Harapan Terang Realty Sdn. Bhd.	Malaysia	Property development	100%	100%

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

6. INVESTMENT IN SUBSIDIARIES *(Cont'd)*

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest 2014	Effective ownership interest 2013
Khoo Soon Lee Realty Sdn. Bhd.	Malaysia	Property investment and development	100%	100%
KSL Medini Development Sdn. Bhd.	Malaysia	Property development	100%	-
KSL Properties Sdn. Bhd.	Malaysia	Property investment, development and hotel operations	100%	100%
KSL Properties Management Sdn. Bhd.	Malaysia	Car park operations and property management services	100%	100%
Prosper Plus Industry Sdn. Bhd.	Malaysia	Property investment development and hotel operations	100%	100%
Sejota Sdn. Berhad	Malaysia	Property development	100%	100%
Sering Cemerlang Sdn. Bhd.	Malaysia	Property investment and development	100%	100%
Sure Success Properties Sdn. Bhd.	Malaysia	Property investment	100%	100%
Tai Lik Development (Batu Anam) Sdn. Bhd.	Malaysia	Property development	100%	100%
Villa Bestari Sdn. Bhd.	Malaysia	Property management	100%	100%
VIP Beyond Sdn. Bhd.	Malaysia	Property development	100%	-
Held through subsidiary:				
KSL Development Sdn. Bhd.*	Malaysia	Property investment, development and construction of buildings	100%	100%

* Subsidiary of Harapan Terang Sdn. Bhd.

7. DEFERRED TAX ASSETS/(LIABILITIES)

	Group 2014 RM	Group 2013 RM
Deferred tax assets	2,484,291	2,152,517
Deferred tax liabilities	(34,553,637)	(27,316,507)
	(32,069,346)	(25,163,990)

Movement in temporary differences during the year

	2014 RM	2013 RM
At 1 January	(25,163,990)	(11,851,636)
Recognised in equity	4,149	189,665
Recognised in statements of profit or loss	(6,909,505)	(13,502,019)
At 31 December	(32,069,346)	(25,163,990)

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

7. DEFERRED TAX ASSETS/(LIABILITIES) *(Cont'd)*

The components of deferred tax assets and liabilities as at the end of the financial year, prior to offsetting are as follows: -

	Group Deferred tax assets	
	2014 RM	2013 RM
Tax effect of provision for foreseeable loss		
At 1 January	6,752,390	6,888,250
Recognised in profit or loss	423,400	(135,860)
At 31 December	7,175,790	6,752,390

	Fair value adjustment RM	Unrealised revaluation surplus RM	Others RM	Total RM
Deferred tax liabilities				
2014				
At 1 January	(21,980,377)	(5,184,511)	(4,751,492)	(31,916,380)
Recognised in equity	-	4,149	-	4,149
Recognised in profit or loss	(5,463,000)	3,931	(1,873,836)	(7,332,905)
At 31 December	(27,443,377)	(5,176,431)	(6,625,328)	(39,245,136)
2013				
At 1 January	(13,624,265)	(7,292,980)	2,177,359	(18,739,886)
Recognised in equity	189,665	-	-	189,665
Recognised in profit or loss	(8,545,777)	2,108,469	(6,928,851)	(13,366,159)
At 31 December	(21,980,377)	(5,184,511)	(4,751,492)	(31,916,380)

8. PROPERTY DEVELOPMENT COSTS

	Group	
	2014 RM	2013 RM
At 1 January: -		
- Freehold land	98,425,493	112,917,401
- Development expenditure	288,617,542	280,360,047
	387,043,035	393,277,448
Add:		
Cost incurred during the financial year		
- Development expenditure	355,860,089	213,479,954
	355,860,089	213,479,954

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

8. PROPERTY DEVELOPMENT COSTS *(Cont'd)*

	Group	
	2014 RM	**2013 RM**
Less:		
Cumulative costs charged to statements of profit or loss:		
As at 1 January	(153,238,884)	(129,291,968)
- Recognised during the financial year	(277,164,998)	(204,679,403)
- Reserval of cost previously recognised in profit or loss upon completion	-	36,539,712
	(430,403,882)	(297,431,659)
Transfer from investment properties (Note 5)	-	8,956,988
Transfer from land held for property development (Note 4)	49,598,081	8,555,941
Transfer to inventories	(60,507,537)	(92,783,283)
Transfer to land held for property development (Note 4)	1,662,961)	(251,238)
	(12,572,417)	(75,521,592)
Provision for foresseable loss of affordable housing		
As at 1 January	5,367,139	5,134,397
- Addition during the financial year	1,851,140	-
- Transfer from land held for property development (Note 4)	235,776	512,877
- Transfer to inventories	(530,814)	-
- Recognised during the financial year	(3,530,706)	(280,135)
	3,392,535	5,367,139
At 31 December	303,319,360	239,171,290

Included in the develoment expenditure of the Group are following expenses capitalised during the financial year:

	2014 RM	**2013 RM**
Interest expenses	511,739	508,137
Rental of machinery	6,542,505	4,450,184

9. INVENTORIES

	Group	
	2014 RM	**2013 RM**
Food and beverages	256,267	357,739
General and operating supplies	214,700	272,071
Properties held for sale	136,755,523	95,597,755
	137,226,490	96,227,565

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Trade receivables	125,570,749	112,808,290	-	-
Other receivables: -				
Accrued billings in respect of property development costs	80,643,659	22,677,537	-	-
Deposit for acquisition of land	6,375,000	15,944,145	-	-
Sundry receivables	5,641,127	5,483,499	-	-
Sundry deposits	4,073,338	2,453,839	-	-
Prepayments	381,110	746,322	-	1,061
	97,114,234	47,305,342	-	1,061
	222,684,983	160,113,632	-	1,061

Further information for trade receivables is disclosed in Note 26(c) to the financial statements.

11. AMOUNT DUE BY/(TO) SUBSIDIARIES

The amounts due by/(to) subsidiaries are unsecured advances, bear interest at average of 3.25% (2013: 1.5%) per annum and are repayable on demand.

12. CASH AND BANK BALANCES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash and bank balances	67,026,089	105,831,617	205,855	252,917

Included in cash at bank of the Company is amount of RM8,820,704 (2013: RM45,937,044) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

13. SHARRE CAPITAL

	Group and Company			
	2014		2013	
	Number	RM	Number	RM
Ordinary shares of RM1 each: -				
Authorised: -				
At 1 January	1,000,000,000	500,000,000	1,000,000,000	500,000,000
Created during the year	1,000,000,000	500,000,000	-	-
At 31 December	2,000,000,000	1,000,000,000	1,000,000,000	500,000,000

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

13. SHARE CAPITAL *(Cont'd)*

	Group and Company			
	2014		2013	
	Number	RM	Number	RM
Issued and fully paid: -				
At 1 January	390,547,487	195,273,744	390,547,487	195,273,744
- Issued for cash via warrants converted	5,215,819	2,607,909	-	-
- Bonus issued	393,083,906	196,541,953	-	-
At 31 December	788,847,212	394,423,606	390,547,487	195,273,744

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In respect of the Company's treasury shares that are held by the Company as referred to in Note 14, all rights are suspended until those shares are reissued.

14. RESERVES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Distributable				
Retained earnings	1,133,459,775	1,033,362,912	114,764,186	198,384,816
Non-distributable				
Share premium	41,573,202	28,868,900	41,573,202	28,868,900
Warrants reserve	17,728,236	18,764,150	17,728,236	18,764,150
Treasury shares	(3,361,331)	(4,383,725)	(3,361,331)	(4,383,725)
Revaluation reserve	17,401,363	17,420,142	-	-
	73,341,470	60,669,467	55,940,107	43,249,325
	1,206,801,245	1,094,032,379	170,704,293	241,634,141

(a) Revaluation reserve

Group	2014 RM	2013 RM
At 1 January	17,420,142	17,778,354
Realised revaluation surplus	(22,928)	(547,877)
Reversal of deferred tax arising from change in tax rate (Note 7)	4,149	189,665
At 31 December	17,401,363	17,420,142

The revaluation reserve is used to record increased in fair value of freehold land and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity. Prior to 1 January 2006, revaluation increase of investment properties and land held for property development are also included in this reserve and the revaluation increase of investment properties has been subsequently recognised in retained earnings upon the adoption of FRS 140 in prior year.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

14. RESERVES *(Cont'd)*

(b) Warrants reserve

Warrants 2011/2016

The main features of the Warrants are as follows:

(i) Each warrant entitles the registered holder to subscribe for one new ordinary share of RM0.20 each in the Company at the exercise price of RM1.60 during exercise period, subject to the adjustments in accordance with the Deed Poll constituting the Warrants;

(ii) The Warrants may be exercised at any time on or after 26 August 2011 until the end of the tenure of the Warrants. The tenure of the Warrants is for a period of five years. The Warrants not exercised during the exercise period shall thereafter lapse and become void;

(iii) The new shares to be issued upon the exercise of the Warrants shall, upon allotment and issue, rank pari passu in all respects with the then existing shares of the Company except that they will not be entitled to any dividends, rights, allotments and/or distributions declared, made or paid by the Company prior to the relevant date of allotment and issue of the new shares to be issued pursuant to the exercise of the Warrants;

(iv) For purpose of trading on Bursa Securities, a board lot for the Warrants shall comprise one hundred (100) Warrants carrying right to subscribe for 100 new shares at any time during the exercise period or such denomination as determined by Bursa Securities; and

(v) The Deed Poll and accordingly the Warrants are governed by and shall be construed in accordance with the laws of Malaysia.

During the financial year, the exercise price of Warrants have adjusted to RM0.80 as provided for in the Deed Poll in the event of the issuance of new ordinary shares by the Company credited as fully paid-up by way of capitalisation of profits or reserves to the shareholders.

The Warrants exercised during the financial year were 5,077,819 at RM1.60 and 138,000 at RM0.80 respectively.

As at the year end, 182,909,404 Warrants remained unexercised.

(c) Treasury shares

The shareholders of the Company, by an ordinary resolution passed in the Annual General Meeting held on 24 June 2014, renewed their approval for the Company's plan to repurchase its own shares. The directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 400,000 of its issued share capital from the open market. The average price paid for the shares repurchased was RM4.05 per share including transaction costs, and the repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares.

In addition, the Company re-issued 2,000,000 treasury shares by resale in the open market. The average resale price of the treasury shares was RM4.44 per share.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

14. RESERVES *(Cont'd)*

(c) Treasury shares *(Cont'd)*

Treasury shares have no rights in voting, dividends and participation in any other distribution. Treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including substantial shareholding, take-overs, notices, the requisition of meeting, the quorum for a meeting and the result of a vote on a resolution at a meeting.

At 31 December 2014, the Group held 2,541,400 of the Company's shares. The number of outstanding ordinary share in issue after deducting treasury shares is therefore 786,305,812 (2013: 386,407,087) ordinary shares of RM0.50 each.

15. TRADE AND OTHER PAYABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Non-current				
Retention sums	-	869,054	-	-
Deposits payable	23,303,172	21,115,428	-	-
Provision for foreseeable loss of affordable housing	79,765,494	77,914,354	-	-
	103,068,666	99,898,836	-	-
Current				
Trade payables	92,084,473	63,038,463	-	-
Other payables: -				
Progress billings in respect of property development costs	14,554,066	67,571,524	-	-
Sundry payables	15,134,687	18,300,418	120,010	52,063
Dividend payables	45,700,820	-	45,700,820	-
Deposits payable	2,685,591	2,034,143	-	-
Accruals	19,158,737	28,826,809	441,882	444,762
	97,233,901	116,732,894	46,262,712	496,825
	189,318,374	179,771,357	46,262,712	496,825
	292,387,040	279,670,193	46,262,712	496,825

Further information for trade payables is disclosed in Note 26(d) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

16. LOANS AND BORROWINGS

	Group 2014 RM	Group 2013 RM
Non-current		
Secured		
- Revolving credit	-	7,740,000
- Term loans	116,863,021	122,978,137
	116,863,021	130,718,137
Current		
Secured		
- Bank overdraft	4,928,816	13,992,201
- Bankers acceptance	10,700,000	5,400,000
- Revolving credit	-	5,184,000
- Term loan	24,066,348	14,653,848
	39,695,164	39,230,049
Unsecured		
- Bankers acceptance	-	20,600,000
	39,695,164	59,830,049
	156,558,185	190,548,186

The loans and borrowings are secured by mean of: -

(a) fixed charge over the land held for property development of the Company as referred to in Note 4;
(b) fixed charge over the investment properties of the Company as referred to in Note 5;
(c) fixed charge over property of certain directors of the Company;
(d) guarantee by certain directors of the Company jointly and severally; and
(e) corporate guarantee by the Company.

17. REVENUE

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Sale of development properties	643,058,246	520,339,450	-	-
Construction contract	-	22,226,940	-	-
Compensation sum from compulsory acquisition	12,144	353,798	-	-
Rental income from investment properties	82,415,002	71,812,578	-	-
Hotel and food and beverage revenue	72,084,350	62,796,096	-	-
Car park operations	3,456,542	2,448,470	-	-
Dividend income from subsidiaries	-	-	150,000,000	5,000,000
Management fees from subsidiaries	-	-	6,464,000	5,355,000
Other trade sales	-	26,208	-	-
	801,026,284	680,003,540	156,464,000	10,355,000

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

18. COST OF SALES

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Property development costs	277,164,998	204,679,403	-	-
Cost of inventories sold	19,880,584	42,033,123	-	-
Cost of compulsory acquisition of land	14,078	99,416	-	-
Construction cost	-	27,896,293	-	-
Post construction cost	11,387,343	37,377	-	-
Cost of running hotel and food and beverage	23,523,591	22,691,643	-	-
Cost of running investment properties	13,780,676	12,450,640	-	-
Other trade cost	-	72,072	-	-
	345,751,270	309,959,967	-	-

19. OTHER INCOME

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Interest income	4,098,706	1,927,702	11,578,185	5,204,905
Rental income	4,126,554	3,941,039	-	-
Sundry income	2,549,808	1,474,521	-	-
Fair value adjustment of investment property	88,200,835	7,809,188	-	-
	98,975,903	15,152,450	11,578,185	5,204,905

20. FINANCE COSTS

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Interest expense of financial liabilities that are not at fair value through profit or loss:				
Bank charges	1,055,749	983,979	2,448	2,495
Bank borrowings	739,830	1,512,011	-	-
Term loans	6,869,221	7,532,393	-	-
Finance lease	-	996	-	-
Inter-companies loan	-	-	62,849	39,727
Others	-	6,580	-	-
	8,664,800	10,035,959	65,297	42,222

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

21. PROFIT BEFORE TAX

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Profit before tax are stated after charging/(crediting): -				
Auditors' remuneration				
- current year	207,500	221,000	20,000	23,000
- other services	-	80,500	-	12,500
Depreciation of property, plant and equipment	10,531,328	10,624,600	-	155
Executive directors' remuneration:				
Other emoluments				
- directors of the Company	28,429,357	24,372,185	6,020,467	4,968,997
- directors of subsidiaries	12,584,274	10,065,280	-	-
Non-executive directors' remuneration:				
- fees	90,000	90,000	90,000	90,000
- other emoluments	17,000	18,000	17,000	18,000
Loss on disposal of property, plant and equipment	52,000	161,250	-	-
Property, plant and equipment written off	255,521	1,166	-	-
Rental of machinery	-	1,566	-	-
Rental of premises	834,295	-	-	-
Staff costs (excludes directors' remuneration):				
- wages, salaries and others	26,563,676	24,653,796	-	-
- contribution to state plans	2,368,461	2,256,227	-	-
- other personnel costs	3,644,571	3,963,441	-	-

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

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Executive:				
- salary and bonus	23,905,350	20,493,200	5,074,350	4,188,000
- contribution to state plans	4,521,174	3,876,152	943,284	778,164
- other personnel costs	2,833	2,833	2,833	2,833
	28,429,357	24,372,185	6,020,467	4,968,997

22. INCOME TAX EXPENSE

	2014 RM	2013 RM
<u>**Group**</u>		
Recognised in profit or loss: -		
Current tax expense: -		
Malaysian		
- current year	83,702,700	60,204,070
- under provision in prior years	(1,128,783)	212,550
	82,573,917	60,416,620

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

22. INCOME TAX EXPENSE *(Cont'd)*

	2014 RM	2013 RM
Deferred tax expense: -		
Relating to origination and reversal of temporary differences	7,454,505	6,672,641
Deferred tax recognised at different tax rate	(545,000)	(2,868,781)
Deferred tax recognised relating to changes in real property gain (RPGT) rate	-	10,036,248
Over provision in prior years	-	(338,089)
	6,909,505	13,502,019
Total income tax expense	89,483,422	73,918,639
Reconciliation of tax expense: -		
Profit before tax	431,800,130	255,448,660
Income tax calculated using Malaysian tax rate of 25% (2013: 25%)	107,950,033	63,862,165
Income not subject to tax	-	(28,538)
Non-deductible expenses	4,001,180	3,241,404
Deferred tax recognised at different tax rate	(20,001,000)	(2,868,781)
Deferred tax recognised relating to changes in real property gain (RPGT) rate	-	10,036,248
Deferred tax asset not recognised during the year	650,073	7,524
Tax savings arising from Investment Tax Allowance	(1,391,657)	-
Tax savings arising from allowance on solar and energy saving system	(596,424)	-
Utilisation of previously unrecognised tax losses	-	(205,844)
Under provision of income tax expense in prior years	(1,128,783)	212,550
Over provision of deferred tax in prior years	-	(338,089)
Tax expense for the year	89,483,422	73,918,639

<u>Company</u>

	2014 RM	2013 RM
Recognised in profit or loss: -		
Current tax expense: -		
Malaysian		
- current year	2,962,000	1,354,000
- under provision in prior years	(1,872)	10,236
	2,960,128	1,364,236
Reconciliation of tax expense: -		
Profit before tax	161,582,271	10,248,322
Income tax calculated using Malaysian tax rate of 25% (2013: 25%)	40,395,568	2,562,081
Income not subject to tax	(37,500,000)	(1,250,000)
Non-deductible expenses	66,432	41,919
Under provision of income tax expense in prior years	(1,872)	10,236
Tax expense for the year	2,960,128	1,364,236

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

22. INCOME TAX EXPENSE *(Cont'd)*

* The Malaysian Budget 2014 announced the reduction of corporate rax rate to 24% with effect from Year of Assessment 2016. Consequently, deferred tax assets and liabilities which are expected to reverse in year 2016 and beyond are measured using the tax rate of 24%.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2014 RM	**2013 RM**
Unabsorbed capital allowance	4,000	4,000
Unutilised tax losses	3,694,900	1,095,200

23. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at the end of reporting period was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding excluding treasury shares held by the Company, calculated as follows:

	Group	
	2014 RM	**2013 RM**
Profit attributable to ordinary shareholders (RM)	342,316,708	181,530,021
Weighted average number of ordinary shares at 31 December	780,568,129	772,812,174 *
Basic earnings per ordinary share (sen)	43.85	23.49

Diluted earnings per ordinary share

The calculation of diluted earnings per share at the end of reporting period was based on profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding after adjustment for the effects of all diluted potential ordinary shares, calculated as follow:

	Group	
	2014 RM	**2013 RM**
Profit attributable to ordinary shareholders	342,316,708	181,530,021
	Number of shares	Number of shares
Weighted average number of ordinary shares (basic)	780,568,129	772,812,174 *
Effects of dilution:		
- Unexercised warrants	87,348,573	36,881,996 *
Weighted average number of ordinary shares (diluted) at 31 December	867,916,702	809,694,170
Diluted earnings per ordinary share (sen)	39.44	22.42

* The bonus issue was without consideration and it is treated as if it has occurred before the beginning of 1 January 2013.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

24. DIVIDENDS

Dividends declared by the Company and accounted for in the statement of changes in equity as an appropriation of retained earnings in the year ended 31 December 2014 is:

	Sen per share	Number of shares as at 29 January 2015, net of treasury shares	Total amount RM
2014 - Interim, single tier	5.00	914,016,394	45,700,820

The dividend was paid after the reporting date with the payment method as disclosed in Note 32 to the financial statements.

After the reporting date, the directors recommended a final ordinary single tier dividend of 5 sen per ordinary share in respect of the year ended 31 December 2014 subject to the approval of the shareholders at the forthcoming Annual General Meeting. The financial statements do not reflect this proposed final dividend, which will be accounted for in the statement of changes in equity as an appropriation of retained earnings in the year ending 31 December 2015.

25. OPERATING SEGMENTS

The Group has five reportable segments, as described below, which are offer different services. For each of the business segments, the Group Managing Director reviews the internal management reports on monthly basis. The following summary describes the operations in each of the Group's reportable segments:

(i) *Property development* - The development of residential and commercial properties;
(ii) *Property management* - Management of apartments;
(iii) *Property investment* - Investment of real properties and hotel;
(iv) *Investment holding* - Provision of management services to the subsidiaries; and
(v) *Car park operation* - Car park management services

Performance is measured based on revenue and operating profit as the management believes that such information is the most relevant in evaluating the results of the operation.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Segment assets
The total of segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group Managing Director. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities
Segment liabilities information is also included in the internal management reports provided to the Group Managing Director.

Segment capital expenditure
Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment and investment properties.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

25. OPERATING SEGMENTS *(Cont'd)*

Group	Property development RM	Property management RM	Property investment RM	Carpark operation RM	Investment holding RM	Eliminations RM	Total RM
2014							
Revenue							
External sales							
- Sales of properties	643,070,390	-	-	-	-	-	643,070,390
- Rental income	-	-	82,415,002	-	-	-	82,415,002
- Hotel, food and beverage	-	-	72,084,350	-	-	-	72,084,350
- Carpark income	-	-	-	3,456,542	-	-	3,456,542
Inter-segment	-	-	120,000	-	156,464,000	(156,584,000)	-
	643,070,390	-	154,619,352	3,456,542	156,464,000	(156,584,000)	801,026,284
Other income							
- Fair value adjustment	-	-	88,200,835	-	-	-	88,200,835
- Rental income	4,126,554	-	180,000	-	-	(180,000)	4,126,554
- Others	6,168,090	233,812	241,695	4,568	349	-	6,648,514
Inter-segment	3,822,642	-	-	48,648	11,577,836	(15,449,126)	-
	14,117,286	233,812	88,622,530	53,216	11,578,185	(15,629,126)	98,975,903
Results							
Segment results	272,844,583	225,176	167,775,107	2,921,622	161,647,568	(164,949,126)	440,464,930
Finance cost							(8,664,800)
Income tax							(89,483,422)
Net profit for the year							342,316,708
Group							
Other information							
Segment assets	1,630,091,913	4,726	591,911,192	3,115,734	617,632,939	(735,932,543)	2,106,823,961
Consolidated total assets							2,106,823,961
Segment liabilities	974,116,571	40,409	16,230,173	821,163	52,505,040	(538,114,246)	505,599,110
Consolidated total liabilities							505,599,110
Capital expenditure	4,613,568	-	2,031,098	-	-		6,644,666
Depreciation of property, plant and equipment	1,601,122	-	8,930,206	-	-		10,531,328
2013							
Revenue							
External sales							
- Sales of properties	542,946,396	-	-	-	-	-	542,946,396
- Rental income	-	-	71,812,578	-	-	-	71,812,578
- Hotel, food and beverage	-	-	62,796,096	-	-	-	62,796,096
- Carpark income	-	-	-	2,448,470	-	-	2,448,470
Inter-segment	-	-	120,000	-	10,355,000	(10,475,000)	-
	542,946,396	-	134,728,674	2,448,470	10,355,000	(10,475,000)	680,003,540

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

25. OPERATING SEGMENTS *(Cont'd)*

Group	Property development RM	Property management RM	Property investment RM	Carpark operation RM	Investment holding RM	Eliminations RM	Total RM
Other income							
- Fair value adjustment	-	-	7,809,188	-	-	-	7,809,188
- Rental income	4,301,039	-	60,000	-	-	(420,000)	3,941,039
- Others	3,313,087	81,198	-	5,323	2,615	-	3,402,223
Inter-segment	1,490,196	-	-	15,671	5,202,290	(6,708,157)	-
	9,104,322	81,198	7,869,188	20,994	5,204,905	(7,128,157)	15,152,450
Results							
Segment results	157,727,775	76,082	107,121,814	1,976,561	10,290,544	(11,708,157)	265,484,619
Finance costs							(10,035,959)
Income tax							(73,918,639)
Net profit for the year							181,530,021
Other information							
Segment assets	1,478,711,650	10,353,503	427,933,580	777,942	438,183,465	(554,047,307)	1,801,912,833
Consolidated total assets							1,801,912,833
Segment liabilities	958,737,286	10,388,655	11,917,395	673,466	1,275,580	(470,385,672)	512,606,710
Consolidated total liabilities							512,606,710
Capital expenditure	4,770,325	-	10,034,660	1,480	-	-	14,806,465
Depreciation of property, plant and equipment	1,771,478	-	8,852,930	37	155	-	10,624,600

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

26. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

(i) Loans and receivables ('L&R')
(ii) Financial liabilities measured at amortised cost ('FL')

	Group		Company	
	Carrying amount RM	L&R/(FL) RM	Carrying amount RM	L&R/(FL) RM
31 December 2014				
Financial assets				
Trade and other receivables	141,660,214	141,660,214	-	-
Amount due by subsidiaries	-	-	532,978,122	532,978,122
Cash and bank balances	67,026,089	67,026,089	205,855	205,855
	208,686,303	208,686,303	533,183,977	533,183,977
Financial liabilities				
Trade and other payables	(198,067,480)	(198,067,480)	(46,262,712)	(46,262,712)
Amount due to subsidiaries	-	-	(5,162,124)	(5,162,124)
Loans and borrowings	(156,558,185)	(156,558,185)	-	-
	(354,625,665)	(354,625,665)	(51,424,836)	(51,424,836)
31 December 2013				
Financial assets				
Trade and other receivables	136,689,773	136,689,773	1,061	1,061
Amount due by subsidiaries	-	-	354,280,530	354,280,530
Cash and bank balances	105,831,617	105,831,617	252,917	252,917
	242,521,390	242,521,390	354,534,508	354,534,508
Financial liabilities				
Trade and other payables	(134,184,315)	(134,184,315)	(496,825)	(496,825)
Amount due to subsidiaries	-	-	(363,105)	(363,105)
Loans and borrowings	(190,548,186)	(190,548,186)	-	-
	(324,732,501)	(324,732,501)	(859,930)	(859,930)

(b) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

26. FINANCIAL INSTRUMENTS *(Cont'd)*

(c) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

(i) Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. The Group uses ageing analysis to monitor the credit quality of the receivables.

The balance of trade receivables are not secured by any collateral or supported by any other credit enhancements.

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

	Gross RM	Individual impairment RM	Collectively impairment RM	Net RM
2014				
Not past due	58,310,409	-	-	58,310,409
Past due 1 to 30 days	9,525,675	-	-	9,525,675
Past due 31 to 60 days	11,833,383	-	-	11,833,383
Past due 61 to 90 days	13,091,085	-	-	13,091,085
Past due 91 to 120 days	12,198,663	-	-	12,198,663
Past due more than 121 days	20,611,534	-	-	20,611,534
	125,570,749	-	-	125,570,749
2013				
Not past due	42,688,765	-	-	42,688,765
Past due 1 to 30 days	15,885,329	-	-	15,885,329
Past due 31 to 60 days	9,011,822	-	-	9,011,822
Past due 61 to 90 days	3,985,684	-	-	3,985,684
Past due 91 to 120 days	5,971,051	-	-	5,971,051
Past due more than 121 days	35,265,639	-	-	35,265,639
	112,808,290	-	-	112,808,290

Trade receivables that are past due but not impaired

The Company has trade receivables amounting to RM67,260,340 (2013: RM70,119,525) that are past due at the reporting date but not impaired.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

26. FINANCIAL INSTRUMENTS *(Cont'd)*

(c) Credit risk *(Cont'd)*

(ii) Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayment made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM156,558,185 (2013: RM191,290,646) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(iii) Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiaries.

(d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company actively manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

26. FINANCIAL INSTRUMENTS *(Cont'd)*

(d) Liquidity risk *(Cont'd)*

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments.

	Carrying amount RM	Contractual interest rate	Contractual cash flows RM	Under 1 year RM	1-5 years RM	Over 5 years RM
Group						
2014						
Non-derivative financial liabilities						
Trade and other payables	198,067,480	-	198,067,480	174,764,308	23,303,172	-
Bank overdraft	4,928,816	4.60%	4,928,816	4,928,816	-	-
Bankers acceptance	10,700,000	4.00%	10,700,000	10,700,000	-	
Term loans	140,929,369	4.89%	166,101,333	28,376,803	116,128,689	21,595,841
	354,625,665		379,797,629	218,769,927	139,431,861	21,595,841
Group						
2013						
Non-derivative financial liabilities						
Trade and other payables	134,184,315	-	134,184,315	114,634,194	19,550,121	-
Bank overdraft	13,992,201	4.60%	13,992,201	13,992,201	-	-
Bankers acceptance	26,000,000	4.00%	26,000,000	26,000,000	-	-
Revolving credit	12,924,000	4.85%	13,298,376	5,334,168	7,964,208	
Term loans	137,631,985	4.65%	161,860,249	21,146,924	100,537,876	40,175,449
	324,732,501		349,335,141	181,107,487	128,052,205	40,175,449
Company						
2014						
Non-derivative financial liabilities						
Other payables	46,262,712	-	46,262,712	46,262,712	-	-
Amount due to subsidiaries	5,162,124	3.25%	5,162,124	5,162,124	-	-
	51,424,836		51,424,836	51,424,836	-	-
2013						
Non-derivative financial liabilities						
Other payables	496,825	-	496,825	496,825	-	-
Amount due to subsidiaries	363,105	1.5%	363,105	363,105	-	-
	859,930		859,930	859,930	-	-

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

26. FINANCIAL INSTRUMENTS *(Cont'd)*

(e) Market risk

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

(i) Interest rate risk

The Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Company managed interest rate risk through effective use of its floating and fixed rate debts.

Exposure to interest rate risk

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

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Floating rate instruments				
Financial liabilities	156,558,185	190,548,186	5,164,124	363,105

Interest rate risk sensitivity analysis

- Cash flow sensitivity analysis for variable rate instruments

  A change of 100 basis points ("bp") in interest rates during the reporting period would have increased/(decreased) pre-tax profit or loss by RM1,565,600 (2013: RM1,905,500).

(f) Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables, amount due by/(to) subsidiaries and short-term borrowings approximate fair values due to the relatively short term nature of these financial instruments. The carrying amount of long term deposits payable is a reasonable approximation to its fair value.

The following table shows an analysis of each class of assets measured at fair value at the end of the reporting period:

	Fair value measurement at the end of the reporting year using:			Total
	Level 1	Level 2	Level 3	
Group	RM	RM	RM	RM
2014				
Asset				
Investment property	-	151,637,602	432,590,000	584,227,602
2013				
Asset				
Investment property	-	75,926,426	345,900,000	421,826,426

Fair value information

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

26. FINANCIAL INSTRUMENTS *(Cont'd)*

(f) Fair value of financial instruments *(Cont'd)*

Level 3 fair value is estimated using unobservable input for the financial assets and liabilities. The fair value of the loans and borrowings is calculated using discounted cash flows where the market rate of interest is determined by reference to similar borrowing arrangements.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There has been no transfer within levels of fair value during the current financial year.

27. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises borrowings and trade and other payables, less cash and bank balances whereas total capital comprises the equity attributable to equity holders of the Company.

The gearing ratios were as follows:

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Trade and other payables	198,067,480	134,184,315	46,262,712	496,825
Amount due to subsidiaries	-	-	5,162,124	363,105
Total loans and borrowings	156,558,185	190,548,186	-	-
Less: Cash and cash equivalents	(67,026,089)	(105,831,617)	(205,855)	(252,917)
Net debt	287,599,576	218,900,884	51,218,981	607,013
Equity	1,601,224,851	1,289,306,123	565,127,899	436,907,885
Total capital	1,601,224,851	1,289,306,123	565,127,899	436,907,885
Capital and net debt	1,888,824,427	1,508,207,007	616,346,880	437,514,898
Gearing ratio	15.23%	14.51%	8.31%	0.14%

The Group disregarded provision for foreseeable loss of affordable housing and progress billings in respect of property development costs as debt.

There was no change in the Group's approach to capital management during the financial year.

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

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

28 COMMITMENTS

(i) Capital commitments

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

	Group	
	2014 RM	2013 RM
Capital expenditure:		
Approved and contracted for:		
Freehold land	65,676,381	56,534,504

(ii) Operating lease arrangements (as lessor)

The Group has entered into non-cancellable operating leases agreements on its investment property. The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the reporting date but not recognised as receivables, are as follows:

	Group	
	2014 RM	2013 RM
Not later than 1 year	47,573,540	116,554,403
Later than 1 year but not later than 5 years	43,671,740	57,712,345
	91,245,280	174,266,748

29. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its subsidiaries, significant investors, directors and key management personnel.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

29. RELATED PARTIES *(Cont'd)*

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and the Company are shown below:

	Note	2014 RM	2013 RM
A. Susidiary companies			
Management fees receivable from subsidiaries		6,464,000	5,355,000
Loan interest receivable from subsidiaries		11,578,185	5,202,290
Loan interest payable to subsidiaries		62,849	39,727
Dividend receivable from subsidiaries		150,000,000	5,000,000
B. Companies in which certain directors have interest			
Rental receivable from:			
- Harapan Terang Motor Sdn. Bhd.	(a)	20,400	20,400
- Bestari Bestmart Sdn. Bhd.	(b)	1,728,000	1,602,000
Rental payable to:			
- Bintang-Bintang Sdn. Bhd.	(c)	195,000	510,000
Purchases from:			
- Harapan Terang Motor Sdn. Bhd.	(a)	139,681	84,071
- Wawasan Batu-Bata Sdn. Bhd.	(d)	8,611,670	9,798,360
C. Related party			
Professional fee payable to Y K Chin Advocate & Solicitors (*)	(e)	-	21,710
D. Key management personnel			
Directors			
- Remuneration		34,890,350	29,355,600
Social security contributions		6,817	6,817
Contribution to state plans		6,116,464	5,075,048
		41,013,631	34,437,465

Note:

(a) In which Ku Tien Sek has interest.
(b) In which Ku Hwa Seng has interest.
(c) In which Khoo Cheng Hai @ Ku Cheng Hai, Ku Hwa Seng, Ku Tien Sek and directors of certain subsidiary companies, Ku Wa Chong, Ku Keng Leong, Ku Ek Mei, Ku Keng Yaw have interest.
(d) In which Khoo Cheng Hai @ Ku Cheng Hai, Ku Hwa Seng, Ku Tien Sek and directors of certain subsidiary companies, Ku Wa Chong, Ku Keng Leong, Khoo Keng Ghiap, Ku Ek Mei, Khoo Lee Feng, Ku Keng Yaw have interest.
(e) In which the spouse of a director of certain subsidiary companies, Ku Ek Mei has interest.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

30. ACQUISITION OF SUBSIDIARIES

During the financial year, the Group has acquired:

i) 3 ordinary shares of RM1.00 each in KSL Medini Development Sdn. Bhd., representing 100% of the issued and paid-up share capital of the subsidiary, for a total cash consideration of RM3 on 4 January 2014; and

ii) 2 ordinary shares of RM1.00 each in VIP Beyond Sdn. Bhd., representing 100% of the issued and paid-up share capital of the subsidiary, for a total cash consideration of RM2 on 18 August 2014.

	Group 2014 RM
Net cash outflow arising from acquisition of subsidiaries	
Purchase consideration settled in cash and cash equivalents	(5)
Cash and cash equivalents acquired	-
	(5)

31. SIGNIFICANT EVENTS

(a) *Proposed Combination of New Issue of Securities*

On 2 October 2014, the Company announced to undertake the following proposals:

(i) bonus issue of up to 487,149,008 new ordinary shares of RM0.50 each in the Company to be credited as fully paid-up, on the basis of one bonus share for every one existing share held;

(ii) establishment of a dividend reinvestment plan ("DRP") that will provide shareholders of the Company the option to elect to reinvest in whole or in part their cash dividend, which includes any interim, final, special or other cash dividend, in new ordinary shares of the Company; and

(iii) increase the authorised share capital of the Company from RM500,000,000 to RM1,000,000,000 by way of creation of 1,000,000,000 ordinary shares of RM0.50 each.

Bursa Malaysia Securities Berhad ("Bursa Securities") granted its approval for the listing and quotation on 3 November 2014 for the following:

(i) listing of and quotation for up to 487,149,008 Bonus Shares to be issued pursuant to the Proposed Bonus Issue;

(ii) listing of and quotation for up to 94,330,721 Warrants arising from the adjustments pursuant to the Proposed Bonus Issue; and

(iii) listing of and quotation for up to 94,330,721 new ordinary shares arising from the exercise of the additional Warrants.

The shareholders of the Company approved all the proposals at the Extraordinary General Meeting of the Company held on 28 November 2014.

On 22 December 2014, 393,083,906 bonus shares and 91,523,702 additional warrants 2011/2016 were listed and quoted on the Main Market of Bursa Securities. The exercise price of the outstanding Warrants is revised from RM1.60 to RM0.80.

Bursa Securities has on 30 December 2014 approved the listing and quotation of up to 31,860,873 new ordinary shares of RM0.50 each in the Company which issued pursuant to the DRP.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

31. SIGNIFICANT EVENTS *(Cont'd)*

(b) *Other significant events*

Other significant events relating to dividends and changes in the composition of the Group are disclosed in Note 24 and Note 30 respectively.

32. SUBSEQUENT EVENTS

(a) Acquisition of land

On 30 January 2015, the following wholly-owned subsidiaries of the Company, had entered into four separate Sale and Purchase Agreement with a third party to acquire all those pieces of freehold agriculture vacant land as described below, for a total consideration of RM90,616,370.

Subsidiaries	**Consideration RM**
KSL Development Sdn Bhd	28,029,510
Goodpark Development Sdn Bhd	32,657,285
Eversonic Sdn Bhd	16,108,597
Bintang-Bintang Development Sdn Bhd	13,820,978
	90,616,370

(b) Dividends

On 28 November 2014, the directors declared an interim single tier dividend of 5 sen per ordinary share in respect of the current financial year, to be paid and distributed to shareholders whose names appear in the Record of Depositors at the close of business on 29 January 2015. The dividend with the total amounting to RM45,700,820 was distributed to the shareholders based on the issued and paid up share capital of 914,016,394 ordinary shares (excluding treasury shares held by the Company) as at 29 January 2015.

On 25 February 2015, 27,037,633 new ordinary shares of RM0.50 each in the Company pursuant to the dividend reinvestment plan have been allotted and issued at issue price of RM1.57 per share, which listed and quoted on the Main Market of Bursa Securities on the next day. The remaining has paid in cash totalling RM3,251,736.

(c) Acquisition of subsidiaries

On 6 March 2015, the Company has acquired two ordinary shares of RM1.00 each of Mission Golf Sdn. Bhd., representing 100% of its total issued and paid-up share capital for a total consideration of RM2.00. Following the acquisition, Mission Golf Sdn. Bhd. became a wholly-owned subsidiary of the Company.

Further on 24 March 2015, the Company has incorporated two subsidiaries namely KSL Cekap Bina Sdn. Bhd. and KSL Perfect Builder Sdn. Bhd.. The transfer of the three subscribers' shares of RM1.00 each to the Company was completed.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

33. COMPARATIVE FIGURES

The financial statements of previous year which are presented for comparative purposes were examined and reported on by another firm of auditors. Certain comparative figures have been reclassified where necessary to conform to the current year's presentation.

34. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Total retained profits of the Company and its subsidiaries				
- Realised	973,241,533	953,875,335	114,764,186	198,384,816
- Unrealised	222,480,869	141,750,204	-	-
Total retained earnings	1,195,722,402	1,095,625,539	114,764,186	198,384,816
Less: Consolidation adjustments	(62,262,627)	(62,262,627)	-	-
Retained profits as per financial statements	1,133,459,775	1,033,362,912	114,764,186	198,384,816

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

LIST OF MAJOR PROPERTIES HELD BY THE GROUP

As at 31 December 2014

No.	Lot No.	Description	Land Area (sq. ft.)	Existing Use	Tenure	Approximate Age (Year)	Net Book Value as at 31.12.2014 (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	4	310,000,000	31.12.2014
02.	Lot 6412 & Lot 6415 Geran 24269 Mukim of Klang District of Klang Selangor Darul Ehsan	Development land approved for mixed development	13,141,834	Bandar Bestari	Freehold	–	145,272,480	01.11.2007
03.	Lot 2437 (CT 13581) Mukim of Tebrau District of Johor Bahru Johor Darul Takzim	Subdivided land under development	10,195,000	Taman Bestari Indah	Freehold	–	131,686,767	27.02.2002
04.	PTB 22817 Mukim of Johor Bahru District of Johor Bahru Johor Darul Takzim	Resort	295,515	KSL Resort	Freehold	2	120,137,308	21.03.2006
05.	PTD 84133 Mukim of Tebrau District of Johor Bahru Johor Darul Takzim	Subdivided land under development	3,503,975	Taman Kempas Indah	Freehold	–	115,715,787	16.08.2002
06.	Lot 3047 Grant 19318 Mukim of Kluang District of Kluang Johor Darul Takzim	Subdivided land under development	6,068,779	Taman Mengkibol	Freehold	–	82,038,163	12.11.2010
07.	Lot 6412 & Lot 6415 Geran 24269 Mukim of Klang District of Klang Selangor Darul Ehsan	Investment land approved for commercial lot	3,440,369	Bandar Bestari	Freehold	–	78,178,818	30.12.2014
08.	PTD 136166 (Partially) Mukim of Pulai District of Johor Bahru Johor Darul Takzim	Commercial complex	186,872	Giant Nusa Bestari	Freehold	6	66,000,000	31.12.2014
09.	Lot 6530 Mukim of Kesang District of Muar Johor Darul Takzim	Commercial complex	175,677	Giant Muar	Leasehold expired on 12.09.2098	8	56,590,000	31.12.2014
10.	Lot 123 Jalan Madge Kuala Lumpur	Development land approved for residential	35,622	18 Madge	Freehold	–	49,445,872	14.06.2010

ANALYSIS OF SHAREHOLDINGS

Authorised Share Capital	:	RM1,000,000,000.00 (2,000,000,000 Ordinary Shares of RM0.50 each)
Issued and fully paid-up	:	RM479,328,546.50 (958,657,093 Ordinary Shares of RM0.50 each)
Class of Shares	:	Ordinary Shares of RM0.50 each
Voting Rights	:	One (1) Vote per Ordinary Share

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 30 APRIL 2015

Size of Holdings	No. of Shareholders	No. of Shareholdings	Percentage of Shareholdings (%)
1 – 99	306	14,989	0.00
100 – 1,000	439	266,651	0.03
1,001 – 10,000	2,360	11,489,082	1.20
10,001 – 100,000	1,203	36,816,873	3.85
100,001 – 47,768,053 (*)	349	550,031,962	57.57
47,768,054 and above (**)	2	356,741,536	37.34
Total	**4,659**	**955,361,093 (***)**	**100.00**

Notes:
*	*Less than 5% of the issued and paid-up share capital.*
**	*5% and above of the issued and paid-up share capital.*
***	*The number of 955,361,093 Ordinary Shares was arrived at after deducting 3,296,000 treasury shares retained by the Company from the issued and paid-up share capital of 958,657,093 Ordinary Shares.*

DIRECTORS' SHAREHOLDINGS AS PER THE RECORD OF DEPOSITORS AS AT 30 APRIL 2015

		Direct Shareholdings		Indirect Shareholdings	
No.	Directors	No. of Shares	%	No. of Shares	%
1.	Khoo Cheng Hai @ Ku Cheng Hai	80,461,363	8.42	312,305,728	32.69
2.	Ku Hwa Seng	77,133,303	8.07	308,522,292	32.29
3.	Ku Tien Sek	50,537,399	5.29	308,522,292	32.29
4.	Lee Chye Tee	-	-	-	-
5.	Gow Kow	-	-	-	-
6.	Goh Tyau Soon	-	-	-	-
7.	Tey Ping Cheng	-	-	-	-

Notes:
*	*Deemed interested by virtue of his interest in Premiere Sector Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965 and pursuant to Section 134(12)(c) of the Companies Act, 1965.*
**	*Deemed interested by virtue of their respective interest in Premiere Sector Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.*

ANALYSIS OF SHAREHOLDINGS *(Cont'd)*

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 30 APRIL 2015

		Direct Shareholdings		Indirect Shareholdings	
No.	Substantial Shareholders	No. of Shares	%	No. of Shares	%
1.	Premiere Sector Sdn. Bhd.	308,522,292	32.29	-	-
2.	Khoo Cheng Hai @ Ku Cheng Hai	80,461,363	8.42	312,305,728	32.69
3.	Ku Hwa Seng	77,133,303	8.07	308,522,292	32.29
4.	Ku Tien Sek	50,537,399	5.29	308,522,292	32.29
5.	Ku Wa Chong	11,599,585	1.21	308,522,292	32.29

Notes:

* *Deemed interested by virtue of his interest in Premiere Sector Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965 and pursuant to Section 134(12)(c) of the Companies Act, 1965.*

** *Deemed interested by virtue of their respective interest in Premiere Sector Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.*

LIST OF TOP THIRTY (30) SHAREHOLDERS AS AT 30 APRIL 2015

No.	Name	No. of Shares	%
1.	Premiere Sector Sdn. Bhd.	308,522,292	32.29
2.	Khoo Cheng Hai @ Ku Cheng Hai	48,219,244	5.05
3.	HSBC Nominees (Asing) Sdn Bhd Exempt An For Bank Julius Baer & Co. Ltd.	47,051,048	4.92
4.	Ku Hwa Seng	45,594,966	4.77
5.	Ku Tien Sek	39,980,456	4.18
6.	Khoo Cheng Hai @ Ku Cheng Hai	32,242,119	3.37
7.	Ku Hwa Seng	31,538,337	3.30
8.	Amanahraya Trustees Berhad Public Smallcap Fund	27,068,619	2.83
9.	Citigroup Nominees (Asing) SdnBhd Exempt An For Citibank New York	15,015,749	1.57
10.	Ku Tien Sek	10,556,943	1.11
11.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	10,040,000	1.05
12.	Strata Century Sdn Bhd	9,647,750	1.01
13.	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Insurance Berhad	9,300,000	0.97
14.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad	9,000,000	0.94
15.	Ku Wa Chong	8,615,696	0.90
16.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An For UOB Kay Hian Pte Ltd	8,196,017	0.86
17.	Maybank Nominees (Tempatan) Sdn. Bhd. Etiqa Insurance Berhad	8,189,945	0.86
18.	Amanahraya Trustees Berhad Public Islamic Opportunities Fund	8,042,422	0.84
19.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	7,885,451	0.83
20.	HSBC Nominees (Asing) Sdn Bhd Exempt An For the Bank of New York Mellon	7,480,881	0.78

ANALYSIS OF SHAREHOLDINGS *(Cont'd)*

LIST OF TOP THIRTY (30) SHAREHOLDERS AS AT 30 APRIL 2015 *(Cont'd)*

No.	Name	No. of Shares	%
21.	Amanahraya Trustees Berhad Public Strategic Smallcap Fund	7,017,385	0.73
22.	Damai Motor Kredit Sdn Bhd	6,374,942	0.67
23.	Tokio Marine Life Insurance Malaysia Berhad	5,015,602	0.52
24.	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	4,547,309	0.48
25.	LTK (Melaka) Sdn Bhd	4,509,700	0.47
26.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Eastspring Investments small-Cap Fund	4,489,784	0.47
27.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad	3,975,200	0.42
28.	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Insurance Berhad	3,883,472	0.41
29.	Khoo Keng Ghiap	3,783,436	0.40
30.	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Insurance Berhad	3,686,686	0.39

ANALYSIS OF WARRANT HOLDINGS

No. of Warrants in issue	:	40,287,156
No. of Warrant Holders	:	995
Exercise Price of Warrants	:	RM1.60 per share
Voting Rights	:	One (1) Vote per warrant holder on show of hands One (1) Vote per warrant holder on a poll } in the meeting of warrant holders

ANALYSIS BY SIZE OF WARRANT HOLDINGS AS AT 30 APRIL 2015

Size of Warrant Holdings	No. of Warrant Holders	(%)	No. of Warrants	(%)
1 – 99	7	0.70	136	0.00
100 – 1,000	89	8.94	57,294	0.14
1,001 – 10,000	541	54.37	2,814,516	6.99
10,001 – 100,000	294	29.55	9,931,266	24.65
100,001 – 2,014,356 (*)	62	6.23	22.560,544	56.00
2,014,357 and above (**)	2	0.20	4,923,400	12.22
Total	**995**	**100.00**	**40,287,156**	**100.00**

Notes:
**	Less than 5% of Issued Holdings*
***	5% and above of Issued Holdings*

DIRECTORS' WARRANT HOLDINGS AS AT 30 APRIL 2015

		Direct Shareholdings		Indirect Shareholdings	
No.	**Directors**	**No. of Warrants**	**%**	**No. of Warrants**	**%**
1.	Khoo Cheng Hai @ Ku Cheng Hai	-	-	-	-
2.	Ku Hwa Seng	-	-	-	-
3.	Ku Tien Sek	-	-	-	-
4.	Lee Chye Tee	-	-	-	-
5.	Gow Kow	-	-	-	-
6.	Goh Tyau Soon	-	-	-	-
7.	Tey Ping Cheng	-	-	-	-

SUBSTANTIAL WARRANT HOLDERS AS AT 30 APRIL 2015

		Direct Shareholdings		Indirect Shareholdings	
No.	**Directors**	**No. of Warrants**	**%**	**No. of Warrants**	**%**
1.	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Insurance Berhad	2,702,600	6.71	-	-
2.	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Insurance Berhad	2,220,800	5.51	-	-

ANALYSIS OF WARRANT HOLDINGS *(Cont'd)*

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS AS AT 30 APRIL 2015

No.	Name	No. of Warrants	% of Issued Warrants
1.	Maybank Nominees (Tempatan) Sdn. Bhd. Etiqa Insurance Berhad	2,702,600	6.71
2.	Maybank Nominees (Tempatan) Sdn. Bhd. Etiqa Insurance Berhad	2,220,800	5.51
3.	Maybank Nominees (Tempatan) Sdn. Bhd. Etiqa Insurance Berhad Par FD)	1,970,400	4.89
4.	RHB Nominees (Tempatan) Sdn. Bhd. Maybank Kim Eng Securities Pte Ltd For Sin Khuan Oi	1,800,000	4.47
5.	Amanahraya Trustees Berhad Public Islamic Opportunities Fund	1,793,100	4.45
6.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Wong Yee Hui	1,230,000	3.05
7.	Maybank Nominees (Tempatan) Sdn. Bhd. Etiqa Insurance Berhad	1,017,000	2.52
8.	Choong Wai Kee	957,000	2.38
9.	Goh Cheah Hong	821,400	2.04
10.	HSBC Nominees (Tempatan) Sdn. Bhd. Muhammad Muzhafar Bin Mohd Mukhtar	740,800	1.84
11.	H'ng Bak Tee	740,000	1.84
12.	Maybank Nominees (Tempatan) Sdn. Bhd. Etiqa Takaful Berhad	711,000	1.76
13.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Francis Kong @ Kong Fen Shin	640,000	1.59
14.	I-Wen Morsingh	470,000	1.17
15.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Chiew Chieng Siew	470,000	1.17
16.	Lim Hui Kiam	400,000	0.99
17.	Lim Chian Peng	395,000	0.98
18.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ting Siew Pin	341,500	0.85
19.	Maybank Nominees (Tempatan) Sdn. Bhd. Etiqa Insurance Berhad	340,800	0.85
20.	Inter-Pacific Equity Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Yap Kon Hing	336,800	0.84
21.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Devan A/L Dinasan	326,500	0.81
22.	Cimsec Nominees (Asing) Sdn. Bhd. Exempt An For CIMB Securities (Singapore) Pte Ltd	315,644	0.78
23.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank For Lau Chun Soong	268,600	0.67
24.	Lee Kok See	268,550	0.67
25.	Tey Yon Koi	263,500	0.65
26.	Cheong Choy Kwan	234,000	0.58
27.	CIMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account Form Lau Chun Soong	225,000	0.56
28.	Lai Kong Hoo	220,000	0.55
29.	Looh Keo @ Looh Lim Teng	208,000	0.52
30	Maybank Nominees (Asing) Sdn. Bhd. Pledged Securities Account For Rustom Framroze Chothia	203,200	0.50

STATEMENT IN RELATION TO PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES BY KSL HOLDINGS BERHAD

THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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, 1965
"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, 2010
"EPS"	:	Earnings per share
"KSL" or the "Company"	:	KSL Holdings Berhad (511433-P)
"KSL Group" or the "Group"	:	KSL and its subsidiary companies
"KSL Shares" or the "Shares"	:	Ordinary shares of RM0.50 each in KSL
"Listing Requirements"	:	The Main Market Listing Requirements of Bursa Securities
"NA"	:	Net Assets
"Warrants"	:	96,601,521 Warrants in KSL, each warrant carrying a right to subscribe for one (1) share at RM0.80 in accordance with the terms and conditions as set out in the deed poll dated 14 July 2011
"Proposed Share Buy-Back"	:	Proposed purchase of up to 10% of the issued and paid-up share capital of the Company
"PSSB"	:	Premiere Sector SdnBhd (539226-U)
"RM" and "sen"	:	Ringgit Malaysia and sen respectively
"Statement"	:	Statement in relation to proposed renewal of authority to purchase its own shares by the Company

1. INTRODUCTION

On 22 May 2015, the Company announced that the approval granted by the shareholders at the Fourteenth AGM of KSL held on 24 June 2014 for the Company to purchase its own shares shall expire at the conclusion of the forthcoming Fifteenth AGM and that the Company proposed to seek a renewal of the approval from the shareholders at the forthcoming Fifteenth AGM to be held on 23 June 2015, to purchase and/or hold as treasury shares, its own Shares representing up to 10% of the issued and paid-up share capital of the Company through Bursa Securities.

STATEMENT IN RELATION TO PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES BY KSL HOLDINGS BERHAD *(Cont'd)*

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 Fifteenth AGM to be held on 23 June 2015 until:-

(i) the conclusion of the next AGM of the Company at which time it shall lapse, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM of KSL after that date is required by law to be held; or

(iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first.

2. 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 issued and paid-up share capital 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.

3. 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 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).

STATEMENT IN RELATION TO PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES BY KSL HOLDINGS BERHAD *(Cont'd)*

3. SOURCES OF FUNDS *(Cont'd)*

Based on the audited financial statements of the Company as at 31 December 2014, the retained profits and share premium account of the Company amounted to RM114,764,186 and RM41,573,202 respectively. For information purposes, the latest unaudited retained profits and share premium account of the Company as at 31 March 2015 amounted to RM128,372,813 and RM125,502,031 respectively.

4. 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 and the share premium account, 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.

5. 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 and substantial shareholders of KSL, NA, working capital and EPS are set out below:-

5.1 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 issued and paid-up share capital of the Company as follows:-

STATEMENT IN RELATION TO PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES BY KSL HOLDINGS BERHAD *(Cont'd)*

	Minimum Scenario [1]		Maximum Scenario [2]	
	No. of Shares	RM	No. of Shares	RM
Authorised Share Capital	2,000,000,000	1,000,000,000	2,000,000,000	1,000,000,000
Issued and paid-up share capital	958,507,093	479,253,546.50	958,507,093	479,253,546.50
Add:- Assuming full exercise of the Proposed Rights Issue of Warrants	-	-	40,287,156	20,143,578
	958,507,093	479,253,546.50	998,794,249	499,397,124.50
Less:- Shares purchased amounting to 10% of the issued and paid-up share capital pursuant to the Proposed Share Buy-Back	*(95,850,709)	*(47,925,354.50)	*(99,879,424)	49,939,712
Upon completion of the Proposed Share Buy-Back	862,656,384	431,328,192	898,914,825	449,457,412.50

Note:-
1. *Assuming none of the Warrant is exercised prior to the Proposed Share Buy-Back.*
2. *Assuming all the Warrants are fully exercised into new KSL Shares and 10% of the KSL Shares are fully purchased.*

* *Includes 3,296,000 KSL Shares that have been purchased and held as treasury shares as at 30 April 2015.*

5.2 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.

5.3 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.

5.4 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 and paid-up share capital 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.

STATEMENT IN RELATION TO PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES BY KSL HOLDINGS BERHAD *(Cont'd)*

5.5 Dividends

The Proposed Shareholders' Mandate for 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 Share Buy-Back, the Proposed Shareholders' Mandate for 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.

6. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AND DIRECTORS' SHAREHOLDINGS

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 issued and paid-up share capital of KSL and the shareholdings of the substantial shareholders and Directors. 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 issued and paid-up share capital of the Company.

The Proforma effect on the direct and indirect interests of the Directors and substantial shareholders of KSL as at 30 April 2015, being the most practicable date prior to the printing of this Statement has been shown based on the following minimum scenario and maximum scenario:-

Minimum Scenario

Assuming none of the Warrants are exercised prior to the Proposed Share Buy-Back

Name	As at 30 April 2015[i]				After Proposed Share Buy-Back[ii]			
	Direct Shareholdings		Indirect Shareholdings		Direct Shareholdings		Indirect Shareholdings	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors								
Khoo Cheng Hai @ Ku Cheng Hai	80,461,363	8.42	312,305,728 (a)	32.69	80,461,363	9.33	312,305,728 (a)	36.20
Ku Tien Sek	50,537,399	5.29	308,522,292 (b)	32.29	50,537,399	5.86	308,522,292 (b)	35.76
Ku Hwa Seng	77,133,303	8.07	308,522,292 (b)	32.29	77,133,303	8.94	308,522,292 (b)	35.76
Lee Chye Tee	-	-	-		-	-	-	-
Gow Kow	-	-	-	-	-	-	-	-
Goh Tyau Soon	-	-	-	-	-	-	-	-
Tey Ping Cheng	-	-	-	-	-	-	-	-
Substantial Shareholders								
PSSB	308,522,292	32.29	-	-	308,522,292	35.76	-	-
Khoo Cheng Hai @ Ku Cheng Hai	80,461,363	8.42	312,305,728 (a)	32.69	80,461,363	9.33	312,305,728 (a)	36.20
Ku Tien Sek	50,537,399	5.29	308,522,292 (b)	32.29	50,537,399	5.86	308,522,292 (b)	35.76
Ku Hwa Seng	77,133,303	8.07	308,522,292 (b)	32.29	77,133,303	8.94	308,522,292 (b)	35.76
Ku Wa Chong	11,599,585	1.21	308,522,292 (b)	32.29	11,599,585	1.21	308,522,292 (b)	35.76

(i) After taking into account the 3,296,000 Shares that have been purchased and held as treasury shares.
(ii) Assuming that the purchase of KSL Shares pursuant to the Proposed Share Buy-Back is based on the maximum number of KSL Shares that may be purchased.
(a) Deemed interested by virtue of his interest in PSSB pursuant to Section 6A of the Act and pursuant to Section 134(12)(c) of the Act.
(b) Deemed interested by virtue of their respective interest in PSSB pursuant to Section 6A of the Act.
(c) Deemed interested pursuant to Section 134(12)(c) of the Act.

STATEMENT IN RELATION TO PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES BY KSL HOLDINGS BERHAD *(Cont'd)*

Maximum Scenario

Assuming all the Warrants are fully exercised into new KSL Shares and 10% of KSL Shares are fully purchased.

Name	As at 30 April 2015[i]				Assuming Warrants are fully exercised into new KSL Shares and 10% of the KSL Shares are fully exercised [ii]			
	Direct Shareholdings		Indirect Shareholdings		Direct Shareholdings		Indirect Shareholdings	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors								
Khoo Cheng Hai @ Ku Cheng Hai	80,461,363	8.42	312,305,728 (a)	32.69	80,461,363		312,305,728 (a)	34.74
Ku Tien Sek	50,537,399	5.29	308,522,292 (b)	32.29	50,537,399		308,522,292 (b)	34.32
Ku Hwa Seng	77,133,303	8.07	308,522,292 (b)	32.29	77,133,303		308,522,292 (b)	34.34
Lee Chye Tee	-	-	-	-	-	-	-	-
Gow Kow	-	-	-	-	-	-	-	-
Goh Tyau Soon	-	-	-	-	-	-	-	-
Tey Ping Cheng	-	-	-	-	-	-	-	-
Substantial Shareholders								
PSSB	308,522,292	32.29	-	-	308,522,292	34.32	-	-
Khoo Cheng Hai @ Ku Cheng Hai	80,461,363	8.42	312,305,728 (a)	32.69	80,461,363	8.95	312,305,728 (a)	34.74
Ku Tien Sek	50,537,399	5.29	308,522,292 (b)	32.29	50,537,399	5.62	308,522,292 (b)	34.32
Ku Hwa Seng	77,133,303	8.07	308,522,292 (b)	32.29	77,133,303	8.58	308,522,292 (b)	34.32
Ku Wa Chong	11,599,585	1.21	308,522,292 (b)	32.29	11,599,585	1.29	308,522,292 (b)	34.32

(i) After taking into account the 3,296,000 Shares that have been purchased and held as treasury shares.
(ii) Assuming Warrants are fully exercised into KSL Shares and the purchase of KSL shares pursuant to the Proposed Share Buy-Back is based on the maximum number of KSL Shares that may be purchased.
(a) Deemed interested by virtue of his interest in PSSB pursuant to Section 6A of the Act and pursuant to Section 134(12)(c) of the Act.
(b) Deemed interested by virtue of their respective interest in PSSB pursuant to Section 6A of the Act.
(c) Deemed interested pursuant to Section 134(12)(c) of the Act.

7. PURCHASE/ DISPOSE OF SHARES DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

During the financial year, the Company has:

a) repurchased 400,000 of its issued ordinary shares from the open market for a total consideration of RM1,623,006. The average price paid for the shares repurchased was RM4.05 per share; and

b) disposed 2,000,000 of its issued ordinary shares held as treasury shares for a total consideration of RM8,870,120 in the open market at an average price of RM4.44 per share.

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

As at 31 December 2014, the Company held 2,541,400 issued ordinary shares as treasury shares out of its total issued and paid-up share capital of 788,847,212 shares.

8. PUBLIC SHAREHOLDING SPREAD

The public shareholding spread of 25% of the issued and paid-up share capital of the Company was maintained at all times. Based on the Record of Depositors of the Company as at 30 April 2015, the public shareholding spread of KSL is 45.21%.

STATEMENT IN RELATION TO PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES BY KSL HOLDINGS BERHAD *(Cont'd)*

9. IMPLICATION RELATING TO THE CODE

The substantial shareholders of KSL, namely PSSB, Khoo Cheng Hai @ Ku Cheng Hai, Ku Tien Sek, Ku Hwa Seng and Ku Wa Chong, who are deemed to be persons acting in concert ("PAC") are holding 54.40% 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 and there is no exercise of the Warrants in a period of six (6) months, the shareholdings of the PAC in KSL would increase to 60.24% of the total issued and paid-up share capital of the Company, if the number of KSL Shares held by the PAC remains unchanged.

On the other hand, assuming the Proposed Share Buy-Back is carried out in full and the Warrants are exercised in full in a period of six (6) months, the percentage of the shareholdings of the PAC in KSL would increase to 57.82% of the total issued and paid-up share capital of the Company.

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.

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 substantial 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.

10. DIRECTORS' AND SUBSTANTIAL 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 substantial shareholders of the Company or persons connected to them, has any interest, direct or indirect, in the Proposed Share Buy-Back.

11. 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 Fifteenth AGM to be convened.

KSL

KSL HOLDINGS BERHAD
(Company No. 511433-P)
(Incorporated in Malaysia)

FORM OF PROXY

I/We ____ NRIC/Passport/Company No.________________________

of ____

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

____ NRIC/Passport/Company No.________________________

of ____ or

failing whom_____________________________________ NRIC/Passport/Company No.________________________

of ____

as *my/our Proxy(ies) to vote for *me/us and on *my/our behalf at the Fourteenth Annual General Meeting of the Company to be held at KSL Resorts, Level G, Infusion Private Room, 33, Jalan Seladang, Taman Abad, 80250 Johor Bahru, Johor Darul Takzim on Tuesday, 23 June 2015 at 11.00 a.m. and at any adjournment thereof for/against * the resolution(s) to be proposed thereat.

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

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

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

Dated this ………..… day of ……………………..…… 2015

____
(Signature/Common Seal of Member)

Number of shares held:	

Notes:-

(i) A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy or Proxies to attend and vote on his(her) behalf. A Proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

(ii) Where a member appoints two (2) or more Proxies, the appointment shall be invalid unless he(she) specifies the proportions of his(her) holdings to be represented by each Proxy.

(iii) The Form of Proxy shall be signed by the appointor or his(her) attorney duly authorised in writing or, if the member is a corporation, it must be executed under its common seal or by its duly authorised attorney or officer.

(iv) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.

(v) A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the members to speak at the meeting.

(vii) The instrument appointing a Proxy must be deposited at the registered office of the Company at Wisma KSL, 148, Batu 1 ½, Jalan Buloh Kasap, 85000 Segamat, Johor Darul Takzim not less than forty-eight (48) hours before the time for the Meeting i.e. latest by Sunday, 21 June 2015 at 11.00 a.m. or any adjournment thereof.

** Delete if inapplicable*

Fold this flap for sealing

Then fold here

STAMP

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

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KSL
RESIDENCES
@ Daya


infusion