

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5843
COMPANY NAME : KUMPULAN PERANGSANG SELANGOR BERHAD
FINANCIAL YEAR : December 31, 2019

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT TO CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	: Applied
Explanation on application of the practice	<ol style="list-style-type: none">1. The Board of Directors ("Board") of Kumpulan Perangsang Selangor Berhad ("KPS" or "Company") takes full responsibility for the overall performance of the KPS Group ("the Group"). The Board guides the Management on its short and long-term goals, defining the overall strategic direction of the business, providing advice and devising corporate strategic initiatives developed by Management, strategies on management and business development issues, and monitoring the Management's performance in implementing them.2. In discharging its roles and responsibilities, the Board is mindful of the need to protect the interests of all stakeholders including shareholders. The Board approves the Group's governance framework which is known as the Organisation Management Structure ("OMS") where specific powers of the Board are delegated to the relevant Board Committees ("BC") and Management. Dedicated BC have been established with clear Terms of Reference ("TOR"), as stipulated in the Board Charter which is available in the Company's website at www.perangsangselangor.com to facilitate the effective discharge of these responsibilities which include amongst others the financial information review, human capital management, internal controls, risk management, governance, procurement and investment matters.3. The Board assumes, amongst others, the following primary responsibilities:<ol style="list-style-type: none">a) Promoting good corporate governance culture within the Group<ul style="list-style-type: none">➤ The Board is committed to upholding the highest standards of corporate governance ("CG") by embracing good practices that ensure the business affairs of the Company are conducted with integrity, transparency and professionalism.

	<ul style="list-style-type: none"> ➤ The Board strongly advocates the importance of best practices and plays an active oversight role in the Company's governance, with a continued focus on the implementation of an effective corporate governance framework throughout the organisation. ➤ To raise the bar in the Company's CG standards, the Board from time to time reviews, benchmarks and refines KPS' governance structures and processes based on global best practices and guidelines and at the same time ensuring continued support for effective and ethical leadership, and that business sustainability is applied in the best interests of KPS. ➤ During the FY2019, several enhancements were implemented, inter alia, the establishment of the Policy for Board Representation in Subsidiary and Associate Companies under KPS Group ("BR Policy"); Policy for Appointment of Head of Subsidiary; a revision of the Board Charter and TOR of BC; Anti-Bribery and Anti-Corruption Policy ("ABC Policy"), Compliance Policy for KPS Group and establishment of the compliance function spearheaded by Legal and Compliance Department ("LCD"), aimed at preventing and minimising exposure to the risk of violating laws and regulations within KPS Group. ➤ The enhancement initiatives were undertaken to ensure that they are in line with Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR"), best practices of the Malaysian Code of Corporate Governance ("MCCG") issued by Securities Commission Malaysia ("SC"), other relevant rules and regulations, and the Company's business direction. The Board and the Management will endeavour to continue evaluating their governance practices in response to evolving best practices and changing requirements. <p>b) <i>Establishing and reviewing the strategic direction of the Company</i></p> <ul style="list-style-type: none"> ➤ The Board deliberates annually on the Company's strategic initiatives and business plan as proposed by the Management, including the annual capital and revenue budget for the ensuing year as well as the Corporate Key Initiatives ("CKIs") and Key Performance Indicators ("KPIs") for the Company and Managing Director/ Group Chief Executive Officer ("MD/GCEO") namely Encik Ahmad Fariz bin Hassan ("Encik Ahmad Fariz"). ➤ During FY2019, ten (10) formal board meetings were held together with the MD/GCEO and Senior Management team for the purposes of planning, execution of policies and monitoring of the same. Besides these formal meetings, separate offsite informal sessions (Board Retreat Sessions, or BRS) were also
--	--

held between the Board and Senior Management including Heads of Subsidiaries. These BRS were intended to facilitate brainstorming, in-depth discussions on issues/challenges, the exchange of views and opinions, and the further formulation of strategic initiative plans charting the direction of the Group.

- The progress of ongoing strategic initiative plans, their execution and challenges, were also reported to the Board throughout the year at the quarterly Board meetings to enable the Board to monitor and track the implementation of such plans by Management.

c) *Overseeing and evaluating the conduct of the Company's businesses*

- Apart from its strategic role, the Board also assumes oversight in relation to the conduct of the Company's business. The MD/GCEO is responsible for managing the strategic and operational agenda of the Group and implementing the Group's strategies and policies as agreed by the Board. In doing so, he is well supported by the Management team.
- The performance of the Management is measured through the Company's and Group's quarterly financial reports as well as half yearly and full year performance review of the MD/GCEO. The Board, on a continuous basis, is kept informed at quarterly Board meetings on the progress of the Company's strategic initiatives, critical operational issues, as well as the Group's performance based on approved CKIs/KPIs.

d) *Ensuring that strategic initiatives plan supports long term value creation and includes strategies on economic, environmental and social consideration underpinning sustainability*

- With the changing times and higher demand for greater accountability of companies to their stakeholders, it is important to have an effective governance and oversight on matters relating to sustainability.
- The Board exercises oversight of policy and strategy to strengthen sustainability at the Group level and across all subsidiaries. The oversight is central to gaining the trust and confidence of the shareholders and stakeholders. To this effect, the Board in its sitting on 28 November 2018 approved the adoption of the Sustainability Policy, which sets out the principles facilitating the Group's commitment to conducting its business responsibly via EES.
- Guided by the Sustainability Policy, the Group shall take considerable steps to:

	<p>a) Ensure that its activities create long term value for all stakeholders via sustainable development practices; and</p> <p>b) Execute the Group’s strategy in a manner that addresses EES risks and opportunities in achieving its business aspirations and operational excellence.</p> <ul style="list-style-type: none"> ➤ The Sustainability Policy outlines the Group’s plans to drive sustainability across its businesses from the different industry sectors that it operates. ➤ The Sustainability Policy has since been adopted by all subsidiaries namely Century Bond Bhd (“CBB”), CPI (Penang) Sdn Bhd (“CPI”), Toyoplas Manufacturing (Malaysia) Sdn Bhd (“TMM”), Kaiserkorp Corporation Sdn Bhd (“Kaiserkorp”), Aqua-Flo Sdn Bhd (“AFSB”), Smartpipe Technology Sdn Bhd (“SPT”) and KPS-HCM Sdn Bhd (“KPS-HCM”). ➤ The establishment of effective corporate governance with regards to sustainability practices allows for diversity of views and perspectives. This is to ensure all decisions and formulated plans are comprehensive and deliver meaningful and greater impact the targeted stakeholders. ➤ With respect to sustainability governance structure, the Board is supported by the Sustainability Board Committee (“SBC”) which comprises selected Board members; the SBC oversees the sustainability implementation plans and make recommendations to the Board on such matters, where necessary. The SBC meets at least twice a year. ➤ In determining EES KPIs and initiatives, the Corporate Sustainability Champions (“CSC”), which comprises of cross-functional and cross-divisional Heads of Departments, identify and assess significant EES risks and opportunities pertaining to the Group’s business operations. The CSC also meets at least twice a year, helping the Group ensure that sustainable development practices are carried throughout the organisation. ➤ The SBC is also assisted by the Sustainability Unit under the Investor Relations and Strategic Communication Department (“IRSC”), who collectively is responsible for coordinating and carrying out sustainability initiatives and programmes throughout the Group. Reporting to the SBC on periodically basis, not only does IRSC recommend appropriate EES-related initiatives for implementation to the SBC, but it also ensures that the initiatives yield significant impact to the targeted audience and they are well communicated to all stakeholders.
--	--

e) *Identifying principal risks and ensuring implementation of appropriate systems for managing risks*

- In respect of internal control and risk management, the Board is responsible for ensuring that a sound reporting framework of internal controls and regulatory compliance is in place throughout the Company. Based on the annual evaluation for the financial year under review, the Board collectively concurred that it has discharged its roles through the Board Risk and Compliance Committee (“BRCC”) and Board Audit Committee (“BAC”) whereby quarterly meetings were held in reviewing the effectiveness of the Company’s internal control system.
- Details of the Group’s Enterprise Risk Management (“ERM”) Framework are set out in the Statement on Risk Management and Internal Control (“SORMIC”) on pages 120 to 131 of the Company’ 2019 Annual Report (“Annual Report”).

f) *Establishing orderly Succession Planning*

- In ensuring that the strategic initiatives plan can be implemented efficiently, the Board is mindful of ensuring that there is effective and orderly succession planning for the Board and Senior Management in place throughout the Group. Hence, the Board had on 29 August 2018 approved establishment of the Board Succession Planning Framework (“BSPF”) to formalise the existing process related to Board Succession Planning (“BSP”) in a structured manner. The framework aims to guide the Board and Management in ensuring that every action taken connected to succession planning is in accordance with the BSPF. Premised on this, the Board upon recommendation by NRC had on 27 February 2020 endorsed the proposed Board Succession Planning for KPS Holding Board in BC and Board Representatives (“BR”) in IC to ensure continuity of Board effectiveness and sustainability of the Company.
- As for Talent Management and Succession Planning for Senior Management, during the financial year under review, the NRC had on 21 August 2019 reviewed the Talent Management and Succession Planning for MD/GCEO level position (C Level) and Senior Management positions (C-1 Level) positions of the Company and the Board was satisfied that the NRC had efficiently discharged its duties pertaining to the nomination and succession management functions as set out in its TOR. Meanwhile, at subsidiaries level, the boards of the respective subsidiaries have endorsed the Talent Management and Succession Planning for Head of Subsidiary position.

- Overall, the Board collectively concurred that succession planning for the MD/GCEO, Senior Management and the Company's future leaders have been in place.
- To facilitate the Board on the above, the Nomination and Remuneration Committee ("NRC") has been entrusted to review the succession planning of the Board and MD/GCEO position (C Level) as well as C-1 position (Senior Management).
- Among the key duties of the NRC on the succession planning of the Group are to identify high potential and selected talents for C Level position, to approve specific development intervention of selected talent, to ensure follow through on development agenda of each talent and to review progress, new assignments, hiring external expertise in order to recalibrate development activities to address capability needs for optimum results.

g) Ensuring the existence of a good investor relations programme and shareholder communication policy

- The Company is committed to having open, clear and timely internal and external communications, recognising the importance of transparency, accountability and avoidance of selective dissemination in disclosing information on the Group's business activities and prospect to its stakeholders. To raise the level of corporate governance and credibility, the Board on 30 May 2018 approved the adoption of the Investor Relations ("IR") Policy which sets out the principles and various platforms of communication relating to the dissemination of information.
- Guided by the IR Policy, the Company has in place an IR Strategy that guides for effective two-way engagements between KPS and the investment community as well as other stakeholders. Embedded in the strategy is a comprehensive approach to provide factual and adequate disclosure on the prospect of KPS' business through various communication channels to enable the shareholders and investors make informed investment decisions about KPS.

h) Ensuring the integrity of the Company's financial and non-financial reporting

- In presenting the annual financial statements and quarterly announcements to Bursa Securities and all disclosures to shareholders, the Board is fully committed to providing a clear, balanced and comprehensible assessment of the Group's financial performance and its prospects.
- The BAC assists the Board in overseeing the financial reporting process and ensuring the quality of financial reporting by the Group. The BAC monitored and reviewed the accuracy and integrity of the Group's annual and

	quarterly financial statements. The BAC also assisted the Board in reviewing the appropriateness of accounting policies applied by the Group as well as the changes in these policies.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	: Applied
Explanation on application of the practice	<ol style="list-style-type: none">1. The Board is led by a Non-Independent Non-Executive Chairman ("NINEC"), whose principal responsibility is to ensure the effective running of the Board. The Chairman, YB Dato' Nor Azmie bin Diron ("Dato' Nor Azmie") was appointed as Chairman on 17 January 2020 in place of YM Raja Shahreen bin Raja Othman ("YM Raja Shahreen"). As the Chairman of the Board, Dato' Nor Azmie plays a key role in ensuring the effectiveness of the Board and is responsible for instilling good CG practices, leadership and effectiveness of the Board as a whole.2. His key responsibilities include, inter alia:<ul style="list-style-type: none">➤ Provides leadership for the Board and responsible for the developments needs of the Board so that the Board can perform its responsibilities effectively;➤ Sets the board agenda in consultation with the MD/GCEO and Company Secretary and ensuring that board members receive complete and accurate information in a timely manner. Prior to each board meeting, the Chairman, MD/GCEO, Deputy Chief Executive Officer, Operations ("DCEOO") now known as Deputy Chief Executive Officer, Finance & Corporate Services ("DCEOFCS"), Deputy Chief Operating Officer, Strategic Investments ("DCEOSI") and Company Secretaries would have a session known as Pre-Board Meeting where the MD/GCEO will brief the Chairman on the papers to be presented by the Management;➤ Leads the board meetings and discussions and ensure adherence to the meeting procedures;➤ Encourages active participation and healthy discussion to ensure that dissenting views to be freely expressed among the board members;➤ During deliberations at board meetings, the Chairman provides his objective views and decisions to resolve situations when there are differing views between the board members and the Management;➤ The Chairman also promotes a boardroom environment that allows for expression of views in the spirit of effective debate and contribution from the board members to facilitate informed decision-making by the Board;

	<ul style="list-style-type: none"> ➤ Manages interface between Board and Management and provides support and guidance to Senior Management Officers in its short and long-term goals and provides advice and devising strategies on business development issues; ➤ Ensures that appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and ➤ In promoting a strong corporate governance culture within the Group, the Chairman leads the Board by setting the tone at the top, emphasising the importance of embracing integrity and ethical values across the organisation. The same applies to the Company's financial and non-financial reporting, to ensure reliability, timeliness, transparency and compliance with the relevant standards. <p>3. Based on the Annual Board Evaluation ("ABE") 2019, the former Chairman namely YM Raja Shahreen's good leadership is acknowledged by his score rating of 4.21 (Consistently Good) out of 5.00 (Strong) rating scale. This has translated that the previous Chairman has discharged his duties as a Chairman of the Company effectively.</p> <p>4. The roles and responsibilities of the Chairman of the Board have been clearly stipulated in the Board Charter which is available in the Company's website at www.perangsangselangor.com.</p>
Explanation for departure :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
Measure :	
Timeframe :	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. The roles of the Chairman and MD/GCEO of KPS are distinct. The distinct and separation roles of the Chairman and MD/GCEO promotes accountability, facilitates division of responsibilities and ensure a balance of power and authority, such that no one individual has unfettered powers of decision making.2. The Chairman, Dato' Nor Azmie is a NINEC presides over the meetings of the Board and manages the Board by focusing on strategy, governance, and compliance as well as collective oversight of Management. His role and function are clearly separated and distinct from the MD/GCEO.3. The MD/GCEO is responsible to develop, in conjunction with the Board, the Group's strategic plans and its implementation as well as directing the business operations of the Group on a day-to-day basis. The MD/GCEO keeps the Board informed on the progress of the Company's strategic initiatives, overall operational issues, performance of the Group based on approved business plan and budget as well as CKIs/KPIs. Any major issues faced by the Group will be put forward to the Board for its consideration and approval, where required.4. Details of roles and responsibilities of the Chairman and MD/GCEO are stated in Clause 3.5.1 and 3.5.2 of the Charter, which is available on the Company's website at www.perangsangselangor.com.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	: Applied		
Explanation on application of the practice	<ol style="list-style-type: none"> 1. The Company Secretaries namely Puan Hashimah binti Mohd Isa ("Puan Hashimah") and Puan Selfia binti Muhammad Effendi ("Puan Selfia") are persons qualified to act as Company Secretaries under Section 235 of the Companies Act 2016 ("CA 2016"). Puan Hashimah is a member of the Malaysian Association of Company Secretaries ("MACS") and Puan Selfia is an associate member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). 2. The Company Secretaries play an advisory role to the Board on issues relating to compliance with laws, rules, procedures and regulations affecting the Group, as well as the principles of best corporate governance practices. 3. The Company Secretaries are also responsible for advising the Directors of their obligations and adherence to matters pertaining to disclosure of interest in securities, disclosure of any conflict of interest in any transaction involving the Company, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information, managing all Board and BC' meetings; attending and recording all Board and BC' meetings, Annual General Meeting ("AGM"), Extraordinary General Meeting ("EGM"); and facilitate Board communications. 4. Besides that, the Company Secretaries serve as a focal point for stakeholders' communication and engagement on CG issues as well as communication between regulators and the Board and Senior Management. They ensure that regulators' requests and instructions are conveyed to the Board and Senior Management in a timely manner, with the appropriate advice. 5. The Company Secretaries constantly keep themselves abreast of evolving regulatory changes and developments in CG through continuous training. During the year under review, the Company Secretaries attended the following training programmes: 		
	No.	Company Secretary	Courses Attended in 2019
	1.	Puan Hashimah (Practicing Certificate No. 201908000993/ MACS 01269)	<ul style="list-style-type: none"> • Sustainability Training and Awareness Program • Corporate Liability Provision & Governance, Risk & Controls • Resolving Conflict in the Boardroom • Company Secretaryship in the Digital landscape – Challenge
			Date
			<ul style="list-style-type: none"> • 7 May 2019 • 5 July 2019 • 15 July 2019 • 18 & 19 September 2019

			<ul style="list-style-type: none"> • Corporate Liability, Section 17A of the Malaysian Anti-Corruption Commission Amendment Act 2018 (MACC Act) and Introduction to Compliance • Cyber Security Risks – “Who Should Be Managing Them?” 	<ul style="list-style-type: none"> • 9 October 2019 • 22 October 2019
	2.	Puan Selfia (Practicing Certificate No. 201908000999/ MAICSA 7046782)	<ul style="list-style-type: none"> • Sustainability Training and Awareness Program • MAICSA Conference 2019 • Corporate Liability Provision & Governance, Risk & Controls • KPS Leadership Development Program • Listing Requirements Chapter 10 Transactions – Tackling Practical Issues • Corporate Liability, Section 17A, MACC Act and Introduction to Compliance • Certificate of Corporate Governance 	<ul style="list-style-type: none"> • 7 May 2019 • 2 - 3 July 2019 • 5 July 2019 • 26 – 27 July 2019 • 1 August 2019 • 9 October 2019 • 15 - 17 October 2019
	6. Based on the Board Satisfaction Survey 2019 conducted by Secretarial Department, the Board was satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging its functions.			
Explanation for departure				
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
Measure				
Timeframe				

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none"> 1. To facilitate the Directors time planning, the meeting calendar is prepared annually and circulated in advance i.e. in every November prior to the onset of each new year. 2. The Notice of the Board meetings together with the Agenda of the meeting are circulated at least seven (7) days before the meeting via email. The same notification is sent to the Management which includes the deadlines for submission of meeting materials for the Management's easy reference for submitting meeting documents in a timely and more efficient manner. 3. In support of a paperless environment and in line with the Group sustainable practices, the Company had since August 2014 started uploading meeting documents onto tablet devices for Directors' convenient reference. This initiative enables digital access to meeting documents instead of requiring distribution of hard copies. As a result, Directors and committee members can access meeting documents in a timely and more efficient manner, thus improving Board performance and overall effectiveness of decision-making. 4. The draft minutes of Board and BC meetings were disseminated via electronic mail ("email") for the Board's review and comments before tabling at the following meetings for confirmation and signature by the respective Chairperson. The signed board minutes are entered in minutes books kept by the Company Secretary at the registered office. 5. The Directors have direct access to the Management and have unrestricted access to any information relating to the Group to enable them to discharge their duties. The Directors also have direct access to the advice and services of the Company Secretary and are regularly updated on new statutory and regulatory requirements relating to the duties and responsibilities of the Directors. The Directors, whether collectively as a Board or in their individual capacity, may seek independent professional advice at KPS's expense in furtherance of their duties.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. The Board has in place the Board Charter which sets out the roles, powers, duties and responsibilities of the Board, BC, individual Directors, MD/GCEO and Company Secretary.2. The Board is guided by the Board Charter which provides reference for Directors to discharge their stewardship effectively and efficiently on matters relating to the Board, its BC and their processes.3. The Charter provides an overview amongst others on the following:<ol style="list-style-type: none">a) The delineation of the duties, responsibilities and powers of the Chairman of Board and its directors and MD/GCEO of the Company;b) Delegation of authority by the Board to individual directors and its committees in assisting the Board to execute its duties and responsibilities;c) Matters reserved for consideration and approval by the Board; andd) The Board's operating procedures and practices for Board effectiveness.4. The Charter also serves as a guide to individual Board members and the Board as a whole regarding their duties and responsibilities. With this guide, the Board is expected to perform their duties with integrity, honesty and in a professional manner in the interest of the Company which include its shareholders and its broader stakeholders.5. Besides that, the Charter serve as a source reference and primary induction literature, providing insights to existing and prospective Board members to assist the Board in the performance of their fiduciary duties as Directors of KPS.6. The Board had on 28 November 2019 approved the revision of the Board Charter to ensure it remains consistent with the Board's

	<p>objectives and responsibilities and further strengthen the governance and management of the Company.</p> <p>7. The Charter can be found from the Company's Corporate website at www.perangsangselangor.com.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	: Applied
Explanation on application of the practice	<ol style="list-style-type: none">1. The Board has established a Code of Conduct and Ethics for Directors ("the Code") to enhance the standard of corporate governance and corporate behaviour with the intention of achieving the following aims:<ol style="list-style-type: none">a) To establish a standard of ethical behaviour for Directors based on trustworthiness and that acceptable values are held or upheld by any one person; andb) To uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administrating a company.2. In the performance of their duties, the Directors at all times observe the following Codes:<ol style="list-style-type: none">a) Corporate Governanceb) Relationship with Shareholders, Employees, Creditors and Customersc) Social Responsibilities and the Environmentd) Confidential Informatione) Conflict of Interestf) Insider Tradingg) Gifts, Gratuities and/or Bribesh) Dishonesty/General Conducti) Discoveryj) Sexual Harassmentk) General Compliance3. In the event of violation of the Code, the Board observe the following reporting of the breaches/whistleblowing:<ol style="list-style-type: none">a) Where a conflict of interest situation arises, the Director shall disclose to the Board of Directors all potential conflict and where relevant, abstain from voting as a member of the relevant committee on any matter in which he/she may have an interest (direct or indirect) or where there may be potential conflict of interest.

	<p>b) A Director who knows of a violation of the Code that has been committed by another director or employee is under obligation to whistle blow or reports it to the Internal Audit Department via email: whistleblowingofficer@kps.com.my or telephone: 03-55248787 or to the Chairman of the AC namely YBhg Dato' Idris bin Md Tahir ("Dato' Idris"), email: Idris_bssb@hotmail.com as stipulated in the Whistleblowing Policy and Guidelines.</p> <p>4. In addition to the Code, the Company has also in place Code of Conduct for the staff ("Code for Staff") which emphasises and advances the principles of discipline, good business ethics, professionalism, loyalty, integrity and cohesiveness, all of which are critical to the success and well-being of the KPS Group. The Code for Staff is part of the Company-Scheme and Conditions of Service and is binding on all employees.</p> <p>5. The Code is available on the Company's website at www.perangsangselangor.com.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. The Board established a Whistleblowing Policy & Guidelines (“Whistleblowing Policy”) on 25 August 2011, which was subsequently revised in May 2018. The Company does not tolerate any malpractice, impropriety, statutory non-compliance or wrongdoing by all employees and directors in the course of their work.2. The Whistleblowing Policy is intended to provide a framework to promote responsible whistleblowing without fear. Responsible whistle-blowers are offered protection from adverse consequences. Employees, suppliers, customers, contractors and other stakeholders, may use the procedures set out in the Whistleblowing Policy to report any concerns regarding questionable conduct.3. The Whistleblowing Policy, enables key internal and external stakeholders of the Company to raise concerns regarding the Company in that it provides:<ol style="list-style-type: none">a) a safe and acceptable platform for staff or any other stakeholders to raise concerns so that these can be addressed in an independent and unbiased manner; andb) an internal mechanism for the Company to be notified about such concerns and if required, take any action deemed appropriate.4. The Whistleblowing Policy covers amongst others, misconduct on matters relating to:<ol style="list-style-type: none">a) an offence or a breach of law;b) breach of the Company’s Rules and Regulations, Financial Regulations or other policies or standards which Companies applies;c) fraud and corruption;d) disclosure related to possible miscarriage of justice;e) health and safety issues which violate the relevant laws and standards;f) sexual or physical abuse; andg) other unethical conduct.5. The Whistleblowing Policy provides the contact details of the Head of Internal Audit Department (via email:

	<p>whistleblowingofficer@kps.com.my or telephone: 03-55248787) and the Chairman of the AC, namely Dato Idris, email: idris_bssb@hotmail.com as the avenue for stakeholders to raise the above concerns. During the year under review, there were no material concerns raised.</p> <p>6. The Code and Whistleblowing Policy can be found in the Company's corporate website at www.perangsangselangor.com.</p> <p><u>Anti-Bribery and Anti-Corruption Policy</u></p> <p>7. In line with the amendment to the MMLR of Bursa Securities on 18 December 2019 with regards to anti-corruption measures ("Anti-Corruption Amendments"), in support of the National Anti-Corruption Plan 2019-2023, the Board had on 28 November 2019 approved the establishment of ABC Policy to prevent corrupt practices, provide adequate safeguard measures and defences against corporate liability for corruption under section 17A of the MACC Act.</p> <p>8. The ABC Policy shall be reviewed periodically to assess its effectiveness, and in any event, at least once every three (3) years.</p> <p>9. The ABC Policy can be found in the Company's corporate website at www.perangsangselangor.com.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application :	Applied																				
Explanation on application of the practice :	<p>1. The Board, led by a NINEC, consists of eight (8) Non-Executive Directors (“NEDs”) and a MD/GCEO. The existing composition is in line with Paragraph 15.02 of Bursa Securities MMLR (at least one third (1/3) of the Board of Directors are Independent Directors) and Practice 4.1 of the MCGG (at least half of the board comprises Independent Directors).</p> <table border="1"><thead><tr><th>NAME OF DIRECTOR</th><th>DESIGNATION</th></tr></thead><tbody><tr><td>1. Dato’ Nor Azmie*</td><td>NINEC</td></tr><tr><td>2. Encik Soffan Affendi bin Aminudin (“Soffan Affendi”)**</td><td>Non-Independent Non-Executive Director (“NINED”)</td></tr><tr><td>3. Dato’ Idris</td><td>Independent Non-Executive Director (“INED”)</td></tr><tr><td>4. YBhg Dato’ Ikmal Hijaz bin Hashim (“Dato’ Ikmal Hijaz”)</td><td>INED</td></tr><tr><td>5. Puan Rita Benoy Bushon (“Rita Benoy”)</td><td>INED</td></tr><tr><td>6. Puan Norliza binti Kamaruddin (“Norliza”)</td><td>INED</td></tr><tr><td>7. Mr Koay Li Onn (Leon) (“Leon Koay”)</td><td>INED</td></tr><tr><td>8. Ahmad Fariz</td><td>MD/GCEO</td></tr><tr><td>9. Dato’ Noorazman bin Abd Aziz (“Dato’ Noorazman”)***</td><td>INED</td></tr></tbody></table> <p>Notes: * Appointed as NINEC on 17 January 2020 ** Appointed as NINED on 17 January 2020 *** Appointed as INED on 1 January 2020</p> <p>2. The Board recognises the importance of the role of the INEDs, particularly in ensuring that strategies proposed by Management are fully deliberated and examined objectively, taking into perspective, among others, the long-term interests of shareholders as well as other stakeholders and the community at large.</p> <p>3. During the financial year under review, the NRC and Board have assessed, reviewed and determined that the independence of the INEDs remains objective and intact based on the criteria for assessment of independence of Directors developed by the NRC as follows:</p> <p>a) Have fulfilled the criteria under the definition of Independent Director pursuant to the Bursa Securities MMLR;</p>	NAME OF DIRECTOR	DESIGNATION	1. Dato’ Nor Azmie*	NINEC	2. Encik Soffan Affendi bin Aminudin (“Soffan Affendi”)**	Non-Independent Non-Executive Director (“NINED”)	3. Dato’ Idris	Independent Non-Executive Director (“INED”)	4. YBhg Dato’ Ikmal Hijaz bin Hashim (“Dato’ Ikmal Hijaz”)	INED	5. Puan Rita Benoy Bushon (“Rita Benoy”)	INED	6. Puan Norliza binti Kamaruddin (“Norliza”)	INED	7. Mr Koay Li Onn (Leon) (“Leon Koay”)	INED	8. Ahmad Fariz	MD/GCEO	9. Dato’ Noorazman bin Abd Aziz (“Dato’ Noorazman”)***	INED
NAME OF DIRECTOR	DESIGNATION																				
1. Dato’ Nor Azmie*	NINEC																				
2. Encik Soffan Affendi bin Aminudin (“Soffan Affendi”)**	Non-Independent Non-Executive Director (“NINED”)																				
3. Dato’ Idris	Independent Non-Executive Director (“INED”)																				
4. YBhg Dato’ Ikmal Hijaz bin Hashim (“Dato’ Ikmal Hijaz”)	INED																				
5. Puan Rita Benoy Bushon (“Rita Benoy”)	INED																				
6. Puan Norliza binti Kamaruddin (“Norliza”)	INED																				
7. Mr Koay Li Onn (Leon) (“Leon Koay”)	INED																				
8. Ahmad Fariz	MD/GCEO																				
9. Dato’ Noorazman bin Abd Aziz (“Dato’ Noorazman”)***	INED																				

	<p>b) Have consistently assisted and advised Management in an effective and constructive manner, as and when necessary and kept a distance from the Management in overseeing and monitoring execution of strategy;</p> <p>c) Have performed their duties as Directors without being subject to influence of Management;</p> <p>d) Have actively participated in Board deliberation, objective in decision making, provided an independent voice on the Board and contributed in preventing Board domination by any single party;</p> <p>e) Is not a family member of any executive Director, officer and major shareholder of the Company; and</p> <p>f) Have not engaged in any business transaction or other relationship with the Company under such circumstances as prescribed by the Exchange which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company.</p> <p>4. Besides that, the INEDs have declared themselves to be independent from Management and free of any relationship which could materially interfere with the exercise of their independent judgment and objective participation in decision-making process of the Board. Such declarations by the INEDs were made via written confirmation to the NRC during the ABE 2019.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Not applicable - Step Up 4.3 adopted	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Adopted
Explanation on adoption of the practice	:	<ol style="list-style-type: none">1. The Board has established a policy which limits the tenure of its independent director to nine (9) years.2. The Independent Director Tenure can be found in the Company's corporate website at www.perangsangselangor.com.

Intended Outcome

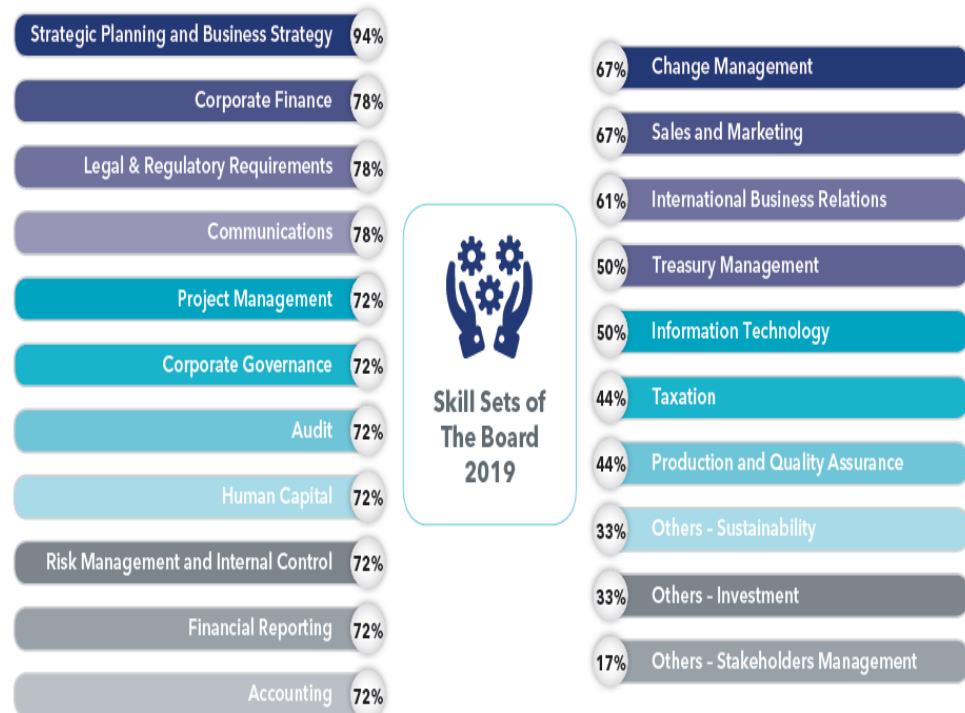
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application	: Applied																																																		
Explanation on application of the practice	<p>1. The Board is mindful of diversity as an important element in maintaining its competitive advantage in the areas of skill and competencies, experience and background, age, gender, ethnicity and nationality, in order to ensure a balanced and effective decision-making process. In this regard, the Board embraces initiatives that encourage greater diversity throughout the organisation and in the boardroom, including gender diversity which has been the topic of global discussions.</p> <p>2. Currently, the Board composition and all Board appointments are based on merit and to fill the gaps in the skill-set matrix identified as necessary to provide a balanced board composition. To uphold its gender diversity commitment, the Company currently has two (2) women Directors.</p> <p>3. Currently, the Directors include professionals in the fields of strategic planning and investments, corporate finance, project management, accounting, legal, communication, corporate governance, banking, audit, human capital, risk management & internal control, sales & marketing, financial reporting, accounting. This wide spectrum of skills and experience provides the strength that is needed to lead the Company to meet its objectives and enable the Company to rest in the firm control of an accountable and competent Board.</p> <p>4. The Board, having reviewed the size and complexity of the Group's operations, believes the number of members in the Board is appropriate. Currently, there is no specific policy on board composition, however, the Company has complied with the Bursa Securities MMLR and MCCG requirements on the same. Nevertheless, it has been the practice of the Company that the composition of the Board is periodically reviewed on an annual basis by the NRC to ensure that the Board has the required mix of skills, expertise, attributes and core competencies to discharge its duties effectively. A Board Skills Matrix has been developed to serve as a guide in identifying potential candidates to meet the level of independence and targeted gender representation as recommended by the MCCG and to facilitate Board succession.</p> <p>5. Table below summarise the percentage in terms of gender, ethnicity, age and nationality of the Board:</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr style="background-color: #0070C0; color: white;"> <th colspan="2">Gender</th> <th colspan="3">Ethnicity</th> <th colspan="3">Age group</th> <th colspan="2">Nationality</th> </tr> <tr> <th>Male</th> <th>Female</th> <th>Malay</th> <th>Chinese</th> <th>Indian</th> <th>40-49 years</th> <th>50-59 years</th> <th>60 and above</th> <th>Malaysian</th> <th>Non-Malaysian</th> </tr> </thead> <tbody> <tr> <td>7</td> <td>2</td> <td>7</td> <td>1</td> <td>1</td> <td>3</td> <td>3</td> <td>3</td> <td>9</td> <td>0</td> </tr> <tr> <td>77.7%</td> <td>22.3%</td> <td>78%</td> <td>11%</td> <td>11%</td> <td>33.33%</td> <td>33.33%</td> <td>33.33%</td> <td>100%</td> <td>0%</td> </tr> <tr style="background-color: #0070C0; color: white;"> <td colspan="10">Total number of Directors: 9 (as at 29 May 2020)</td> </tr> </tbody> </table>	Gender		Ethnicity			Age group			Nationality		Male	Female	Malay	Chinese	Indian	40-49 years	50-59 years	60 and above	Malaysian	Non-Malaysian	7	2	7	1	1	3	3	3	9	0	77.7%	22.3%	78%	11%	11%	33.33%	33.33%	33.33%	100%	0%	Total number of Directors: 9 (as at 29 May 2020)									
Gender		Ethnicity			Age group			Nationality																																											
Male	Female	Malay	Chinese	Indian	40-49 years	50-59 years	60 and above	Malaysian	Non-Malaysian																																										
7	2	7	1	1	3	3	3	9	0																																										
77.7%	22.3%	78%	11%	11%	33.33%	33.33%	33.33%	100%	0%																																										
Total number of Directors: 9 (as at 29 May 2020)																																																			

6. Below is the summary of the key skills that Directors have identified and bring to the Board based on the ABE 2019:



7. Based on the skill sets matrix analysis, it was noted that the existing skills possess by each of the directors bodes well with the Company's nature of business as an investment holding company. Amongst such key skills relevant to KPS would be in the areas such as strategic planning & business strategy, corporate finance, legal and regulatory requirements, communications, project management, corporate governance, audit, human capital, risk management & internal control financial reporting, accounting, change management, sales & marketing and international business relations as the Board deemed necessary.

8. Besides that, it was also observed that overall, the Board has high level of corporate governance and risk management & internal control knowledge which are relevant to KPS being a public listed company ("PLC"). This will also provide confidence to shareholders as the Company is being led by a professional Board of Directors with strong corporate governance and risk management & internal control background.

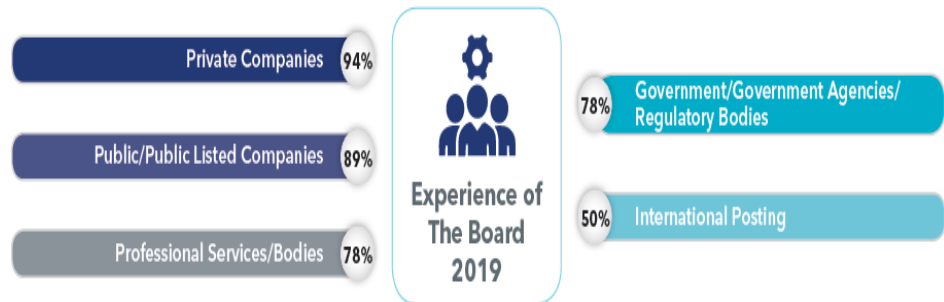
9. Nevertheless, the least familiar skills/areas (rating < 50%) for majority of the Board members are acceptable at this juncture except for investment (33%), sustainability (33%) and stakeholders management (17%) which can be further improved. To ensure Board's ability to discharge its fiduciary duties more comprehensively, it is recommended for the skills set in the aforementioned area be enhanced (at least 50%) to achieve the desired effectiveness in providing strategic insights for KPS in these three (3) areas.

10. With the recent new board addition namely Dato' Noorazman who possess extensive practical experience in investment management & private equity, corporate governance as well as risk management &

internal control, it is expected that his visionary insight in these areas of expertise can be capitalised.

11. In term of experience, almost all Directors of KPS have experience in private companies (94%) and PLC (89%) while majority of the KPS's Directors have experienced in government/agency/regulatory body and professional services/bodies (78%). While four (4) Directors have experience in international posting, namely Dato' Ikmal Hijaz, Rita Benoy, Norliza and Leon Koay.

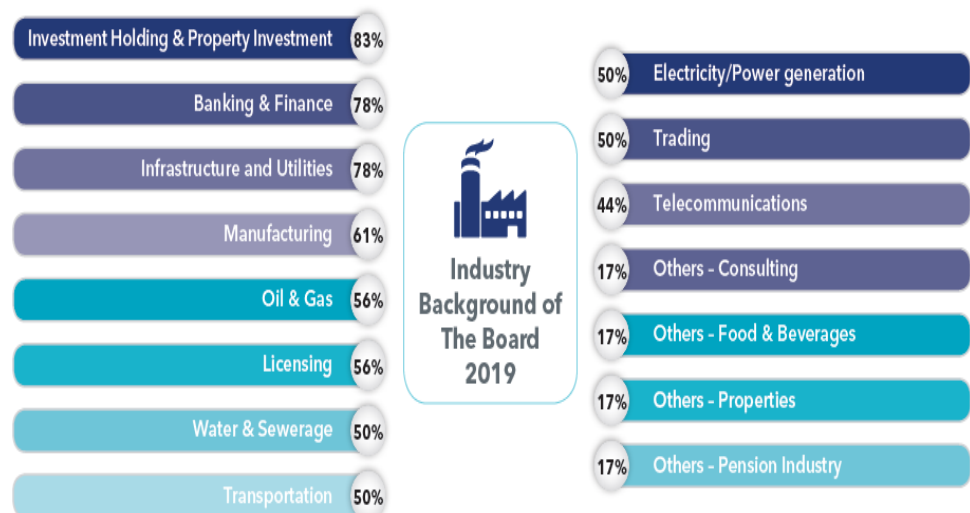
12. The summary of experience that the Directors have and bring to the Board are as follows:



13. With regards to industry background of the Board members, the Board is currently well represented by a mixed of industry background (40% to 83% of the Board Members) among others in investment holding and property investment, banking & finance, infrastructure & utilities, manufacturing, oil & gas, licensing, water & sewerage, transportation, electricity/power generation, trading and telecommunication.

14. It was observed that the percentage rating of Directors having industry background in manufacturing has improved significantly as compared to last year i.e. 33% (2018) against 61% (2019). This experience which the Directors possess may enhance their oversight role and contribute to performance improvements in this business segment considering the Company's main operating business segment is in manufacturing whereby this sector contributed highest revenue to the group.

15. The summary of industry background that the Directors have and bring to the Board are as follows:



	16. As for appointment of MD/GCEO, the NRC is responsible for the evaluation of the suitability of candidates for the position, against proper relevant criteria developed by the NRC, in a formal and transparent procedure.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application :	Applied
Explanation on application of the practice :	<ol style="list-style-type: none">1. With regards to gender diversity, KPS does not practice any form of gender discrimination and does not set any specific target for female director to sit in the Board as both genders have been accorded fair and equal treatment.2. Thus far, any new appointments to the Board were based on merits rather than fulfilling any gender quotas. Henceforth, in its criteria for assessing the new Board appointments and the re-election of its existing Board members, the Board is mindful of the diversity factors such as skills, qualifications, age, ethnicity and gender mix to strengthen the Board composition that meets the objectives and strategic goals of the Company.3. Notwithstanding the above, the Board acknowledges the benefits of having a diverse Board and sees diversity at Board level as an essential element in maintaining a competitive advantage. As a follow through, the Board had on 28 April 2015 established the Board Diversity Policy ("BDP") which was subsequently revised on 30 May 2019 to incorporate diversity on skill, expertise, experience and independence in addition to gender, age, ethnicity in pursuit to inculcate boardroom diversity in the Board composition of KPS in maintaining a competitive edge. The policy did not specify on any target for woman director but the Board endeavours to achieve at least 30% gender balance throughout the Company as and when the Company become a Large Company, as espoused in Practice 4.5 and Guidance 4.5 of MCCG.4. To uphold its gender diversity commitment, the Company currently has two (2) women Directors on Board namely Rita Benoy and Norliza, both were appointed since 6 April 2018.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	: Applied
Explanation on application of the practice	<p>1. The NRC is responsible for reviewing Board's composition and recommending to the Board, appointments of any new Directors or re-election of Directors. In such review, the NRC shall evaluate the candidate for Board membership against the relevant criteria developed by the NRC, in a formal and transparent procedure by considering the candidates':</p> <ul style="list-style-type: none">a) skills, knowledge, expertise and experience (based on the current Board Skill Matrix);b) professionalism;d) integrity; ande) in the case of candidates for the position of INEDs, the NRC should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from INED. <p>Under this procedure, the NRC recommends the shortlisted candidate(s) for appointment to the Board for its approval. Besides that, the NRC also recommends to the Board on the re-appointment of the Directors for Board's approval.</p> <p>2. The sourcing of candidates is made via recommendations by other Board Members or shareholders, based on the expectation of the roles and capabilities described and required by the Board. This is subsequently followed by a submission to the NRC for deliberation.</p> <p>3. Besides that, the Board has also sought independent professional search firm assistance to source for candidates. For example, Dato' Ikmal Hijaz was sourced through the Institute of Corporate Directors Malaysia ("ICDM") database.</p> <p>4. The Board has established a clear and transparent nomination process for the appointment of a Director of the Company. The nomination process involves the following seven (7) stages:</p> <ul style="list-style-type: none">i) Identification of candidates (nomination by existing Director, Management, independent search firm or major shareholder)ii) Evaluation of suitability of candidates (based on the selection criteria taking into consideration the Board Skill Matrix and the current/future needs of the Company);iii) Background screening and verification;iv) Interview by NRC members;v) Final deliberation by the NRC;

	<p>vi) Recommendation to Board for decision; and vii) Formal invitation by the Chairman.</p> <p>5. During the FYE 2019, the Board composition was refreshed as the Company continued its Business Transformation Plan journey and ongoing strategic shift towards becoming a high-growth and returns-focused entity. Premised on this, the new appointment to the Board is Dato' Noorazman as INED, appointed on 1 January 2020. Dato' Noorazman has a strong track record in investments, corporate finance and consulting practice, bringing corporate, financial and strategic advice and solutions which KPS could leverage on. He has 37 years of financial management, corporate planning and management experience. Besides that, Dato' Noorazman is an experienced board member of companies from a wide range of sectors and a proven record of establishing and executing turnaround plans.</p> <p>6. The above appointment took into consideration the 2019 self-evaluation on Directors' competencies, where, one of the least familiar skill areas for the majority of the Board members was in relation to investment management and private equity, which only scored 33%. Given that KPS is an investment holding company, it is imperative for the Board to have suitable candidate(s) who possess practical experience in investment management and private equity in pursuit of achieving the desired board composition. The required composition remains a key ingredient in influencing how the Board functions, and the dynamics between its members.</p> <p>7. In addition to the above appointment, the Board had appointed two (2) additional Directors on 17 January 2020 namely Dato' Nor Azmie and Soffan Affendi to represent the interests of KPS' major shareholder in further strengthening the board composition.</p> <p>8. Dato' Nor Azmie has spent more than 25 years in the Public Service with vast experience in finance and economic sectors and his areas of expertise are government relations, accounting and economics which would bring further valuable assistance in navigating and ascertaining the government's perspectives on various matters relevant to KPS. Dato' Nor Azmie has been the Selangor State Financial Officer since 1 January 2018.</p> <p>9. Meanwhile, Soffan Affendi has more than 18 years of experience in audit, investment research, private equity investment and was previously the Head of Corporate Finance of Alam Maritim Resources Berhad before being re-designated as Chief Financial Officer until November 2014. He joined Menteri Besar Selangor (Incorporated) ("MBI") on 1 December 2014 as Chief Operating Officer and was appointed as Acting Chief Executive Officer ("ACEO") of MBI on 1 December 2019. His areas of expertise are accounting, financial reporting and private equity investment.</p>
<p>Explanation for departure</p>	<p>:</p>

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :		
Timeframe :		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied										
Explanation on application of the practice	:	<p>1. The Board had established a Nomination Committee (“NC”) since 2003 and it was then consolidated with the Remuneration Committee (“RC”) on 30 August 2018 to become the NRC. Both roles and responsibilities were combined for the purpose of convenience, practicality and to enhance the work efficiency.</p> <p>2. The composition of the NRC was re-constituted following the composition review of KPS BC carried out on 27 February 2020. Presently, the NRC comprises exclusively NED with majority being Independent Directors. Dato’ Ikmal Hijaz was appointed as member of NRC on 17 January 2020 before being re-designated as Chairman of NRC on 27 February 2020 following the resignation of Dato’ Mohamed Ross bin Mohd Din on 1 January 2020.</p> <p>3. The composition of NRC complies with Paragraph 15.08A(1) of Bursa Securities MMLR and Practice 4.7 of the MCCG where the members of the NRC are appointed by the Board from amongst the Directors of the Company and consist exclusively of NEDs, the majority of whom are independent. The members of NRC are as follows:</p> <table border="1" data-bbox="598 1218 1399 1451"> <thead> <tr> <th>Name of NRC member</th> <th>Designation</th> </tr> </thead> <tbody> <tr> <td>1. Dato’ Ikmal Hijaz</td> <td>Chairman of NRC, INED</td> </tr> <tr> <td>2. Dato’ Idris</td> <td>Member, INED</td> </tr> <tr> <td>3. Norliza[@]</td> <td>Member, INED</td> </tr> <tr> <td>4. Soffan Affendi[@]</td> <td>Member, NINED</td> </tr> </tbody> </table> <p>Note: [@]: Both are appointed as NRC members on 17 January 2020</p>	Name of NRC member	Designation	1. Dato’ Ikmal Hijaz	Chairman of NRC, INED	2. Dato’ Idris	Member, INED	3. Norliza [@]	Member, INED	4. Soffan Affendi [@]	Member, NINED
Name of NRC member	Designation											
1. Dato’ Ikmal Hijaz	Chairman of NRC, INED											
2. Dato’ Idris	Member, INED											
3. Norliza [@]	Member, INED											
4. Soffan Affendi [@]	Member, NINED											
Explanation for departure	:											
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>												
Measure	:											
Timeframe	:											

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. The NRC is entrusted with the responsibility of carrying out the ABE on the effectiveness of the Board as a whole, the BC, Directors' peer evaluation as Director at Holding Board as well as BR at the Investee Companies ("IC") and INEDs' assessment. Besides that, the NRC has also reviewed the term of office and performance of the BAC and each of its members annually to determine whether such BAC and its members have carried out their duties in accordance with their TOR, in line with Paragraph 15.20 of the Bursa Securities MMLR,2. The ABE was facilitated by the Company Secretaries upon making the necessary reference to the guides available and the good corporate governance compliance companies.3. During the year, the effectiveness of the Board as a whole was assessed based on the following performance criteria:<ol style="list-style-type: none">a) Board's roles and responsibilities,b) Board's operations (meeting process, administration and conduct), andc) Adding value on the strategic initiatives of the Company, governance as well as the effectiveness of the Chairman.4. Whereas, the effectiveness of the BC is assessed in terms of its:<ol style="list-style-type: none">a) Composition;b) Responsibilities;c) Channelling of useful information and recommendations to the Board in support of the Board's decision-making process; andd) Effectiveness of the Chairman of the respective BC.5. As for assessment for individual Directors, the areas of assessment were on leadership, integrity, contribution to overall strategic thinking and ideas amongst the ten (10) performance attributes. Besides that, the ABE also included an assessment of each individual Director who is the BR of the Holding Board in the subsidiaries under KPS Group. This is in line with the BR Policy approved by the Board on 29 August 2019.6. The criteria used in the assessment of BAC as a whole, were as follows:<ol style="list-style-type: none">a) Quality and composition;b) Skills and competencies; andc) Meeting administration and conduct.

	<p>7. As for assessment for individual BAC members, the areas of assessment are on:</p> <ul style="list-style-type: none"> a) Interpersonal qualities; b) Experience; c) Participation in ongoing education; d) Analytical thinking; e) Understanding of risk, Company's compliances process, financial and statutory reporting requirements, significant accounting policies, accounting estimates and financial reporting practices. <p>8. Under the 2019 ABE, the NRC also assessed financial literacy of the BAC members to gauge the level of financial literacy of an BAC member whether the BAC member has sound understanding of the language of accounting and finance to perform the duties that have been entrusted to them under Practice 8.5 of the MCCG.</p> <p>9. Based on the result of 2019 ABE, it was observed that all the BAC members had financial knowledge and literacy in that they possess the ability and competency to read, analyse and interpret financial statements, including the Company's statement of financial position, statement of comprehensive income, statement of changes in equity, cash flow statement, notes to the statements, cost accounting, budgets and management discussion and analysis. The BAC members' accountability in discharging their duties and responsibilities are in accordance with the BAC's TOR, as required under MMLR and recommended under Principle B of MCCG.</p> <p>10. Each Board member was provided with their own individual results of the ABE, together with a peer average rating in each area of assessment for personal information and further development. Any Board members whose score fall below the minimum acceptable rating based on performance criteria set, will be provided with specific development intervention programs to address capability needs aim at improving performance. The results of these assessments also form one of the basis of the NRC's recommendations to the Board for the re-election of Directors at the next AGM.</p> <p>11. The results of the evaluations and comments from the Directors concerning the Board and general performance of the Directors were also presented to the Board upon reviewed by the NRC.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. In line with MCCG Practice, the Company aims to set remuneration for Directors and Senior Management at levels which are sufficient to attract and retain persons of calibre to guide the Group successfully, taking into consideration factors such as their fiduciary obligations and responsibilities, time commitment, changes in business and market environment and the Company's performance.2. Guided by the above, the Company has established the Directors' Remuneration Policy and Senior Management Remuneration Policy on 26 February 2018 and 30 March 2018 respectively. The policies are designed to support the Company's key strategies and create a strong performance-oriented environment. In addition, the policies are expected to attract, motivate and retain talent as well as promote business stability and growth of the Company.3. To ensure continued relevance, the said policies will be reviewed at least once in every three (3) years at a minimum or as change arises to ensure KPS remains at the forefront of best practice in governance. This is also to preserve their consistency with KPS' strategic direction, whilst at the same time remaining fair, competitive, and aligned to the changes in business and market environment including prevailing rules and regulations.4. Details of the Directors' Remuneration Policy and Senior Management Remuneration Policy can be found on the Company's website at www.perangsangselangor.com.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	: Applied
Explanation on application of the practice	<ol style="list-style-type: none">1. The Board of KPS had delegated to the NRC the responsibility to set the principles and parameters relating to the KPS Group's remuneration matters. The Board had established a Remuneration Committee since 2003 and in August 2018, the RC was consolidated into NRC to provide for a more streamlined approach towards the deliberation of remuneration matters of KPS Group. This has resulted in the expanded role of the NRC whereby the NRC is responsible on the following remuneration matters of KPS:<ol style="list-style-type: none">i) To formulate or review the remuneration for the members of the Board, BC, board representatives on the functional board of the subsidiaries and/or associate companies;ii) To review, appraise and make recommendations to the Board on the remuneration, salary increment, performance bonus and compensation for the MD/GCEO of KPS;iii) To appraise and recommend suitable short and long-term policies and performance-related incentive schemes for the Company;iv) To review and recommend to the Board on the staff annual salary increment pool, performance bonus pool in respect of each financial year; andv) To review and recommend any major changes in remuneration policy and employees' benefits structure throughout the Company in line with market practice.2. The composition of the NRC was re-constituted following the composition review of KPS BC carried out on 27 February 2020. Presently, the NRC comprises exclusively NED with majority being Independent Directors. Dato' Ikmal Hijaz was appointed as member of NRC on 17 January 2020, before being re-designated as Chairman of NRC on 27 February 2020 following the resignation of Dato' Mohamed Ross bin Mohd Din on 1 January 2020.3. During the FY2019, there were five (5) NRC meetings held and the following matters related to remuneration were considered:

	<p>a) Reviewed the proposed payment of Performance Bonus for year ended 31 December 2018 and 2019 Performance Increment of KPS; and</p> <p>b) Reviewed the proposed payment of Performance Bonus for year ended 31 December 2018 for the MD/GCEO of KPS.</p> <p>4. Based on the result of NRC evaluation under the 2019 ABE, the overall performance of the NRC has improved with a rating of 4.41 (Consistently Good) out of 5.0 rating compared with 2018 ABE which was 4.27 (Consistently Good). Amongst the areas that have improved are as follows:</p> <p>a) Improvement in the desired composition of NRC which leads to useful recommendations in assisting the Board for better decision making;</p> <p>b) The NRC members have sufficient, recent & relevant expertise in fulfilling their role;</p> <p>c) Improvement on the discharging of their responsibilities, expertise and appropriate reporting and recommendation to the Board; and</p> <p>d) Improvement on the quality of communications by the NRC to the Board.</p> <p>5. Premised on the above, the Board is satisfied that the NRC is well represented, the members have the required knowledge, experience and skills set and has discharged its roles and responsibilities with respect to its remuneration functions effectively.</p> <p>6. The TOR of the NRC can be found on the Company's website at www.perangsangselangor.com.</p>
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	Applied																																																																																																																																																																																							
Explanation on application of the practice	<p>1. In line with the best corporate governance practice, the remuneration of the Board on a named basis during the financial year under review are as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2">DIRECTORS</th> <th colspan="7">KPS</th> <th colspan="2">SUBSIDIARIES</th> <th rowspan="2">TOTAL (RM)</th> </tr> <tr> <th>DIRECTORS FEES (RM)</th> <th>MEETING ALLOWANCE (RM)</th> <th>SALARY (RM)</th> <th>BONUS (RM)</th> <th>LEAVE PASSAGE (RM)</th> <th>COMPANY CONTRIBUTION TO EMPLOYEE'S EPF (RM)</th> <th>OTHER EMOLUMENTS/ BENEFITS IN KIND (RM)</th> <th>DIRECTORS FEES (RM)</th> <th>MEETING ALLOWANCE (RM)</th> </tr> </thead> <tbody> <tr> <td colspan="11">NON-EXECUTIVE DIRECTORS ("NED")</td> </tr> <tr> <td>DATO' IDRIS</td> <td>100,000.00</td> <td>53,500.00</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>12,148.00</td> <td>27,000.00</td> <td>4,900.00</td> <td>197,548.00</td> </tr> <tr> <td>DATO' IKMAL</td> <td>100,000.00</td> <td>42,500.00</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>12,939.00</td> <td>53,611.00</td> <td>9,800.00</td> <td>218,850.00</td> </tr> <tr> <td>RITA BENOY</td> <td>100,000.00</td> <td>48,500.00</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>12,978.00</td> <td>27,000.00</td> <td>6,000.00</td> <td>194,478.00</td> </tr> <tr> <td>NORLIZA</td> <td>100,000.00</td> <td>29,000.00</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>14,869.00</td> <td>15,000.00</td> <td>3,200.00</td> <td>162,069.00</td> </tr> <tr> <td>LEON KOAY</td> <td>100,000.00</td> <td>52,500.00</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>11,364.00</td> <td>41,260.00</td> <td>8,500.00</td> <td>213,624.00</td> </tr> <tr> <td colspan="11">FORMER NED WHO SERVED AS DIRECTOR OF KPS DURING THE YEAR UNDER REVIEW</td> </tr> <tr> <td>YM RAJA SHAHREEN <small>(resigned: 17.1.2020)</small></td> <td>130,000.00</td> <td>60,500.00</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>12,502.00</td> <td>12,000.00</td> <td>2,000.00</td> <td>217,002.00</td> </tr> <tr> <td>DATO' MOHAMED ROSS <small>(resigned 1.1.2020)</small></td> <td>100,000.00</td> <td>50,000.00</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>22,008.00</td> <td>-</td> <td>-</td> <td>172,008.00</td> </tr> <tr> <td>SUHAIMI <small>(resigned 19.8.2019)</small></td> <td>*(Paid to KDEB)</td> <td>*(Paid to KDEB)</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>13,441.00</td> <td>-</td> <td>-</td> <td>13,441.00</td> </tr> <tr> <td>DATO' KAMARUL <small>(resigned 15.8.2019)</small></td> <td>45,205.48</td> <td>24,000.00</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>23,196.00</td> <td>21,830.00</td> <td>7,500.00</td> <td>121,731.48</td> </tr> <tr> <td colspan="11">EXECUTIVE DIRECTOR</td> </tr> <tr> <td>AHMAD FARIZ</td> <td>**N/A</td> <td>**N/A</td> <td>975,000.00</td> <td>374,430.00</td> <td>35,000.00</td> <td>202,415.00</td> <td>44,590.00</td> <td>** (Paid to KPS)</td> <td>** (Paid to KPS)</td> <td>1,631,435.00</td> </tr> <tr> <td>TOTAL</td> <td>775,205.48</td> <td>360,500.00</td> <td>975,000.00</td> <td>374,430.00</td> <td>35,000.00</td> <td>202,415.00</td> <td>180,035.00</td> <td>197,701.00</td> <td>41,900.00</td> <td>3,142,186.48</td> </tr> </tbody> </table> <p>NOTE: * Suhaimi (former Director) being the President of Kumpulan Darul Ehsan Berhad ("KDEB") is not eligible to receive the director's fees and meeting allowance in line with the KDEB's Remuneration Policy for Working Directors of which the said amount is payable to KDEB. KDEB was previously the majority of shareholder of KPS until 22 August 2019. ** Ahmad Fariz being the MD/GCEO of KPS is not eligible to receive the director's fees and meeting allowance in the company where his salary is being paid. As for Director's fee and meeting allowance at subsidiaries, it shall be made payable to KPS. This is in line with the Company's Remuneration Policy for Salaried Employees.</p>										DIRECTORS	KPS							SUBSIDIARIES		TOTAL (RM)	DIRECTORS FEES (RM)	MEETING ALLOWANCE (RM)	SALARY (RM)	BONUS (RM)	LEAVE PASSAGE (RM)	COMPANY CONTRIBUTION TO EMPLOYEE'S EPF (RM)	OTHER EMOLUMENTS/ BENEFITS IN KIND (RM)	DIRECTORS FEES (RM)	MEETING ALLOWANCE (RM)	NON-EXECUTIVE DIRECTORS ("NED")											DATO' IDRIS	100,000.00	53,500.00	-	-	-	-	12,148.00	27,000.00	4,900.00	197,548.00	DATO' IKMAL	100,000.00	42,500.00	-	-	-	-	12,939.00	53,611.00	9,800.00	218,850.00	RITA BENOY	100,000.00	48,500.00	-	-	-	-	12,978.00	27,000.00	6,000.00	194,478.00	NORLIZA	100,000.00	29,000.00	-	-	-	-	14,869.00	15,000.00	3,200.00	162,069.00	LEON KOAY	100,000.00	52,500.00	-	-	-	-	11,364.00	41,260.00	8,500.00	213,624.00	FORMER NED WHO SERVED AS DIRECTOR OF KPS DURING THE YEAR UNDER REVIEW											YM RAJA SHAHREEN <small>(resigned: 17.1.2020)</small>	130,000.00	60,500.00	-	-	-	-	12,502.00	12,000.00	2,000.00	217,002.00	DATO' MOHAMED ROSS <small>(resigned 1.1.2020)</small>	100,000.00	50,000.00	-	-	-	-	22,008.00	-	-	172,008.00	SUHAIMI <small>(resigned 19.8.2019)</small>	*(Paid to KDEB)	*(Paid to KDEB)	-	-	-	-	13,441.00	-	-	13,441.00	DATO' KAMARUL <small>(resigned 15.8.2019)</small>	45,205.48	24,000.00	-	-	-	-	23,196.00	21,830.00	7,500.00	121,731.48	EXECUTIVE DIRECTOR											AHMAD FARIZ	**N/A	**N/A	975,000.00	374,430.00	35,000.00	202,415.00	44,590.00	** (Paid to KPS)	** (Paid to KPS)	1,631,435.00	TOTAL	775,205.48	360,500.00	975,000.00	374,430.00	35,000.00	202,415.00	180,035.00	197,701.00	41,900.00	3,142,186.48
DIRECTORS	KPS							SUBSIDIARIES		TOTAL (RM)																																																																																																																																																																														
	DIRECTORS FEES (RM)	MEETING ALLOWANCE (RM)	SALARY (RM)	BONUS (RM)	LEAVE PASSAGE (RM)	COMPANY CONTRIBUTION TO EMPLOYEE'S EPF (RM)	OTHER EMOLUMENTS/ BENEFITS IN KIND (RM)	DIRECTORS FEES (RM)	MEETING ALLOWANCE (RM)																																																																																																																																																																															
NON-EXECUTIVE DIRECTORS ("NED")																																																																																																																																																																																								
DATO' IDRIS	100,000.00	53,500.00	-	-	-	-	12,148.00	27,000.00	4,900.00	197,548.00																																																																																																																																																																														
DATO' IKMAL	100,000.00	42,500.00	-	-	-	-	12,939.00	53,611.00	9,800.00	218,850.00																																																																																																																																																																														
RITA BENOY	100,000.00	48,500.00	-	-	-	-	12,978.00	27,000.00	6,000.00	194,478.00																																																																																																																																																																														
NORLIZA	100,000.00	29,000.00	-	-	-	-	14,869.00	15,000.00	3,200.00	162,069.00																																																																																																																																																																														
LEON KOAY	100,000.00	52,500.00	-	-	-	-	11,364.00	41,260.00	8,500.00	213,624.00																																																																																																																																																																														
FORMER NED WHO SERVED AS DIRECTOR OF KPS DURING THE YEAR UNDER REVIEW																																																																																																																																																																																								
YM RAJA SHAHREEN <small>(resigned: 17.1.2020)</small>	130,000.00	60,500.00	-	-	-	-	12,502.00	12,000.00	2,000.00	217,002.00																																																																																																																																																																														
DATO' MOHAMED ROSS <small>(resigned 1.1.2020)</small>	100,000.00	50,000.00	-	-	-	-	22,008.00	-	-	172,008.00																																																																																																																																																																														
SUHAIMI <small>(resigned 19.8.2019)</small>	*(Paid to KDEB)	*(Paid to KDEB)	-	-	-	-	13,441.00	-	-	13,441.00																																																																																																																																																																														
DATO' KAMARUL <small>(resigned 15.8.2019)</small>	45,205.48	24,000.00	-	-	-	-	23,196.00	21,830.00	7,500.00	121,731.48																																																																																																																																																																														
EXECUTIVE DIRECTOR																																																																																																																																																																																								
AHMAD FARIZ	**N/A	**N/A	975,000.00	374,430.00	35,000.00	202,415.00	44,590.00	** (Paid to KPS)	** (Paid to KPS)	1,631,435.00																																																																																																																																																																														
TOTAL	775,205.48	360,500.00	975,000.00	374,430.00	35,000.00	202,415.00	180,035.00	197,701.00	41,900.00	3,142,186.48																																																																																																																																																																														
Explanation for departure																																																																																																																																																																																								

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :		
Timeframe :		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2 - HRD

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application :	Departure														
Explanation for application of the practice :															
Explanation for departure	<p>1. The remuneration of top five (5) Senior Management personnel of the Company for the financial year ended 31 December 2019 are as follows:</p> <table border="1"> <thead> <tr> <th>Top five (5) Senior Management</th> <th>Number of Senior Management</th> </tr> </thead> <tbody> <tr> <td>From RM500,001 – RM550,000</td> <td>1</td> </tr> <tr> <td>From RM550,001 – RM600,000</td> <td>1</td> </tr> <tr> <td>From RM650,001 – RM700,000</td> <td>1</td> </tr> <tr> <td>From RM1,000,001 – RM1,050,000</td> <td>1</td> </tr> <tr> <td>From RM1,200,001 – RM1,250,000</td> <td>1</td> </tr> <tr> <td>TOTAL</td> <td>5</td> </tr> </tbody> </table> <p>2. The remuneration of the top five (5) Senior Management disclosed above is on an aggregate basis including salary, bonus and other benefits. At this juncture, the Board believes that disclosure of Senior Management remuneration on a named basis and by various components is neither to the Group's advantage nor in its business interests given the sensitive nature of such information and the fierce competition for talents in the market.</p> <p>3. Notwithstanding the above, the Board ensures that the remuneration of Senior Management is commensurate with the performance of the Company and Group, with due consideration of attracting, retaining and motivating Senior Management to spearhead the running of the Group's business operation. This would allow stakeholder to make an appreciable link between remuneration of Senior Management and the performance of the Group.</p>	Top five (5) Senior Management	Number of Senior Management	From RM500,001 – RM550,000	1	From RM550,001 – RM600,000	1	From RM650,001 – RM700,000	1	From RM1,000,001 – RM1,050,000	1	From RM1,200,001 – RM1,250,000	1	TOTAL	5
Top five (5) Senior Management	Number of Senior Management														
From RM500,001 – RM550,000	1														
From RM550,001 – RM600,000	1														
From RM650,001 – RM700,000	1														
From RM1,000,001 – RM1,050,000	1														
From RM1,200,001 – RM1,250,000	1														
TOTAL	5														
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>															
Measure :	<p>1. The Company will provide detailed disclosure of Senior Management's remuneration if the requirement is made mandatory under Bursa Securities MMLR.</p> <p>2. The current disclosure on an aggregate basis already allows stakeholders to establish the nexus between remuneration and value creation of the Group.</p>														

	3. The Board will closely monitor and guided with developments in regulatory requirements in respect of such disclosure for future consideration.
Timeframe	: In accordance with the prescribed period when the requirement is made mandatory under Bursa Securities MMLR.

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied										
Explanation on application of the practice	:	<p>1. The BAC comprises of four (4) NEDs of whom three (3) are INEDs and one (1) NINED, which is in line with Paragraph 15.09 of Bursa Securities MMLR, as follows:</p> <table border="1"><thead><tr><th>Name of BAC member</th><th>Designation</th></tr></thead><tbody><tr><td>Dato' Idris</td><td>Chairman of BAC, INED</td></tr><tr><td>Rita Benoy</td><td>Member, INED</td></tr><tr><td>Leon Koay</td><td>Member, INED</td></tr><tr><td>Soffan Affendi*</td><td>Member, NINED</td></tr></tbody></table> <p>Note: *: Appointed as BAC member on 27 February 2020</p> <p>2. The Chairman of the BAC is Dato' Idris who is not a Chairman of the Board and is an INED. This is to promote robust and open deliberations by the Board on matters referred by the BAC. Dato' Idris is a member of the Malaysian Institute of Accountants, a fellow member of the Chartered Institute of Management Accountants and former member of the Institute of Internal Auditors.</p>	Name of BAC member	Designation	Dato' Idris	Chairman of BAC, INED	Rita Benoy	Member, INED	Leon Koay	Member, INED	Soffan Affendi*	Member, NINED
Name of BAC member	Designation											
Dato' Idris	Chairman of BAC, INED											
Rita Benoy	Member, INED											
Leon Koay	Member, INED											
Soffan Affendi*	Member, NINED											
Explanation for departure	:											
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>												
Measure	:											
Timeframe	:											

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none"> 1. The Board on 30 March 2018 approved the incorporation in the TOR of the BAC a policy on observation of a minimum two-year cooling-off period, applicable to former key audit partners, before being appointed as a member of the BAC. This is to ensure that the objectivity, independence, and effectiveness of the external auditors are maintained. 2. Currently, none of the present BAC members are former key audit partners. 3. A copy of the BAC TOR is available on the Company's website at www.perangsangselangor.com.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	: Applied
Explanation on application of the practice	<ol style="list-style-type: none">1. The Company has in place the External Auditors Assessment Policy to assess the suitability, objectivity and independence of the external auditor which was approved by the Board on 29 March 2017.2. The annual evaluation of the external auditor provides the BAC with a disciplined approach for maintaining effective oversight of the external auditor's performance. The assessment is being carried out on annual basis.3. On 26 March 2020, pursuant to the Company's External Auditors Assessment Policy, the BAC together with the Management using its established assessment criteria, undertook an annual assessment of the performance, objectivity and independence of the external auditors based on, amongst others:<ul style="list-style-type: none">• The quality of service• Sufficiency of resources• Communication• Independence• Objectivity• Professionalism4. Following the review, the BAC was satisfied with the performance and the independence of the external auditors. In its assessment, the BAC was satisfied in its review that the provision of audit and non-audit services by BDO to the Company for FY 2019 did not in any way impair their objectivity and independence as external auditors of the Company.5. It has been the practice of the Company, in applying the principle of auditor independence, to ensure that the audit partner-in-charge of the Group is rotated at least every five (5) financial years. The current audit partner-in-charge is Messrs BDO PLT ("BDO"), following the shareholders' approval on its re-appointment at the 42nd AGM on 23 May 2019. The BAC was satisfied with the assessment of the independence and capabilities of Messrs BDO and recommended to the Board for the reappointment of the Company's external auditors, for Board's consideration.

	<p>6. On 27 August 2019, BAC reviewed and discussed with the Management together with the external auditors, BDO the 2019 Audit Plan which outlined its engagement team, audit timeline, the areas of audit emphasis, and their focus on key audit matters, fees, fraud consideration and risk of management override.</p> <p>7. On 26 November 2019, BAC met with BDO to discuss on findings from the interim audit 2019 and BDO recommendations for improvement in internal controls.</p> <p>8. Subsequently, on 25 February 2020, BAC met again with BDO to discuss the summary of BDO's audit findings of the financial statements for financial year ended 31 December 2019 and reading of other information as set out in the 2019 Annual Report and the engagement to report on the Statement on Risk Management and Internal Control of KPS.</p> <p>9. On 26 March 2020, BDO in its presentation of external auditors' report to the BAC provided a written assurance that they had been independent throughout the audit engagement in accordance with the terms of all relevant professional and regulatory requirements in respect of the audited financial statements of the Group for the financial year 2019.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application :	Applied		
Explanation on application of the practice :	<p>1. The members of BAC have the relevant accounting or related experience and expertise in financial service industry to effectively discharge their duties. The qualification and experience of the individual BAC members are disclosed in the Board of Directors' Profile in the Annual Report.</p> <p>2. The BAC members are expected to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, to enable them to sustain their active participation during deliberations. During the financial year under review, the BAC members attended various training programs to update their knowledge and enhance their skills as follows:</p>		
	BAC MEMBERS	NO.	COURSE ATTENDED
	Dato' Idris	1.	In-house training – i. Corporate Liability Provision & ii. Governance, Risk & Controls
		2.	Corporate Liability, Section 17A, MACC Act
		3.	ICDM International Directors Summit 2019
	Rita Benoy	1.	In-house training – i. Corporate Liability Provision & ii. Governance, Risk & Controls
		2.	"Value Based Intermediation: Directors' Role"
		3.	Directorship Journey – An Exclusive Fireside Chat
		4.	Corporate Liability, Section 17A, MACC Act
		5.	ICDM International Directors Summit 2019
		6.	In-house training – Cyber Security Risks – "Who Should Be Managing Them?"
		7.	The Legend of Huawei and Xiaomi
	Leon Koay	1.	The Mandatory Accreditation Programme (MAP)
		2.	Digital Upskilling for Boards
		3.	Corporate Liability, Section 17A, MACC
		4.	ICDM International Directors Summit 2019
		5.	In-house training - Cyber Security Risks - "Who Should Be Managing Them?"
	FORMER MEMBERS WHO SERVED DURING THE YEAR UNDER REVIEW		
	YM Raja Shahreen	1.	In-house training – i. Corporate Liability Provision & ii. Governance, Risk & Controls

(Resigned as BAC member on 17 January 2020)	2.	Building Our Collective Brain
	3.	Corporate Liability, Section 17A, MACC Act
	4.	ICDM International Directors Summit 2019
	5.	In-house training - Cyber Security Risks – “Who Should Be Managing Them?”
Dato’ Mohamed Ross (Resigned as BAC member on 17 July 2019)	1.	Islamic Finance for Board of Directors Program
	2.	BNM Dialogue on Risk Management in Technology
	3.	Financial Industry Conference 2019 - MyFintech Week

3. In accordance with Paragraph 15.20 of the Bursa Securities MMLR, the NRC has also reviewed the term of office and performance of the BAC and each of its members annually to determine whether the BAC and its members have carried out their duties in accordance with their TOR.
4. The criteria used in the assessment of the BAC are quality and composition, skills and competencies and meeting administration and conduct. As for assessment for individual BAC members, the areas of assessment are on the interpersonal qualities, experience, participation in ongoing education, analysing thinking, understanding of risk, understanding of Company’s compliances process, understanding of financial and statutory reporting requirements, significant accounting policies, accounting estimates and financial reporting practices.
5. Based on the BAC annual evaluation carried out in 2019, the BAC has shown consistent commendable performance with all four (4) members demonstrating a high degree of independence, professionalism and integrity with balanced diversity, skills and experience.
6. With regards to financial literacy of the BAC members, it was observed that all of the BAC members had financial knowledge and literacy in that they possess the ability and competency to read, analyse and interpret financial statements, including the Company’s statement of financial position, statement of comprehensive income, statement of changes in equity, cash flow statement, notes to the statements, cost accounting, budgets and management discussion and analysis.
7. The BAC members’ accountability in discharging their duties and responsibilities in accordance with the BAC’s TOR, as required under MMLR and recommended under Principle B of MCCG.
8. Throughout the year, the BAC dealt in issues related to financial reporting, external and internal audit findings, related party transactions and internal control, in line with the mandate provided by the TOR. The BAC has provided valuable recommendations and views to assist the Board in making informed decisions which have greatly contributed to the Board’s discussions on high level review of financial reporting process and financial statements.
9. In assisting the Board in overseeing the financial reporting process and ensuring the quality of financial reporting by the Group, the BAC monitored and reviewed the accuracy and integrity of the Group’s annual and quarterly financial statements. The BAC also assisted the Board in reviewing the appropriateness of accounting policies applied by the Group as well as the changes in these policies.

	10. The summary of work of the BAC as guided by its TOR are provided in the BAC Report of the Company's Annual Report.	
Explanation for departure		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. The Group has established an ERM framework based on the ISO 31000 International Standards of Risk Management - Principles and Guidelines, to proactively identify, evaluate and manage key risks to an optimal level taking into consideration changing risk profiles as dictated by changes in business strategies, external environment and/or regulatory environment. In line with the Group's commitment to deliver sustainable value, this framework aims to provide an integrated and organised Risk Management approach entity wide.2. The above framework incorporates a formalised reporting structure via establishment of the Board Risk Management Committee ("BRMC") since 2011, and subsequently renamed BRCC on 29 August 2019. The rationale of the establishment of BRCC is to reinforce effective CG in monitoring regulatory compliance in addition to the existing responsibility of BRCC to ensure the effectiveness of overall internal controls, risk management, governance systems and processes.3. The BRCC is supported by the Risk and Compliance Working Committee ("RCWC") which is chaired by the MD/GCEO. The committees meet on a quarterly basis. The RCWC monitors the consistent enforcement of the ERM Policy and Compliance Policy. It also reviews and endorses the risk parameters, risk appetite, risk profiles, risk action plans as well as compliance status, action plans and compliance key risks. The RCWC will present quarterly reports on the enterprise risk map and analysis of the ERM register, status of progress and propose changes for improvements to the BRCC for review and thereafter to the Board for its approval.4. The Group had actively executed the ERM initiatives based on the approved ERM Framework which includes continuous review, tracking and monitoring of the key mitigation strategies implementation and update on the Key Risk Indicators ("KRIs") for the key risk areas identified.5. The ERM initiatives were further extended to the subsidiaries. In 2019, the key risk areas for subsidiaries were identified and assessed together with the respective key management and Executive Committees ("EXCO") of subsidiaries and subsequently approved at the respective subsidiaries' Board.6. Besides that, each key business unit has nominated assurance officer who is responsible to guide risk owners to identify, monitor

	<p>and develop action plans to mitigate the risks. The assurance officers are supported by Risk Management Department (“RMD”) which monitor and guide the assurance officers on risk areas. RMD reviews every new risk identified and authenticate the viability of action plan provided by each assurance officer.</p> <p>7. The Group has also in place a Business Continuity Management (“BCM”) Program based on the ISO 22301 standards. The program is designed to ensure continuous and sustainable business operations during a disruption. The program includes Business Continuity Plan, Business Impact Analysis and risk assessment.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. The Board recognises the importance of sound internal controls and risk management practices for good corporate governance. The Board affirms its overall responsibility for the Group's system of internal controls and for reviewing its adequacy and integrity by minimising unforeseen risks. Such a system covers not only financial controls but also controls relating to operational, risk management and compliance with applicable laws, regulations, rules, and guidelines.2. In view of the inherent limitations in any system of internal control, this system is designed to identify and manage risk, rather than eliminate the risk of failure to achieve the Group's business objectives. Accordingly, the system can only provide reasonable and not absolute assurance against material misstatement or loss.3. The Group has in place a clear ongoing process for identifying, evaluating, managing and monitoring significant risks faced by the Group during the year.4. RMD is responsible for developing, coordinating and facilitating the Risk Management processes within the Group. A database of risks and mitigation strategies information is captured in the format of risk registers. Continuous risk assessment and challenge sessions were conducted to ensure the risk mitigation strategies were updated. Risk owners present their risk updates, and these are further deliberated with RMD for its adequacy and completeness.5. High Level Risk profiles for the key business units are also presented to the RCWC, BRCC, Subsidiary Board and Board of Directors on a quarterly basis for deliberation and approval.6. For the year under review, the Board had reviewed the adequacy and effectiveness of the Group's risk management and internal control systems through the various policies, terms of references, processes and initiatives disclosed in the Statement of Risk Management and Internal Control of the Company's Annual Report.7. The Group continuously includes key issues and concerns on all material associated companies for Board of Directors deliberation.

	8. Besides that, to further enhance the its risk management practices within the Group, RMD has conducted a risk awareness workshop for the staff and formalising the risk management process through the implementation of the ERM.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	: Adopted										
Explanation on adoption of the practice	<p>1. The Board has established the BRMC since 2011 and subsequently renamed BRCC on 29 August 2019. The rationale of the establishment of BRCC is to reinforce effective CG in monitoring regulatory compliance in addition to the existing responsibility of BRCC in ensuring the effectiveness of risk management, overall internal controls, governance systems and processes.</p> <p>2. The BRCC comprises of four (4) members, of whom all members are Independent Directors. Presently, the BRCC is chaired by Leon Koay who was appointed as Chairman of BRCC on 27 February 2020 in place of Dato' Mohamed Ross who resigned on 1 January 2020, as follows:</p> <table border="1"><thead><tr><th>Name of BRCC member</th><th>Designation</th></tr></thead><tbody><tr><td>1. Leon Koay</td><td>Chairman of BRCC, INED</td></tr><tr><td>2. Rita Benoy</td><td>Member, INED</td></tr><tr><td>3. Dato' Noorazman</td><td>Member, INED</td></tr><tr><td>4. Norliza</td><td>Member, INED</td></tr></tbody></table> <p>3. The BRCC is supported by RCWC which is chaired by the MD/GCEO. The committees meet on a quarterly basis. The RCWC monitors the consistent enforcement of the ERM Policy and Compliance Policy. It also reviews and endorses the risk parameters, risk appetite, risk profiles, risk action plans as well as compliance status, action plans and compliance key risk.</p> <p>4. Amongst the scope and responsibility of BRCC as per its TOR are as follows:</p> <p>a) Risk Management</p> <ul style="list-style-type: none">➤ Knowledge on risk management systems, practices and procedures to ensure effectiveness of risk identification, management, and compliance with internal guidelines. <p>b) Compliance</p> <ul style="list-style-type: none">➤ Effective management of regulatory compliance throughout KPS Group and to provide oversight and advice to the Board in respect of the compliance with the applicable laws and regulations. <p>5. The BRCC had met four (4) times during the year in review.</p>	Name of BRCC member	Designation	1. Leon Koay	Chairman of BRCC, INED	2. Rita Benoy	Member, INED	3. Dato' Noorazman	Member, INED	4. Norliza	Member, INED
Name of BRCC member	Designation										
1. Leon Koay	Chairman of BRCC, INED										
2. Rita Benoy	Member, INED										
3. Dato' Noorazman	Member, INED										
4. Norliza	Member, INED										

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	: Applied
Explanation on application of the practice	<ol style="list-style-type: none">1. The Board has established an in-house internal audit ("IA") function which is led by the Director IA who reports directly to the BAC, and administratively to the MD/GCEO.2. In this respect, the Director of IA shall be accountable in reporting to the BAC on the assessment of adequacy and effectiveness of the Group's control processes. He has full access to the BAC Chairman for consultation and clarification on audit scope and objectives as well as reporting purpose.3. As guided by the IA's approved Audit Charter, IA must be independent of the activities and processes, which it appraises to ensure it is able to perform its duties in an objective manner and provide impartial advice to the BAC.4. The IA function undertakes an independent assessment on the internal control system of the Group and provides assurance to the BAC that no material issue or major deficiency has been noted which would pose a high risk to the overall system of internal control under review.5. To ensure that the responsibilities of the IA are fully discharged, the BAC reviews:<ol style="list-style-type: none">i) The appointment and removal of the Director IA;ii) The adequacy of the IA's scope, competency, experience and resources of the IA function; andiii) The appraisal or assessment of performance of the IA function and performance of the Director IA, who is responsible for the regular review of the effectiveness of risk management, control and governance processes within the Group.6. The IA engagements were carried out based on the audit plan 2019 as approved by the BAC. The results of the audits as disclosed in the IA reports were reviewed by the BAC. The relevant Management members were made responsible for ensuring that corrective actions on reported weaknesses were taken within the required timeframes. IA conducted follow-up audits on key engagements to ensure that the corrective actions were implemented appropriately. In this respect, IA has added value by enhancing the governance, risk management and control processes within the Group.

	7. The IA personnel constantly keep themselves abreast with developments in the profession, relevant industry and regulations through attendance at conferences/trainings.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none"> 1. All the IA personnel confirmed via the annual declaration that they are free from any relationships or conflicts of interest, which could impair their objectivity and independence. 2. During the financial year, the IAD is headed by Encik Sukman Suzzak bin Zakaria, an IA Director and assisted by two (2) internal auditors and one (1) assurance officer at each material subsidiary. The IAD Director is a fellow member of the Association of Certified Chartered Accountants and a member of the Institute of Internal Auditors with more than 23 years of internal auditing experience. Besides that, all the internal auditors have the relevant tertiary education in audit. 3. In accordance with the BAC TOR, the BAC had in February 2020 conducted an annual assessment of the performance of the IA function and the Director IA by reviewing the 2019 IA Balance Scorecard as well as completing the annual IA Evaluation Questionnaire. 4. The BAC was also satisfied that the IA function is performed in accordance with the IIA's Definition of Internal Auditing and Code of Ethics and that it conforms to the International Standards for Professional Practice of Internal Auditing ("IPPF"). The IAD is also guided by the MCCG issued by SC.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. The Company is committed to having open, clear and timely internal and external communications, recognising the importance of transparency, accountability and avoidance of selective dissemination in disclosing information on the Group's business activities and prospect to its stakeholders. To raise the level of corporate governance and credibility, the Board on 30 May 2018 approved the adoption of the IR Policy which sets out the principles and various platforms of communication relating to the dissemination of information. This enables both the Board and Management to communicate effectively with its shareholders and other stakeholders via the following:<ol style="list-style-type: none">a) The Annual Report and relevant circulars dispatched to shareholders and published in the Company's website;b) Issuance of various disclosures and announcements inclusive of the quarterly financial performance of the Group to Bursa Securities; andc) Series of engagement through IR programmes.2. In addition, the Company has established and actively update its corporate website at www.perangsangselangor.com, which allows easy access to corporate information and provides platform to gain feedback from the stakeholders. In addition, the Company has also established an integrated IR portal in the corporate website where shareholders can remain updated with the latest information on the Group such as corporate announcements, quarterly financial results, stock charts, dividend payment and interactive annual reports.3. Guided by the IR Policy, the Company has in place an IR Strategy that guides for effective two-way engagements between KPS and the investment community as well as other stakeholders. Embedded in the strategy is a comprehensive approach to providing factual and adequate disclosure on the prospect of KPS' business through various communication channels to enable the shareholders and investors make informed investment decisions about KPS.4. To facilitate effective communications with stakeholders, the Board has mandated the Management to roll out various IR programmes amongst others:

	<p>a) Briefing sessions such as quarterly financial results, presentation to the investment community comprising analysts, investment managers (including one-on-one), significant shareholders, and minority shareholders at general meetings;</p> <p>b) Participation in non-deal roadshows organised by research houses;</p> <p>c) Plant visit to subsidiaries, targeting participants from analyst and fund managers;</p> <p>d) Engagement with the media via centralised strategic communication.</p> <p>5. Testimonial by KPS commitment to ensure effective engagement to KPS shareholders, KPS has been nominated among the Top 5 listed entities in Malaysia, four of which are large capitalised companies for most improved IR initiatives by Malaysia Investor Relations Association at the IR Award in 2019.</p>
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	KPS does not fall under the category of Large Companies as defined in the MCCG. Hence, no integrated reporting is being prepared.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	As an alternative to Integrated Reporting, investors/potential investors can still obtain information on the Company's strategy, performance, governance and prospects from the Annual Report, Sustainability Report and Company's announcement to Bursa Securities. All these reports and information are also made available in the Company's website at www.perangsangselangor.com . The Company will prepare the integrated reporting if the requirement is made mandatory under Bursa Securities MMLR.	
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. KPS dispatches the notice of its 42nd AGM held on 23 May 2019 to shareholders 28 days prior to the meeting, well in advance of the 21-day requirement under the Companies Act 2016 and Bursa Securities MMLR. The additional time given to shareholders allows them to make the necessary arrangements to attend and participate in person or through corporate representatives, proxies or attorneys. More importantly, it enables the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the general meeting.2. Similarly, for the forthcoming 43rd AGM to be held on 30 June 2020, notice of the same will be issued on 29 May 2020 which is 28 days prior to the meeting.3. The notes to the Notice of the 43rd AGM dated 29 May 2020 had provided detailed explanations for each resolution proposed, e.g. final dividend, re-election/retirement of Directors, Directors' remuneration comprising the Directors' fees and benefits, re-appointment of auditors, renewal of existing shareholders' mandate for recurrent related party transactions, etc, to enable shareholders to make informed decisions in exercising their voting rights.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none"> 1. During the 42nd AGM held on 23 May 2019, all Directors were present in person to engage directly with shareholders and be accountable for their stewardship of the Company. 2. The Chairman of the Board chaired the 42nd AGM in an orderly manner and the shareholders were given the opportunity to seek clarification on any matters pertaining to the business activities and financial performance of the Company and of the Group. Shareholders, corporate representatives and proxies were briefed on their rights to speak and vote at the AGM before the commencement of the meeting. 3. The external auditors of the Company also attended the AGM and were available to answer questions about the conduct of the audit, preparation and content of the auditors' report.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate—

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<ol style="list-style-type: none">1. KPS has leveraged on technology to facilitate electronic voting (“e-voting”) for the conduct of poll on all resolutions proposed at its EGM held on 31 October 2016 for the first time and subsequently at its 40th, 41st and 42nd AGMs held on 25 May 2017, 24 May 2018 and 23 May 2019 respectively. Electronic voting devices were used to provide a more efficient and accurate outcome of the results.2. The voting at all the above EGM/AGM were conducted on a poll in accordance with Paragraph 8.29A of the Bursa Securities MMLR. KPS had appointed Poll Administrator, namely Boardroom Share Registrars Sdn Bhd and Boardroom Corporate Services Sdn Bhd as Scrutineers to verify the poll results.3. The polling process for the resolutions was conducted only upon completion of the deliberation of all items transacted at the AGM. The Poll Administrator briefed the shareholders on the e-voting process at the AGM prior to the commencement of the e-voting. The Scrutineers, upon verification of the poll results, announced the results for each resolution, which include votes in favour and against, upon which the Chairman of the Meeting declared whether the resolutions were carried. The poll results were also announced to Bursa Securities via Bursa LINK on the same day for the benefit of all shareholders. Minutes of the 42nd AGM was also made available on KPS’ website.4. In light of the rapidly evolving developments relating to COVID-19 and the social distancing measures being widely implemented, KPS is re-strategizing the way it engages the shareholders from holding physical meetings to having virtual ones. Given the unprecedented situation, KPS forthcoming 43rd AGM will be conducted entirely through live streaming from its corporate office. Shareholders who wishes to participate in the virtual AGM can do so via remote participation and voting facilities, an arrangement that is in accordance with Clause 53(4)(5) of the Constitution of the Company. However, to ensure the effectiveness of the proceeding and allow shareholders’ participation at the AGM, KPS will leverage on the advances in

	<p>information technology and avail to the shareholders a platform upon which remote online voting (i.e. voting in absentia) can be cast whilst the broadcast is in session. During the broadcast, shareholders has the option to submit their questions by using the Query Box for the Chairman/ Board to respond.</p> <p>5. The above initiative is also in concurrence with the Guidance and Frequent Ask Questions (“FAQs”) issued by the SC on the Conduct of General Meetings for Listed issuers (Guidance Note) whereby the listed issuers are encouraged during and after MCO period to conduct full virtual general meeting by leveraging on technology.</p>		
	<p><u>Alternative practice:</u></p> <p>➤ Shareholders are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his or her stead at a general meeting.</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
<p>Measure :</p>			
<p>Timeframe :</p>	<table border="1" style="width: 100%; height: 40px;"> <tr> <td style="width: 50%;"></td> <td style="width: 50%;"></td> </tr> </table>		

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

[Click here to enter text.](#)