

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5192
COMPANY NAME : K. SENG SENG CORPORATION BERHAD
FINANCIAL YEAR : December 31, 2023

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 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	:	<p>The Board of Directors ("Board") of K. Seng Seng Corporation Berhad ("KSSC") is responsible for the oversight and overall sustainable performance of the Company and its subsidiaries. The Board provides leadership and exercise oversight with the established frameworks, policies, procedures and terms of reference. The Board also ensures good corporate governance is practices throughout the Group.</p> <p>The Board is guided by the Board Charter which outlines the duties and responsibilities of the Board. The Board Charter is reviewed and updated by the Board from time to time to ensure it remains relevant and appropriate.</p> <p>The Board has assumed the following principal responsibilities in discharging its fiduciary duties:-</p> <ul style="list-style-type: none"> (a) Reviewing and adopting a strategic plan for the Company, addressing the sustainability of the Group's business; (b) Overseeing the conduct of the Group's businesses and evaluating whether the businesses are being properly managed; (c) Identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks; (d) Reviewing the adequacy and integrity of the Group's internal control and management information systems; (e) Carrying out a periodic review of the Group's financial performance and operating results and major capital commitments; and (f) Reviewing and approving any major corporate proposals, new business ventures or joint ventures of the Company. <p>To ensure the effective discharge of its function and responsibilities, the Board has delegated specific responsibilities to the following Committees:-</p>

	<p>(a) Audit and Risk Management Committee (“ARMC”) (b) Nomination Committee (“NC”) (c) Remuneration Committee (“RC”)</p> <p>All committees have written terms of reference. These Committees are formed to enhance business and operational efficiency as well as efficacy. The Chairman of the respective Committees will report to the Board on the outcome of their Committees meetings for the consideration, and approvals and excerpts from such reports are incorporated in the minutes of the Board meetings. The Board retains full responsibility for the direction and control of the Company and the Group.</p> <p>The Board’s leadership role, governance arrangements, and effectiveness are discussed in the Annual Report 2023.</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

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	:	The Executive Chairman, Datuk Keh Chuan Seng is able to provide effective leadership to the Board and guide the vision, strategic direction and business development of the Group, and at the same time be guided by the independent advice and views from the Independent Directors, who offer the necessary checks and balance in the decision making process of the Board.	
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 1.3

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

Application	:	Applied
Explanation on application of the practice	:	The positions of the Chairman and Executive Director are held by two (2) different individuals to promote accountability and facilitate the division of responsibilities between them. In this regard, no one individual can influence the Board's discussions and decision-making. Generally, the Chairman would lead the Board in its collective oversight of management, whilst the Executive Director focuses on the business, day-to-day management of the Company and ensuring adequate and effective policies and procedures are in place to support the Group's business. The distinct and separate roles of the Chairman and Executive Director with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making, and are clearly defined in the Board Charter.
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 Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application	: Applied
Explanation on application of the practice	: The Executive Chairman, Datuk Keh Chuan Seng is not a member of the Audit Committee, Nomination Committee or Remuneration Committee. The Chairperson of Audit Committee is Ms Er Kian Hong; the Chairman of Remuneration Committee is Datuk Low Chin Koon whereas the Chairman of Nomination Committee is Teh Boon Beng.
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

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	:	<p>The Board is supported by three qualified and competent Company Secretaries who are qualified secretaries under Section 235(2)(a) of the Companies 2016.</p> <p>The Board is regularly updated and kept informed by the Company Secretaries and the Management of the requirements such as restrictions in dealing with the securities of the Company and updates as issued by the various regulatory authorities including the latest developments in the legislation and regulatory framework affecting the Group.</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

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 1.6

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	:	<p>All meeting materials are circulated to Directors at least five (5) business days in advance of Board and Board Committee meetings via email to allow ample time for Directors to consider the relevant information.</p> <p>The Minutes of the Board and Board committee meetings are circulated to the respective Chairman in a timely manner for review before they are confirmed. All Board members reviewed and confirmed the minutes of meetings to ensure they accurately reflect the deliberations and decisions of the Board, including whether any director abstained from voting or deliberation on a particular matter.</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 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	:	<p>The Board is guided by a Board Charter which sets out the principles governing the Board of Directors of the Company and adopts the principles of good governance and practice in accordance with applicable laws, rules, and regulations in Malaysia. The Board Charter also sets out the respective roles and responsibilities of the Board, board committees, individual directors and the Management; and issues and decisions reserved for the Board.</p> <p>The Board will review the Board Charter from time to time to ensure that the Board Charter remains consistent with the Board's objectives, current law and practices.</p> <p>The Board Charter is published at www.kssc.com.my.</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 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	:	In discharging its responsibilities, the Board is also guided by a Code of Conduct for Directors whilst the Management and employees are guided by the Code of Conduct and Ethics in the Employees' Handbook which encompasses all respects of its day-to-day business operations. Directors and employees of the Group are expected to conform and observe appropriate decorum and behaviour that promote honesty and integrity when engaging with both employees and stakeholders. A copy of the Code of Conduct and Ethics is available at www.kssc.com.my .
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 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	:	<p>The Board has in place a Whistle-Blowing Policy and serves as a platform and laid out the procedures for employees to raise genuine concerns about any suspected and/or known unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements that are taking place and/or has taken place and/or may take place in the future at the earliest opportunity, without being subject to victimisation, harassment or discriminatory treatment.</p> <p>The Whistle-Blowing Policy sets out the protection to any reporting individual who has made the disclosure or report in good faith, the confidentiality and safeguarding in dealing with such disclosure or report, the communication channel and the procedural flow of making the disclosure or report.</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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

Application	:	Applied
Explanation on application of the practice	:	Our Board of Directors is ultimately responsible in managing sustainability matters in our organisation. Supported by the Senior Management Team, the Executive Director oversees the sustainability efforts in place to ensure proper monitoring and reporting. The Board meets at least annually to discuss on Sustainability matters including reviewing the material matters to ensure they stay relevant and up to date. Please refer to the Sustainability Statement in the Annual Report 2023 for further details.
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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

Application	:	Applied	
Explanation on application of the practice	:	In FYE 2023, the Company continued to engage with our key stakeholders through various channels and platforms to obtain feedback on key areas of interest to them, gaining insights into emerging issues that are significant to both stakeholders and the organisation.	
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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	The Board will ensure that the Directors receive ongoing professional development and constantly keep them abreast on the relevant requirements and matters concerning sustainability, including the latest development in industry as well as the sustainability issues relevant to the Group.	
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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company’s material sustainability risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	1) The performance evaluations of the Board and Senior Management in addressing the Company’s material sustainability risks and opportunities shall be reviewed as and when necessary. 2) The Board and the Senior Management have reviewed and formulated strategies to address issues of material sustainability risks and opportunities and the evaluation actions of such actions was embedded in the performance evaluation of the Board and Senior Management.	
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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

Application	:	Applied	
Explanation on application of the practice	:	The NC oversees and reviews on an on-going basis, the overall composition of the Board in terms of size, the required mix of skills, experience and other qualities and core competencies for the Directors of the Company. The effectiveness of the Board as a whole and the contribution and performance of each individual Director to the effectiveness of the Board and the Board Committees will also be assessed by the NC on an annual basis.	
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 5.2

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>During the FYE 2023, the Board consists of six (6) members, comprising one (1) Executive Chairman, one (1) Executive Director, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The composition of the Board complies with paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>At least half of the Board comprises of Independent Directors, complying with the MCGG.</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 5.3

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 provide justification and seek annual shareholders' approval through a two-tier voting process.

Application	:	Applied	
Explanation on application of the practice	:	None of the Independent Directors has exceeded a cumulative term of nine (9) years in the Company as of the FYE 2023.	
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 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>	
Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 5.5

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.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	:	Applied	
Explanation on application of the practice	:	The Board is supportive of boardroom diversity as it can offer greater depth and breadth compared to non-diverse board. The Board practices no discrimination in terms of appointment of Directors as well as hiring employees wherein the Directors and Senior Management are recruited based on their merit, skills and experiences and not driven by age, cultural background and gender.	
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 5.6

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.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Application	:	Applied	
Explanation on application of the practice	:	In searching for suitable candidates, the Board may receive suggestions from existing Board Members, Management, and major shareholders. The Board is also open to referrals from external sources available, such as industry and professional associations, as well as independent search firms. Where and when appropriate, the Board will prioritise the appointment of more female Directors to the Board and senior management, based on needs and merits.	
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 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied	
Explanation on application of the practice	:	The performance of retiring Directors who are recommended for re-election at the forthcoming AGM would be assessed through the Board and Board Committee evaluations which includes the independence of the Independent Non-Executive Director, if any.	
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 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The NC of the Company comprises exclusively Independent Non Executive Directors and its composition is as follows:-</p> <p>Chairman : Teh Boon Beng Independent NonExecutive Director</p> <p>Members : Datuk Low Chin Koon Independent NonExecutive Director</p> <p> : Er Kian Hong Independent NonExecutive Director</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 5.9

The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board recognises that a gender-diverse Board could offer greater depth and breadth whilst the diversity at key senior management would lead to better decision-making.	
		In line with promotion of gender diversity as recommended under the Malaysian Code of Corporate Governance (“MCCG”), the Board had appointed Ms Er Kian Hong on 6 January 2023 which complies with the Listing Requirements of Bursa Securities. The Board affirms that the appointment of more woman representatives to the Board and senior management will be prioritised when vacancies arise and when suitable candidates are identified. The market capitalisation is below RM 2 billion.	
<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 5.10

The board discloses in its annual report the company’s policy on gender diversity for the board and senior management.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Although the Group does not have a written policy on gender diversity, the Board is supportive of diversity in gender, ethnicity and age as such diversification would enlarge the pool of skills, talents, perspective, and ideas within the Board. The Group is an equal opportunity employer and does not practise discrimination of any form, whether based on age, gender, race, and religion, throughout the organisation.	
<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 form an opinion on the overall effectiveness of the board and individual directors.

Practice 6.1

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 its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: The Nomination Committee annually performs an assessment of the effectiveness and performance of the Board, Board Committees and individual Directors, in order to verify that the Board is functioning appropriately as a whole. Each Director completed a detailed questionnaire in the Directors' Performance Evaluation which covered matters relevant to the Board performance, among other things, contribution to interaction quality of input, understanding of role and personal developments. An evaluation of each Board Committee was done by assessing the structure, roles and responsibilities, performance of the respective Chairman, as well as Committee's performance against its Term of Reference. The assessment was internally facilitated, whereby results of the assessment had been compiled, documented and reported to the Board accordingly, as part of the Company's ongoing corporate governance practices.
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 7.1

The board has remuneration 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 remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	The Company has the remuneration comparison on the level of directors and senior management remuneration of similar size and industry of KSSC to retain its key senior management. The RC reviews the Group's financial performance and consults the Executive Director, who is the key personnel in the business management who knows the industry well, has the knowledge and is aware of the prevailing market pay for its staff.
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 7.2

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	:	<p>The remuneration package for executive directors is reviewed by the RC and recommended to the Board for approval. It is then decided by the Board without the respective executive directors' participation in determining their remuneration.</p> <p>Bonuses payable to executive directors are performance based and relate to the individual and the Company's as well as Group's achievement of specific goals. The non-executive directors do not receive any performance related remuneration.</p> <p>The Terms of Reference of the RC is available at www.kssc.com.my.</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 8.1

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	:	The detailed disclosure on named basis for remuneration of individual directors including fees, salary, bonus, benefits-in-kind are set out in the table below.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Datuk Keh Chuan Seng	Executive Director	-	Input info here	330	-	-	41	371	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Lee Hai Peng	Executive Director	3	Input info here	330	-	23	41	397	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Er Kian Hong	Independent Director	59	5	Input info here	Input info here	Input info here	Input info here	64	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Datuk Low Chin Koon	Independent Director	56	5	Input info here	Input info here	Input info here	Input info here	61	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Teh Boon Beng	Independent Director	56	5	Input info here	Input info here	Input info here	Input info here	61	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
6	Dr Lim Pang Kiam	Non-Executive Non-Independent Director	25	2	Input info here	Input info here	Input info here	Input info here	27	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
7	Koh Seng Lee	Executive Director	Input info here	Input info here	39	Input info here	1	5	45	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
8	Tsen Ket Shung @ Kon Shung	Executive Director	Input info here	Input info here	27	Input info here	Input info here	3	30	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
9	Dato' Tan @ Tan Pek-Han	Independent Director	8	1	Input info here	Input info here	Input info here	Input info here	9	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Yap Chee Kheng	Non-Executive Non-Independent Director	8	1	Input info here	Input info here	Input info here	Input info here	.9	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

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 8.2

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 on application of the practice	:										
Explanation for departure	:	<p>The Board is of the view that the disclosure of the Senior Management's remuneration components will not be in the best interest of the Group given the competitive human resources environment as such disclosure may give rise to talent recruitment and retention issue. Also premised on the confidentiality of the remuneration package of our Senior Management, the Board has adopted a disclosure of our Senior Management remuneration in bands of RM50,000 on an unnamed basis.</p> <table border="1"> <thead> <tr> <th>Remuneration Value</th> <th>Number of Senior Management</th> </tr> </thead> <tbody> <tr> <td>RM50,001 to RM250,000</td> <td>2</td> </tr> <tr> <td>RM300,001 to RM350,000</td> <td>3</td> </tr> <tr> <td>RM350,001 to RM450,000</td> <td>1</td> </tr> </tbody> </table> <p>Not Applicable.</p>		Remuneration Value	Number of Senior Management	RM50,001 to RM250,000	2	RM300,001 to RM350,000	3	RM350,001 to RM450,000	1
Remuneration Value	Number of Senior Management										
RM50,001 to RM250,000	2										
RM300,001 to RM350,000	3										
RM350,001 to RM450,000	1										
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>											
Measure	:										
Timeframe	:										

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

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 8.3 - 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	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

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 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	The AC is chaired by Ms Er Kian Hong, an Independent Non-Executive Director, which is a separate person from the Chairman of the Board. Whereas the Board is chaired by the Executive Chairman, Datuk Keh Chuan Seng.	
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 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Terms of Reference of the AC was updated on 5 May 2021 to include the recommendation of the MCCG 2021 for a former partner of the external audit firm of the Company to observe a cooling off period of at least three (3) years before being appointed as a member of the Audit Committee.	
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 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied
Explanation on application of the practice	:	<p>The AC has established policies and procedures to assess the suitability, objectivity and independence of external auditors and such assessment would be carried out annually.</p> <p>During the FYE 2023, the AC and the Board proposed and recommended that Baker Tilly Monteiro Heng PLT be reappointed as the external auditors of the Company and this was approved by the shareholders of the Company at the 38th AGM of the Company based on the credentials and resources of Baker Tilly Monteiro Heng PLT, as well as their communication with the Audit Committee.</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 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 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The Audit Committee of the Group comprises the following members:- Chairperson Er Kian Hong Independent Non-Executive Director Members Datuk Low Chin Koon Independent Non-Executive Director Teh Boon Beng Independent Non-Executive Director

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 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent 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	:	As promulgated by the MCCG, the AC should collectively possess a wide range of necessary skills to discharge its duties, and all members should be financially literate and are able to understand matters under the purview of the AC including the financial reporting process. The members of the AC collectively possess the accounting and related financial management expertise and experience required for the AC to discharge its responsibilities and assist the Board in its oversight over the financial reporting process.
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 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has ultimate responsibility for reviewing the Company's risks, approving the risk management framework and policy and overseeing the Company's strategic risk management and internal control framework to achieve its objectives within an acceptable risk profile as well as safeguarding the interest of stakeholders and shareholders and the Group's assets.</p> <p>The Board is supported by the Audit & Risk Management Committee which reports to the Board regarding the Group's risk exposures, including a review of risk assessment model used to monitor the risk exposures and the Management's view on the acceptable and appropriate level of risks faced by the Group. The RMC will continue to evaluate, review and monitor the Group's risk management framework and activities on on-going basis to identify, assess and monitor the key business risks of the Company to safeguard shareholders' investment and Company's assets.</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

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 10.2

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	:	<p>The Company also engages the internal auditors to provide independent assessments on the adequacy, efficiency and effectiveness of the Company's internal control system. The internal auditors report directly to the AC and internal audit plans are tabled to the AC for review and approval by the Board to ensure adequate coverage.</p> <p>The process of the risk management and internal control are ongoing, which are undertaken by each department within the Company. The Company will continuously enhance the existing system of risk management and internal control by taking into consideration the changing business environment.</p> <p>Further details on the features of the risk management and internal control framework, and the adequacy and effectiveness of this framework, are disclosed in the Statement on Risk Management and Internal Control in this Annual Report.</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

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 10.3 - 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>The Audit Committee was renamed the ARMC with effect from 21 November 2017. Currently, the ARMC comprises a solely of Independent Non-Executive Directors.</p> <p>The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements and quarterly announcement of financial results. The ARMC assists the Board in overseeing the Group's financial reporting processes and the quality of its financial reporting.</p>

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 11.1

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	:	<p>The internal audit function of the Company is carried out by an outsourced professional service firm that assists the Audit Committee and the Board in managing the risks and establishment of the internal control system and processes of the Company by providing an independent assessment on the adequacy, efficiency and effectiveness of the Company's risk management and internal control system and processes.</p> <p>The internal auditors report directly to both the Audit Committee and the Board. The internal auditors have and will continue to keep abreast with developments in the profession, relevant industry and regulations.</p> <p>The internal audit function is independent of the operations of the Company and provides reasonable assurance that the Company's system of internal control is satisfactory and operating effectively. Further details of the internal audit function are set out in the Statement on Risk Management and Internal Control and the Audit Committee Report.</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

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

Practice 11.2

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	:	<p>The internal audit function is outsourced to Eco Asia Governance Advisory Sdn Bhd and the internal audit staff on the engagement are free from any relationships or conflicts of interest, which could impair their objectivity and independence.</p> <p>The Engagement Partner has a diverse professional experience in internal audit, risk management and corporate governance advisory. The staff involved in the internal audit reviews possess professional qualifications and/or members of the Institute of Internal Auditors Malaysia and MIA.</p> <p>The internal audit was conducted using a risk-based approach and was guided by the International Professional Practice Framework (IPPF).</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 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	Through its website www.kssc.com.my and its announcements on Bursa Malaysia's website, the Group shares mandatory public announcements as well as publishes its quarterly and annual results. The quarterly financial results are announced via Bursa LINK immediately after the Board's approval. This is important in ensuring equal and fair access to information by the investing public.	
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 12.2

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

Application	:	Not applicable – Not a Large Company	
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

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

Practice 13.1

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	:	The Notice for the 38th AGM that was held on 24 May 2023 was issued on 25 April 2023 which is more than the 28 days recommended notice period. This gave shareholders sufficient time to read and consider the resolutions to be resolved and enable shareholders to make an informed decision 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 13.2

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	:	All the Directors of the Company attended the 38th AGM of the Company held on 24 May 2023 on a fully virtual basis to engage with shareholders and proxies proactively.	
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 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders’ participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Applied	
Explanation on application of the practice	:	At its virtual 38th AGM held on 24 May 2023, the Company had continued to leverage on technology to facilitate remote shareholders’ participation and electronic voting for the conduct of poll on the resolution.	
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 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company’s financial and non-financial performance as well as the company’s long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application :	Applied
Explanation on application of the practice :	<p>The Chairman of the Board ensured that sufficient opportunities were given to shareholders and proxies to raise questions relating to the affairs of the Company and that adequate responses were given.</p> <p>At the meeting, the Directors and Senior Management will be present to answer questions on the business’s strategy and operations. External auditors will also be on hand to respond to shareholders’ questions on the audit process and the preparation and content of the auditor’s report.</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

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

Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application :	Applied
Explanation on application of the practice :	The Board had ensured that the required infrastructure and tools were in place to enable the smooth broadcast of the 38th AGM and meaningful engagement with the shareholders. The questions posed by the shareholders were responded during the meeting. The Board would consider questions posed by shareholders are made visible to the participants for future general meetings.
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 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: The Minutes of the 38th AGM, which includes the questions raised by shareholders together with the responses by the Company and outcome of the voting results, was made available to the shareholders within thirty (30) business days after the 38th AGM at www.kssc.com.my .
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	:

**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.

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