

Statement on Corporate Governance ¹

The Board of Directors (“Board”) of YTL Land & Development Berhad (“YTL L&D” or “Company”) remains firmly committed to ensuring an appropriate and sound system of corporate governance throughout the Company and its subsidiaries (“YTL L&D Group”). The YTL L&D Group has a long-standing commitment to corporate governance and protection of shareholder value, which has been integral to the YTL L&D Group’s achievements and strong financial profile to date.

The YTL L&D Group’s corporate governance structure is a fundamental part of the Board’s responsibility to protect and enhance long-term shareholder value and the financial performance of the YTL L&D Group, whilst taking into account the interests of all stakeholders.

In implementing its governance system and ensuring compliance with the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Board has been guided by the principles and recommendations of the Malaysian Code on Corporate Governance, which was first issued in 2000 and subsequently revised in 2007 and 2012 (“2012 Code”). In April 2017, the Securities Commission Malaysia released the new Malaysian Code on Corporate Governance, a key feature of which is the introduction of the Comprehend, Apply and Report (CARE) approach, and the shift from “comply or explain” to “apply or explain an alternative”, to encourage listed companies to put more thought and consideration into the adoption of and reporting on their corporate governance practices. Companies are expected to report their application of the practices in the new code from the financial year ending 31 December 2017 and, as such, the Board and the Company are in the process of determining the necessary changes to its practices and procedures and will report on compliance with the new code in YTL L&D’s next annual report for the financial year ending 30 June 2018.

The Board is satisfied that the Company has, in all material aspects, complied with the principles and recommendations of the 2012 Code for the financial year ended 30 June 2017. This statement explains the Company’s application of the principles and compliance with the recommendations as set out in the 2012 Code for the financial year under review, including, where otherwise indicated, explanations of its alternative measures and processes.

ROLES & RESPONSIBILITIES OF THE BOARD

YTL L&D is led and managed by an experienced Board with a wide and varied range of expertise to address and manage the complexity and scale of the YTL L&D Group’s operations. This broad spectrum of skills and experience ensures the YTL L&D Group is under the guidance of an accountable and competent Board. The Directors recognise the key role they play in charting the strategic direction, development and control of the YTL L&D Group. Key elements of the Board’s stewardship responsibilities include those set out in the 2012 Code:

- Reviewing and adopting strategic plans for the YTL L&D Group;
- Overseeing the conduct of the YTL L&D Group’s business operations and financial performance;

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- Identifying principal risks affecting the YTL L&D Group's businesses and maintaining a sound system of internal control and mitigation measures;
- Succession planning;
- Overseeing the development and implementation of shareholder communications policies; and
- Reviewing the adequacy and integrity of the YTL L&D Group's management information and internal controls system.

The Managing Director and Executive Directors are accountable to the Board for the profitability and development of the YTL L&D Group, consistent with the primary aim of enhancing long-term shareholder value. The Independent Non-Executive Directors have the experience and business acumen necessary to carry sufficient weight in the Board's decisions and the presence of these Independent Non-Executive Directors brings an additional element of balance to the Board as they do not participate in the day-to-day running of the YTL L&D Group.

The roles of Executive and Non-Executive Directors are differentiated, both having fiduciary duties towards shareholders. Executive Directors have a direct responsibility for business operations whereas Non-Executive Directors have the necessary skill and experience to bring an independent judgement to bear on issues of strategy, performance and resources brought before the Board. The Executive Directors are collectively accountable for the running and management of the YTL L&D Group's operations and for ensuring that strategies are fully discussed and examined, and take account of the long-term interests of shareholders, employees, customers, suppliers and the many communities in which the YTL L&D Group conducts its business.

The Directors also observe and adhere to the Code of Ethics for Company Directors established by the Companies Commission of Malaysia, which encompasses the formulation of corporate accountability standards in order to establish an ethical corporate environment.

In the discharge of their responsibilities, the Directors have established functions which are reserved for the Board and those which are delegated to management. Key matters reserved for the Board's approval include overall strategic direction, business expansion and restructuring plans, material acquisitions and disposals, expenditure over certain limits, issuance of new securities and capital alteration plans. Further information on authorisation procedures, authority levels and other key processes can also be found in the *Statement on Risk Management & Internal Control* set out in this Annual Report.

The Board believes sustainability is integral to the long-term success of the YTL L&D Group. Further information on the YTL L&D Group's sustainability activities can be found in the *Management Discussion & Analysis* in this Annual Report.

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The Board's functions are governed and regulated by the Constitution of the Company and the various applicable legislation, Listing Requirements and other regulations and codes. The Board's charter was formalised during the financial year ended 30 June 2014 and a copy can be found under the "Governance" section on the Company's website at www.ytlland.com.

Board meetings are scheduled with due notice in advance at least 5 times in a year in order to review and approve the annual and interim financial results. Additional meetings may also be convened on an ad-hoc basis when significant issues arise relating to the YTL L&D Group and when necessary to review the progress of its operating subsidiaries in achieving their strategic goals. The Board met 5 times during the financial year ended 30 June 2017.

The Directors are fully apprised of the need to determine and disclose potential or actual conflicts of interest which may arise in relation to transactions or matters which come before the Board. In accordance with applicable laws and regulations, the Directors formally disclose any direct or indirect interests or conflicts of interests in such transactions or matters as and when they arise and abstain from deliberations and voting at Board meetings as required.

The Directors have full and unrestricted access to all information pertaining to the YTL L&D Group's business and affairs to enable them to discharge their duties. Prior to each Board meeting, all Directors receive the agenda together with a comprehensive set of Board papers encompassing qualitative and quantitative information relevant to the business of the meeting. This allows the Directors to obtain further explanations or clarifications, where necessary, in order to be properly briefed before each meeting.

Board papers are presented in a consistent, concise and comprehensive format, and include, where relevant to the proposal put forward for the Board's deliberation, approval or knowledge, progress reports on the YTL L&D Group's operations and detailed information on corporate proposals, major fund-raising exercises and significant acquisitions and disposals. Where necessary or prudent, professional advisers may be on hand to provide further information and respond directly to Directors' queries. In order to maintain confidentiality, Board papers on issues that are deemed to be price-sensitive may be handed out to Directors during the Board meeting.

All Directors have full access to the advice and services of the Company Secretary who consistently ensures that Board procedures are adhered to at all times during meetings and advises the Board on matters including corporate governance issues and the Directors' responsibilities in complying with relevant legislation and regulations. The Company Secretary works very closely with management for timely and appropriate information, which will then be passed on to the Directors. In accordance with the Board's procedures, deliberations and conclusions in Board meetings are recorded by the Company Secretary, who ensures that accurate and proper records of the proceedings of Board meetings and resolutions passed are recorded and kept in the statutory register at the registered office of the Company.

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The Company Secretary is a Fellow of the Chartered Association of Certified Accountants, a registered member of the Malaysian Institute of Accountants and an affiliate member of the Malaysian Institute of Chartered Secretaries and Administrators, and is qualified to act as Company Secretary under Section 235(2)(a) of the Companies Act 2016. During the financial year under review, the Company Secretary attended training, seminars and regulatory briefings and updates relevant for the effective discharge of her duties.

COMPOSITION & INDEPENDENCE OF THE BOARD

The Board currently has 10 Directors, comprising 6 executive members and 4 non-executive members, 3 of whom are independent. This provides an effective check and balance in the functioning of the Board, and complies with the Listing Requirements, which require one-third of the Board to be independent.

In accordance with the Company's Constitution, at least one-third of the Directors are required to retire from office at each Annual General Meeting ("AGM") and may offer themselves for re-election by rotation. Directors who are appointed by the Board during the financial year are subject to re-election by shareholders at the next AGM held following their appointments. The names of Directors seeking re-election at the forthcoming AGM are disclosed in the *Notice of Annual General Meeting*, which can be found in this Annual Report. The details of the Directors can be found in the *Profile of the Board of Directors* set out in this Annual Report and this information is also available under the "Governance" section on the Company's website at www.ytlland.com.

The Nominating Committee, which was established by the Board on 23 May 2013, is responsible for assessing suitable candidates for appointment to the Board for approval, taking into account the required mix of skills, experience and expertise of members of the Board before submitting its recommendation to the Board for decision. Further information on the activities of the Nominating Committee can be found in the *Nominating Committee Statement* set out in this Annual Report. This information is also available under the "Governance" section on the Company's website at www.ytlland.com.

Directors' remuneration is decided in line with the objective recommended by the 2012 Code to determine the remuneration for Directors so as to attract, retain, motivate and incentivise Directors of the necessary calibre to lead the YTL L&D Group successfully. In general, the remuneration of the Directors is reviewed against the performance of the individual and the YTL L&D Group. The Executive Directors' remuneration consists of basic salary, other emoluments and other customary benefits as appropriate to a senior management member. The component parts of remuneration are structured so as to link rewards to performance. Directors do not participate in decisions regarding their own remuneration packages and Directors' fees must be approved by shareholders at the AGM.

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Details of the aggregate remuneration of Directors categorised into appropriate components and the range of remuneration for each Director can be found in *Note 8* in the *Notes to the Financial Statements* in this Annual Report. Details are not shown with reference to Directors individually, both for security reasons and because the Board believes that such information will not add significantly to the understanding and evaluation of the YTL L&D Group's standards of corporate governance.

In order to ensure balance of authority and accountability, the roles of the Chairman and the Managing Director are separate and distinct, and these positions are held by separate members of the Board. The Chairman, who is a non-executive member of the Board, is primarily responsible for the orderly conduct and effectiveness of the Board whereas the Managing Director oversees the day-to-day running of the business, implementation of Board policies and making of operational decisions, in addition to advancing relationships with regulators and all other stakeholders.

BOARD COMMITMENT

In accordance with the Listing Requirements, each member of the Board holds not more than five directorships in public listed companies. This ensures that their commitment, resources and time are focused on the affairs of the YTL L&D Group thereby enabling them to discharge their duties effectively.

Presently, each Board member is required to assess (via the annual assessment process) whether he/she devotes the necessary time and energy to fulfilling his/her commitments to the Company. The Board recognises that an individual's capacity for work varies depending on various factors that weigh very much on his/her own assessment. Hence, having rigid protocols in place before any new directorships may be accepted is not practical. Each board member is also expected to inform the Board whenever he/she is appointed as an officer of a corporation.

The details of each Director's attendance of Board meetings can be found in the *Profile of the Board of Directors* whilst details of the training programmes attended during the year under review are disclosed in the *Nominating Committee Statement* in this Annual Report. This information is also available under the "Governance" section on the Company's website at www.ytlland.com.

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INTEGRITY IN FINANCIAL REPORTING

The Company has in place an Audit Committee which comprises 3 Non-Executive Directors, in compliance with the Listing Requirements which require all the members of the Audit Committee to be non-executive members. The Audit Committee holds quarterly meetings to review matters including the YTL L&D Group's financial reporting, the audit plans for the financial year and recurrent related party transactions, as well as to deliberate the findings of the internal and external auditors.

The Audit Committee met 5 times during the financial year ended 30 June 2017. Full details of the composition and a summary of the work carried out by the Audit Committee during the financial year can be found in the *Audit Committee Report* set out in this Annual Report. This information and the terms of reference of the Audit Committee are available under the "Governance" section on the Company's website at www.ytlland.com.

The Audit Committee has established formal and professional arrangements for maintaining an appropriate relationship with the Company's external auditors, Messrs Ernst & Young ("EY"). The external auditors also attend each AGM in order to address clarifications sought pertaining to the audited financial statements by shareholders.

Details of the audit and non-audit fees paid/payable to EY for the financial year ended 30 June 2017 are as follows:-

	Company	Group
	RM'000	RM'000
Statutory audit fees paid/ payable to:-		
– EY	108	204
– Affiliates of EY	–	–
Total	108	204
Non-audit fees paid/payable to:-		
– EY	10	10
– Affiliates of EY	–	–
Total	10	10

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The Directors are responsible for ensuring that financial statements are drawn up in accordance with the Listing Requirements, Financial Reporting Standards, and the requirements of the Companies Act 2016 in Malaysia. The *Statement of Directors' Responsibilities* made pursuant to Section 248-249 of the Companies Act 2016 is set out in this Annual Report.

In presenting the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, to present a true and fair assessment of the Company's position and prospects. Interim financial reports were reviewed by the Audit Committee and approved by the Board prior to release to Bursa Securities.

RISK MANAGEMENT

The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control to safeguard the investment of its shareholders and the YTL L&D Group's assets. Details of the YTL L&D Group's system of risk management and internal control and its internal audit function are contained in the *Statement on Risk Management & Internal Control* and the *Audit Committee Report* as set out in this Annual Report.

CORPORATE DISCLOSURE & COMMUNICATION WITH SHAREHOLDERS

The YTL L&D Group values dialogue with investors and constantly strives to improve transparency by maintaining channels of communication with shareholders and investors that enable the Board to convey information about performance, corporate strategy and other matters affecting stakeholders' interests. The Board believes that a constructive and effective investor relationship is essential in enhancing shareholder value and recognises the importance of timely dissemination of information to shareholders.

Accordingly, the Board ensures that shareholders are kept well-informed of any major development of the YTL L&D Group. Such information is communicated through the Annual Report, the various disclosures and announcements to Bursa Securities, including quarterly and annual results, and corporate websites. Corporate information, annual financial results, governance information, business reviews and future plans are disseminated through the Annual Report, whilst current corporate developments are communicated via the Company's corporate website at www.ytlland.com and the YTL Corporation Berhad Group's community website at www.ytlcommunity.com, in addition to prescribed information, including its interim financial results, announcements, circulars, prospectuses and notices, which is released through the official website of Bursa Securities.

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The Managing Director and the Executive Directors meet with analysts, institutional shareholders and investors throughout the year not only to promote the dissemination of the YTL L&D Group's financial results but to provide updates on strategies and new developments to ensure better understanding of the YTL L&D Group's operations and activities. Presentations based on permissible disclosures are made to explain the YTL L&D Group's performance and major development programs. Whilst efforts are made to provide as much information as possible to its shareholders and stakeholders, the Directors are cognisant of the legal and regulatory framework governing the release of material and sensitive information so as to not mislead its shareholders. Therefore, the information that is price-sensitive or that may be regarded as undisclosed material information about the YTL L&D Group is not disclosed to any party until after the prescribed announcement to Bursa Securities has been made.

The AGM is the principal forum for dialogue with shareholders. The Board provides opportunities for shareholders to raise questions pertaining to issues in the Annual Report, corporate developments in the YTL L&D Group, the resolutions being proposed and the business of the YTL L&D Group in general at every general meeting of the Company. The notice of the AGM and a circular to shareholders in relation to the renewal of the Company's share buy-back and recurrent related party transactions mandates, if applicable, are sent to shareholders at least 21 days prior to the AGM in accordance with the Listing Requirements and the Companies Act 2016 in order to enable shareholders to review the YTL L&D Group's financial and operational performance for the financial year and to fully evaluate new resolutions being proposed.

The Managing Director and Executive Directors take the opportunity to present a comprehensive review of the progress and performance of the YTL L&D Group and provide appropriate answers in response to shareholders' questions during the meeting, thereby ensuring a high level of accountability, transparency and identification with the YTL L&D Group's business operations, strategy and goals. Each item of special business included in the notice of the meeting is accompanied by an explanatory statement for the proposed resolution to facilitate full understanding and evaluation of the issues involved.

The rights of shareholders, including the right to demand for a poll, are found in the Constitution of the Company. At the 76th AGM of the Company, held on 22 November 2016, the resolutions put forth for shareholders' approval were voted on by way of a poll.

This statement was approved by the Board of Directors on 29 August 2017.