

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (“the Board”) is committed to ensure that good corporate governance is practised throughout the Group with the ultimate objective of protecting and enhancing shareholders’ value and the financial performance of the Company and of the Group.

1. BOARD OF DIRECTORS

1.1 Responsibilities of the Board and Management

The Board leads and controls the Group. The Board is responsible for the overall performance of the Group and focuses on strategies, performance, standards of conduct, financial and major business matters.

To ensure the effective discharge of its functions and responsibilities, the Board has set and approved business authority limits which set out relevant matters which the Board may delegate to the Management. These authority limits are reviewed and revised as and when required, to ensure an optimum structure for efficient and effective decision-making in the Group.

The Board delegates certain responsibilities to the Board Committees, all of which operate within defined terms of reference.

1.2 Corporate Code of Conduct and Board Charter

The Board has formalised a Corporate Code of Conduct to provide guidance for Directors, senior executives and other employees regarding the standards expected of them in the conduct of business. Directors and employees are required to uphold high standards of integrity in discharging their duties and to comply with the relevant laws and regulations.

The Board Charter which sets out inter alia, the roles and responsibilities of the Board and Board Committees, the procedures for convening Board meetings, financial reporting, investor relations and shareholder communication, has also been formalised. The Charter will be reviewed periodically to keep it up-to-date with changes in regulations and best practices to ensure its effectiveness and relevance to the Board’s objectives.

1.3 Composition and Board Balance

The Board currently has 9 members, comprising 2 Executive Directors and 7 Non-Executive Directors. Out of the 7 Non-Executive Directors, 5 are Independent Directors.

Collectively, the Directors bring a wide range of experience in the areas of business, finance, economics, real estate investment and legal, which are relevant to the Group. The role of the Independent Directors provides independent judgment, objectivity and check and balance on the Board. A brief profile of each Director is presented on pages 9 to 12 of the Annual Report.

The Executive Chairman is primarily responsible for the vision and strategic direction of the Group as well as matters pertaining to the Board. The Executive Director is responsible for the implementation of the objectives, goals and operational matters of the Group. Although the Executive Chairman, Mr Lee Seng Huang is not an Independent Director, a majority of the Board members consists of Independent Directors.

Mr Kong Wah Sang has been appointed by the Board as the Independent Non-Executive Director to whom any concern regarding the Company may be conveyed.

1.4 Board Meetings and Supply of Information

The Board normally meets quarterly to review financial, operational and business performances, with additional meetings convened when necessary. In the intervals between Board meetings, Board decisions for urgent matters are obtained via circular resolutions, to which are attached sufficient information required for an informed decision.

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All Directors are provided with an agenda and a set of Board papers at least a week prior to the Board meeting to enable the Directors to review and consider the items to be deliberated at the Board meeting. The Directors may seek advice from the Management, or request further explanation, information or updates on the matters of the Company, where necessary.

The Board papers include, inter alia, the progress report on the Group's developments, business plan and budget, quarterly financial results and minutes/decisions of meetings of the Board Committees.

A total of 7 Board meetings were held during the financial year ended 31 December 2012 and the record of attendance of the Directors is as follows:-

Name of Directors	Number of Meetings Attended	Percentage of Attendance (%)
Lee Seng Huang	7/7	100
Law Chin Wat	6/7	86
Chung Tze Hien	7/7	100
Dato' Robert Chan Woot Khoo	5/7	71
Kong Wah Sang	7/7	100
Chew Hoy Ping	7/7	100
Dato' Lim Say Chong	7/7	100
Dato' Yusli Bin Mohamed Yusoff	6/7	86
Loong Caesar	6/7	86

The Directors may seek independent professional advice when necessary, at the Company's expense, in the furtherance of their duties.

1.5 Time Commitment

For the financial year, the level of time commitment given by the Directors was satisfactory, which was evidenced by the attendance record of the Directors at the Board meetings held.

The Board has implemented a protocol that Directors should notify the Chairman before accepting any new directorship. This notification should include an indication of time required to be spent on the new appointment.

To facilitate the Directors' time planning, a schedule of meetings comprising the dates of Board and Board Committees' meetings and Annual General Meeting ("AGM"), would be prepared and circulated to them at the end of every year.

1.6 Re-Appointment, Retirement by Rotation and Re-Election

The Company's Articles of Association provides that one-third of the Board is subject to retirement by rotation at each AGM. Each Director shall retire once at least in each 3 years but shall be eligible for re-election. The Directors to retire in each year are those who have been longest in office since their last election or appointment. As for Directors who are appointed by



99 Macquarie Street in Sydney, the home of Mulpha Australia Limited

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the Board, they are subject to re-election at the next AGM following their appointment.

Pursuant to Section 129(2) of the Companies Act, 1965, the office of a Director who is of or over the age of 70 years shall become vacant at the conclusion of the forthcoming AGM and subject to approval being obtained from the shareholders, may be re-appointed to hold office until the next AGM in accordance with Section 129(6) of the Companies Act, 1965.

The performance of those Directors who are subject to re-election and re-appointment at the AGM will be subject to assessment conducted by the Nomination Committee, whereupon the Committee's recommendations are made to the Board on the proposed re-election and re-appointment of the Directors concerned for shareholders' approval at the AGM.

1.7 Directors' Training

In addition to the Mandatory Accredited Programme (MAP) as required by Bursa Malaysia Securities Berhad ("Bursa Securities"), Directors are also encouraged to attend seminars and training programmes organised by the relevant regulatory authorities or professional bodies to broaden their knowledge and to keep abreast with the relevant changes in laws, regulations and the business environment.

The Board is also constantly updated by the Company Secretary on changes to the relevant guidelines on the regulatory and statutory requirements.

1.8 Board Committees

The Board has delegated specific responsibilities to the following Committees:-

(a) *Audit Committee ("AC")*

Please refer to the Audit Committee Report set out on pages 28 and 29 of the Annual Report.

(b) *Nomination Committee*

The Nomination Committee comprises exclusively of Non-Executive Directors, the majority of whom are Independent Directors. The Chairman of this Committee is Dato' Robert Chan Woot Khoo and

the other members are Mr Kong Wah Sang and Mr Chew Hoy Ping.

The main responsibilities of the Nomination Committee are as follows:-

- (i) to recommend new nominees to the Board and Board Committees;
- (ii) to assist the Board in annually reviewing its required mix of skills, experience and other qualities of the Non-Executive Directors; and
- (iii) to assess the effectiveness of the Board and Board Committees and the contribution of each Director.

The Nomination Committee met once during the financial year ended 31 December 2012 and the meeting was attended by all the Committee members.

In March 2013, a Board evaluation exercise was carried out to assess the effectiveness of individual Directors, the Board as a whole and the Board Committees. The evaluation exercise was conducted via questionnaires, which were distributed to all the Directors and cover topics which include, amongst others, the Board's structure, operations, roles and responsibilities and performance/ contribution of the Board Committees. The evaluation also encompassed Director's Self & Peer Evaluation, assessing the individual Director's contributions, quality of input and understanding of roles and responsibilities as a Director.

The Nomination Committee reviewed the outcome of the abovementioned evaluations and highlighted to the Board, areas which required further and continuous improvement.

Based on the self-assessment of independence, the Independent Directors have declared that they fulfilled the criteria of independence, as defined under the Main Market Listing Requirements of Bursa Securities. The Board is generally satisfied with the level of independence demonstrated by the Independent Directors and their ability to act in the best interest of the Company.

Mr Kong Wah Sang has served on the Board as an Independent Non-Executive Director for a cumulative term of nearly 11 years. Based on the self-assessment

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of independence, Mr Kong has declared that he satisfied and fulfilled all the criteria of independence, as defined under the Main Market Listing Requirements of Bursa Securities. Mr Kong has demonstrated that he is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgment, objectivity or the ability to act in the best interests of the Company. The Board, therefore, recommends for Mr Kong to continue to serve as an Independent Non-Executive Director, subject to approval of the shareholders at the AGM of the Company.

(c) *Remuneration Committee*

The Remuneration Committee currently consists of all Non-Executive Directors, with Mr Kong Wah Sang as Chairman and Dato' Robert Chan Woot Khoo and Mr Chung Tze Hien as members.

The main responsibilities of the Remuneration Committee are to recommend to the Board the following:-

- (i) remuneration package of each Director; and
- (ii) incentive schemes, profit sharing arrangements or the like for management or other employees.

The Remuneration Committee met once during the financial year ended 31 December 2012 and the meeting was attended by all the Committee members.

1.9 Company Secretary

The Company Secretary plays an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures as well as compliance with the relevant guidelines, regulatory and statutory requirements.

All Directors have access to the advice and services of the Company Secretary.

2. DIRECTORS' REMUNERATION

The remuneration of Directors is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise to govern the Group effectively. In the case of Executive Directors, the remuneration is structured to link rewards to corporate and individual performance based on key performance indicators. For Non-Executive Directors, the level of remuneration reflects their experience and level of responsibilities.

The Remuneration Committee recommends to the Board, the remuneration (including Directors' fees) for each Director of the Company. Directors' fees payable to the Non-Executive Directors are subject to the approval of shareholders at the AGM.



Bayou Water Village, another award-winning development in Leisure Farm Resort

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The details of the Directors' remuneration for the financial year ended 31 December 2012 are as follows:-

	Executive Directors RM'000	Non-Executive Directors RM'000
Fees	-	325
Salaries and other remuneration	1,941	-
Benefits-in-kind	107	-
Total:	2,048	325

Range of Remuneration	No. of Executive Directors	No. of Non-Executive Directors	Total
RM50,000 to RM100,000	-	6	6
RM300,000 to RM350,000	1	-	1
RM600,000 to RM650,000	1	-	1
RM1,050,000 to RM1,100,000	1	-	1
Total:	3	6	9



Each unit in Bayou Creek is developed with the foundation of the SEEDS concept in mind

3. SHAREHOLDERS

3.1 Communication between the Company and Investors

The Board acknowledges the need for shareholders to be informed of all material business matters of the Company. Announcements to Bursa Securities are made on significant developments and matters of the Group. Financial results are released on a quarterly basis to provide shareholders with a regular overview of the Group's performance. The Corporate Communication Department also arranges press interviews and briefings, and releases press announcements to provide information on the Group's business activities, performance and major developments.

In addition to published annual report and quarterly results announced to Bursa Securities, the Company has a website at www.mulpha.com.my from which investors and shareholders can access for information about the Group. Any enquiries may be directed to this email address, irmulpha@mulpha.com.my.

3.2 Shareholders' Meeting

General meetings represent the principal forum for dialogue and interaction with shareholders. Notices of general meetings with sufficient information of business to be dealt with thereat are published in one national newspaper to provide for wider dissemination of such notice to encourage shareholder participation. At the general meetings, shareholders have direct access to the Board and are encouraged to participate in the question and answer session.

4. ACCOUNTABILITY AND AUDIT

4.1 Financial Reporting

In presenting the annual audited financial statements, annual report and announcement of quarterly results to shareholders, the Board aims to present a balanced and understandable assessment of the Group's position, performance and prospects. The Board considers that in preparing the financial statements and announcements, the Group has used appropriate

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accounting policies and standards, consistently applied and supported by reasonable and prudent judgments and estimates.

4.2 Internal Control and Risk Management

The Board affirms its overall responsibility for the Group's system of internal controls covering not only financial controls but also controls relating to operational, compliance and risk management. The system, by its nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud. The Statement on Risk Management & Internal Control as set out on pages 30 and 31 of the Annual Report, provides an overview of the state of internal controls and risk management within the Group.

4.3 Relationship with Auditors

Through the AC, the Board has established an appropriate relationship with the Company's auditors, both internal and external. The external auditors attended the AC meetings when necessary. The external auditors are also invited to attend the Company's AGM and are available to answer any questions from shareholders on the audited financial statements.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act, 1965 to prepare financial statements which are in accordance with applicable approved financial reporting standards and give a true and fair view of the financial position of the Group and Company at the end of the financial year, as well as of the financial performance and cashflows of the Group and Company for the financial year.

In preparing the financial statements, the Directors have:-

- (i) ensured that the financial statements are in accordance with the provisions of the Companies Act, 1965, the applicable financial reporting standards and the Main Market Listing Requirements of Bursa Securities;



Raintree Residence offers 12 exclusive apartment units equipped with private lift lobbies

- (ii) adopted the appropriate accounting policies and applied them consistently; and
- (iii) made judgments and estimates that are prudent and reasonable.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy, the financial position of the Company and the Group which enable them to ensure that the financial statements comply with the relevant statutory requirements.

This Corporate Governance Statement was approved by the Board of Directors on 20 May 2013.