

Statement on Corporate Governance

The Board of Directors (“Board”) continues to be committed in promoting and maintaining high standards of corporate governance practices in line with the Malaysian Code on Corporate Governance 2012 (“MCCG 2012”) in managing the business affairs of the Group to protect and enhance sustainable shareholders’ value and the financial performance of the Group as well as the stakeholders’ interests.

The Board is, therefore, pleased to report that this statement sets out the extent of the Group’s compliance with the Recommendations of MCCG 2012 for the financial year ended 31 December 2014 (“FY 2014”) except for matters specifically identified, the Board is generally in compliance with the Recommendations set out in MCCG 2012 for the FY 2014.

PRINCIPLE 1 : ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Clear Functions, Roles and Responsibilities of the Board and Management

The Board takes full responsibility in leading, governing, guiding and monitoring the entire performance and enforces standards of accountability including the process for financial reporting, risk management and compliance.

The Board assumes, amongst others, the following roles and responsibilities:-

- to formulate, implement and evaluate the strategic plans and direction of the Group;
- to oversee the conduct and performance of the Group’s businesses;
- to identify principal risks affecting the Group, setting the risk appetites and to ensure the implementation of appropriate mitigation measures;
- to establish and review training programme and succession planning to the Board and all candidates appointed to senior management positions are of sufficient calibre;
- to approve the change of corporate organisation structure plan including new investments or divestments both locally or abroad;
- to oversee the development and implementation of shareholder communication policy for the Group; and
- to review the adequacy and the integrity of the Group’s management information and internal control system.

The following are matters specifically reserved for the Board:-

- approval of corporate plans and programmes;
- approval of material investments and divestments, mergers and acquisitions, corporate restructuring both local and abroad;
- appointment of new Directors, Chief Executive Officer/Managing Director and other senior management positions base on recommendation of the Group’s Nomination and Remuneration Committee;
- annual financial statements and the quarterly financial results prior to releasing to Bursa Securities Malaysia Berhad (“Bursa Securities”); and
- material related party transactions and capital financing.

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The Board is not involved in the day-to-day operations whereby the Board delegates the authority and accountability for the day-to-day business operations of the Company, its subsidiaries and their respective operations to the Senior Management team led by the Managing Director to achieve the corporate objectives. The Senior Management is responsible for assisting the Board in implementing the policies and procedures adopted by the Board to achieve the Group's objectives. The delegation of authority includes responsibility for:-

- Developing and implementing the strategies, business plans and budgets of the organisation.
- Identifying and managing operational risks on a daily basis where those risks could have a material impact on the businesses, formulating strategies to manage these risks including the preparation of Risk Assessment Reports and/or convening of Risk Management Committee ("RMC") Meeting for all major investments or divestments transactions prior to final decision made.
- Managing the Company's current financial and other reporting mechanism as well as control and monitoring systems to ensure that these mechanism and systems capture all relevant material information on a timely basis and are functioning effectively.
- Ensuring that the Board and Board Committees are provided with sufficient and updated information on a timely basis in regard to the Group's businesses and, in particular, with respect to the performance, financial condition, operating results and prospect to enable the Board and Board Committees to fulfil their governance responsibilities.

The Board delegates the resources management to the Senior Management team and has unrestricted access to any information pertaining to the Company and the Group. As such, the Senior Management team would be invited to attend the Board Meetings as and when necessary, to furnish with explanations and comments on the relevant agenda items tabled at the Board Meetings or to provide clarification on issue(s) that may be raised by the Directors. The Board and the Senior Management team work together to make decisions that will result in growth of the Company.

Composition of the Board

The Board presently having ten (10) members comprising three (3) Independent Non-Executive Director ("INED")s and six (6) Executive Directors (including a Managing Director) led by Dato' Seri Lim Bock Seng as the Chairman and Non-Independent Non-Executive Director of the Company.

A brief profile of each director is presented on page 18 to 27 of this Annual Report.

The Board collectively have a diverse wealth of qualifications, experience as well as skills and knowledge in areas range from civil engineering, accountancy, banking, business entrepreneurship, information technology and public service. The composition of the Board is deemed fairly balanced to complement to provide clear and effective leadership to the Company and to bring informed and independent judgement to various aspects of the Company's strategies and performance.

The Board also recognises the pivotal role of the INED in corporate accountability as they provide unbiased and independent views, advice and judgement made to issues and decisions and act in the best interest of the Group and its shareholders.

Boardroom Diversity

The Board adopted a Board Diversity Policy ("Policy") which sets out the approach by the Company to achieve diversity on the Board. Under the Policy, the Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in maintaining its competitive advantage and supporting its sustainable development. In determining an optimum composition of the Board, the Company will consider all aspects of diversity and will also take into account factors based on its own business model and specific needs from time to time.

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Board members' appointment will be based on meritocracy and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, ethnicity, age, skills, regional and industry experience and exposure, cultural and educational background, and professional experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Company does not set any specific target for female directors in the Policy and will actively work towards having more female directors on the Board. The Board recognises that the evolution of the diversity is a long term process and weighs the various factors relevant to board balance and diversity when vacancies arise.

The Nomination and Remuneration Committee ("NRC") is responsible in ensuring that diversity principles are adopted in board appointments, board performance evaluation and succession planning processes.

Board Meetings

A pre-scheduled annual calendar of the Board Meetings is circulated to all the Board members at the beginning of each year to facilitate the Directors to plan ahead. Board Meetings are usually held a minimum of five (5) times in a year. Additional meetings would be convened as and when there are important and urgent decisions to be made, which required to be taken in between the scheduled meetings. Directors are allowed to participate in Board Meetings via tele-conference.

All the Directors have complied with the minimum 50% attendance requirement in respect of Board Meetings as stipulated by the Main Market Listing Requirements ("MMLR") of Bursa Securities. During the FY 2014, a total of five (5) Board Meetings were held. The attendance of each Director at the Board Meetings is tabulated as below:

Directors	Number of meetings held during tenure in office	Attendance
Dato' Seri Lim Bock Seng	5	5
Dato' Sri Lim Hock San	5	5
Datuk Wira Lim Hock Guan	5	4
Maj (Hon) Dato' Sri Lim Hock Sing	5	5
Datuk Lim Hock Seong	5	5
Dato' Lim Mooi Pang	5	5
Chia Lok Yuen	5	5
Datuk Haji Baharum bin Haji Mohamed	5	5
Datuk Lim Si Cheng	5	5
Lim Tong Lee	5	5

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The proceedings of Board Meetings are conducted in accordance with a structured agenda together with comprehensive management reports and supporting information including operating results, review and analysis, board papers in relation to corporate proposals (if any) which furnished to the Directors in advance of each Board Meetings so as to accord sufficient time for the Directors to review the meeting materials before attending the meetings.

At the Board Meetings, the Managing Director provides updates of significant issues relating to the Group's business outlook, major acquisition and disposal of assets/investments and updates from business development including overseas operations while the General Manager of Accounts & Finance Department presents the results of the Group's financial performance. The Chairmen of the respective Board Committees would report any significant issues noted and/or deliberated by the relevant Board Committees which require the Board's attention and approval for implementation. All deliberations at Board Meetings are duly minuted as records of proceedings. Decision made, policies approved and follow-up actions at Board Meetings will be communicated to the Management accordingly.

All Directors are invited to deliberate and discuss on any issues as they deem fit. Where a potential of conflict arises in the Group's transactions involving any Director's interest, such Director is required to declare his/her interest and abstain from the decision making process. As for the FY 2014, no situation of conflict of interests involving any of the present Directors arose.

Supply of Information

The quality of information provided to the Board affect directly to process of decision making. The Board is supplied with financial and non-financial information in order for them to monitor the Company's performance against its strategic objectives. Information provided including:-

- quarterly performance report of the Group;
- risk assessment reports on major investments and divestments of the Group;
- major operational and financial report including sales analysis and debtor aging;
- Group's risk profile;
- updates on corporate exercise and significant compliances; and
- updates on regulatory and legislation changes.

Presentation to the Board and Board Committees are prepared and delivered in a manner that ensures a clear and adequate elaboration on the subject matter. All Directors have the right and duty to make further enquiries where they consider necessary. Members of the Senior Management team are invited to provide insight and to furnish clarification on issues that may be raised by the Board.

To ensure that the Board receives information in a timely manner, the notices of meetings are sent to the Directors at least one week in advance and the meeting papers are delivered on the same day the notices are sent, or in any event, at least three (3) days before the meeting. This provides the Board with sufficient time to go through the meeting papers and to raise important issues during the meeting.

All Directors have full and unrestricted access to the advice and services of the Senior Management, Company Secretaries, Internal Auditors and External Auditors.

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When necessary, the Board members may seek external professional advice, whether as a full Board or in their individual capacity, to enable them to discharge their duties with adequate knowledge at the expense of the Company. In addition, the Board has unrestricted access to the Company's information and receive regular information updates from the Management. Corporate announcements released to Bursa Securities are sent via email to all the Directors.

The Company Secretaries who attend each Board Meetings play an important role to ensure that Board procedures are adhered to at all times during meetings and advised the Board on matters including corporate governance requirements and the Directors' responsibilities in complying with relevant legislation and regulations. The Board is updated with new regulatory, regulations or requirements concerning their duties and responsibilities.

Board Committees

The Board delegates specific responsibilities to the respective committees of the Board namely Audit Committee, Nomination and Remuneration Committee, Employee Share Option Scheme ("ESOS") Committee and Risk Management Committee in order to enhance business and corporate efficiency and effectiveness. The Chairmen of the respective Board Committees will brief the Board on the matters discussed at the respective Committees' meeting and minutes of these meetings are circulated to the Board. All Board Committees operate within their clearly defined terms of reference and operating procedures whereupon the Board receives reports of their proceedings and deliberations with their recommendations. The ultimate responsibility for decision making lies with the Board.

A summary of the operations of these Committees is set out below:-

a) Audit Committee

Please refer to the Audit Committee Report which forms part of this Annual Report for further details.

b) ESOS Committee

The ESOS Committee is entrusted with the tasks of administration and implementation of the ESOS in accordance with the Bye-Laws of ESOS and in such manner it shall deem fit with the powers and authority conferred upon it by the Board and exercise any discretion under the Bye-Laws with regards to the eligibility of employees to participate in the ESOS, share offers and share allocations and to attend to such other matters as may be required in implementing the ESOS.

The activity of ESOS Committee for the FY 2014 included the proposal for allocation of Options to the INED of which shareholders' approval obtained during the 14th Annual General Meeting ("AGM") held on 26 June 2014.

c) Nomination and Remuneration Committee

Please refer to Principle 2: Strengthen Composition – Nomination and Remuneration Committee on page 90 to 92 of this Annual Report.

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d) Risk Management Committee ("RMC")

The RMC was established to oversee the implementation of the risk management system and to ensure that the risk management process is in place and functioning effectively. In fulfilling the primary objectives, the RMC is responsible for identifying, evaluating, monitoring and reporting of risk areas and providing control measures, recommendations and management action plans to mitigate such risks through periodic meetings and updates to the Audit Committee or as and when needed.

During the FY 2014, the RMC has reviewed the implementation status of the Management Action Plan under the Risk Register and identified new risks, and discussed the Risk Assessment Reports in relation to the transactions entered into. There were two (2) RMC Meetings held during the FY 2014.

Details of the Group's Risk Management are set out in the Statement on Risk Management and Internal Control in this Annual Report.

Re-election of Directors

In accordance with the Company's Articles of Association, one third (1/3) of the Directors including the Managing Director shall retire from office at least once in every three (3) years in compliance with the MMLR of Bursa Securities and shall be eligible for re-election at each AGM. Directors appointed during the year are subject to retirement and re-election by the shareholders at the next AGM following their appointment. Directors who have attained or over seventy (70) years of age are subject for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

The names of the Directors seeking for re-election at this coming AGM are disclosed in the Notice of Annual General Meeting.

Formalised Ethical Standards through Code of Conduct and Business Ethics

The Group's Code of Conduct and Business Ethics for Directors and employees continue to govern the standards of ethics and good conduct expected from the directors and employees. Details as disclosed below: -

Directors' Code of Conduct

The Board in discharging its functions besides observed the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia, the provisions of Companies Act, 1965 and MCCG 2012, has adopted its Directors' Code of Conduct which sets out the following twelve (12) principles as guidance for proper standards of conduct, sound and prudent business practices as well as standard of ethical behaviour for Directors, based on the principles of integrity, responsibility, sincerity and corporate social responsibility:-

1. To observe high standards of Corporate Governance

Have a clear understanding of the aims and purpose, capabilities and capacity of the Company to observe and maintain the high standards of Corporate Governance, ethical and business conduct in the performance and exercise of their responsibilities as Directors of the Company.

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2. To devote sufficient time and effort

Devote sufficient and reasonable time, effort, energy and attention to the Company to ensure diligent performance of his/her duties, including preparing for meetings and discussions thereby reviewing in advance materials distributed by the Company, if any and making reasonable inquiries; and

Should notify the Board's Chairman before accepting any new Directorships in any public listed companies and the time spent on the new appointments.

3. To avoid conflict of interest

Directors have a duty to act honestly and declare any personal interests whether directly or indirectly relating to public duties and take steps to resolve any conflicts arising in a way that protects the interests of the Company;

Should dedicate their best efforts to advancing the Company's interest and to make decisions in the best interest of the Company and independent of outside influence including but not limited to financial interests, other business interests, other employment, entertainment and gifts; and

When acting on and on behalf of the Company, the Director should never accept any benefit as an inducement or reward for taking any action (or specifically not taking any action) in their official capacity as a Director and gifts other than of token value should generally be refused.

4. To avoid misuse of position and information

Never uses his/her position as Directors and improper use of any information acquired by virtue of his/her position as Director, directly or indirectly, an advantage for himself/herself or for any other person; and

Directors are prohibited from dealing in securities of the Company when he/she is in the possession of unpublished price sensitive information.

5. To ensure integrity of records

Should not place themselves under any financial or other obligation to any person that might reasonable be thought to influence them in the performance of their duties;

Should disclose immediately all contractual interests whether directly or indirectly with the Company; and

Should be willing to exercise independent judgment and, if necessary, openly oppose if the vital interest of the Company is at stake.

6. To ensure confidentiality of communication and transactions

Shall maintain confidentiality of information entrusted to them by the Company. The Company's confidential and proprietary information shall not be inappropriately disclosed or used for personal gain or advantage.

7. To ensure compliance with applicable laws

Should have access at all times to the advice and services of the Management, Company Secretaries, Internal Auditors and External Auditors and the Board may seek any independent professional advice at the expense of the Company if required in furtherance of their duties to ensure all applicable laws, rules and regulations, confidentiality obligations, corporate policies and procedures are complied with.

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8. To demonstrate openness and timeliness of communication

Subject to the restraints of all applicable laws, Directors will ensure openness and timeliness of the release of announcements and to give reasons about decision and actions.

9. To exercise duties and act honestly in the best interest of the Company

Should at all times exercise their powers of the purposes they were conferred, for the benefit, prosperity and sustainability of the Company in any transactions and to act honestly and responsibly in the exercise of his powers in discharging his duties in the best interests of the Company and the Group.

10. To uphold accountability

Uphold accountability at all times. This includes ensuring that the Company's resources are properly safeguarded and the Company conducts its operations as economically, efficiently and effectively as possible at all time.

11. To maintain positive relationship with shareholders, employees, creditors and customers

Should be conscious of the interest of shareholders, employees, creditors and customers of the Company;

Should at all times promote professionalism and improve the competency of Management and employees; and

Should ensure adequate safety measures and provide proper protection to workers and employees at the workplace.

12. Corporate Social Responsibility

Directors should be committed to acting responsibly for the Company's actions and strive to operate in a way that encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and public as a whole.

The Board will review the Directors' Code of Conduct when necessary to ensure it remains relevant and appropriate. The full version of the Directors' Code of Conduct is published on the Company's website at www.lbs.com.my.

The Board has also put in place the following Business Ethics for Directors and all employees at work of the Group:-

Insider Trading

Directors and employees who possess price sensitive information which is not available to the public, are not allowed to trade in the Company's securities which is in consistent with Subdivision 2 – Insider Trading, Part V – Market Misconduct and Other Prohibited Conduct of the Capital Markets and Service Act, 2007 and Paragraph 14.04 of the MMLR of Bursa Securities.

Relevant notifications in relation to the dealings of the Company's securities during close period are sent to Directors and principal officers on a quarterly basis specifying the timeframe of close period and the day of which they are prohibited from dealing in the Company's securities.

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Declaration of Interests

The Directors acknowledge that by declaring their interest in any transaction with the Company and the Group, they will abstain themselves from deliberation and voting on the relevant resolutions at the Board Meetings or any general meeting to be convened to consider the matter. If a corporate proposal has to be approved by the shareholders, the Directors with any interest in the proposal will abstain from voting on the resolution, and will further undertake to ensure that persons connected to them also will abstain from voting on the resolution.

Group IT Policies

Under the Group IT Policies, staffs are strictly prohibited from installing, copying or downloading any illegal, unlicensed and unauthorised software onto their desktop PC and notebook, as these would constitute criminal offence under the Copyright Act, 1987. Stern disciplinary actions will be taken against any staff who found committed this offence.

Standard Operating Procedures (“SOPs”)

Well documented SOPs of certain functions of the various key departments within the Group were established and approved as standard processes, procedures and responsibilities for employee. It provides as their key reference in maintaining efficiency and the uniformity of the performance of a specific function.

These SOPs are made available to all staff at the internal computer network storage sharing folder of the Company which subject to review from time to time.

Corporate Disclosure Policy and Procedure

The Company has adopted its Investor Relations Policy (“IR Policy”) as its official corporate disclosure policy and procedure in disseminating corporate and material information to the investing public.

The Company is committed to provide accurate, balance, clear, timely, consistent and fair disclosure of corporate information with reference to its IR Policy and Corporate Disclosure Guide 2011 introduced by Bursa Securities whilst adhering with the corporate disclosure requirements as set out in the MMLR of Bursa Securities, to enable informed and orderly market decisions by the investors.

Strategies Promoting Sustainability

The Board recognises the importance of sustainability that improves the continuous improvement process for an organisation in the modern economy which includes the sound management of people and environment, and business sustainability eventually.

In view of the Group’s branches operations geographically expanded in Klang Valley, Ipoh, Cameron Highlands, Kuantan and Johor, the Board will be embarking on a holistic review of the Group’s sustainable practices and to formulate a strategic methodology of a comprehensive sustainability procedure takes into consideration the interests of the community, employees, environment, shareholders and other stakeholders when making business decision and managing resources which aim at securing sustainable elements to guide policies towards sustainability development with particular focus on the environmental, social and governance aspects of the business.

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Qualified and Competent Company Secretary

The Board is supported by a suitably qualified and competent Company Secretary in discharging its role and responsibilities.

The Company Secretary plays an important advisory role and as a central source of guidance, information and advice to the Board and Board Committees on issues relating to corporate compliance with the relevant laws, rules, regulations and procedures affecting the Board and the Group, as well as best practices of governance.

The Board members and Board Committees have unlimited access to the services of the Company Secretary and is updated with new regulatory, regulations or requirements of current developments in the regulatory framework and governance practice concerning their duties and responsibilities. The Company Secretary also facilitates the organization of internal training programmes for Directors and Directors' attendance of external seminars and programmes, and keeps record of training received by Directors.

The Company Secretary attends all the Board and Board Committee meetings and ensures that all board papers are sent to the members in a timely basis, meetings are properly convened and appropriate records of the deliberations and proceedings are accurately recorded and duly signed by the Chairman. The Company Secretary also facilitates the communications of decisions made and policies set by the Board to the Senior Management for action. The Company Secretary works closely with the Management to ensure that there are timely information flows within and to the Board and Board Committees, and between the Non-Executive Directors and Management.

The Company Secretary shall be of a senior position with adequate authority and report directly to the Board. The appointment and removal of the Company Secretary will be subjected to the approval of the Board.

Board Charter

The Board has adopted a Board Charter which sets how its roles, powers and responsibilities are exercised, having regard to principles of good governance, best practices and applicable laws.

The Board Charter promotes high standard of governance and clarifies, amongst others, the roles and responsibilities of the Board and serves as a general statement of intent and expectation as to how the Board discharge its duties and responsibilities. It was reviewed in FY 2014 to ensure the Group remains at the forefront of best practices in corporate governance. The Board Charter is made available at the Company's website at www.lbs.com.my.

The Board Charter comprises, amongst others, the following key areas:

- Roles of the Board and Board Committees
- Roles of Chairman and Managing Director
- Board Size and Composition
- Code of Ethics for the Board
- Board Efficiency
- Stakeholder Communication
- Process of the Board
- Board Effectiveness Assessment
- Training and Development
- Directors' Selection Criteria
- Terms and Tenure of Appointment

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PRINCIPLE 2 : STRENGTHEN COMPOSITION

Nomination and Remuneration Committee (“NRC”)

NRC was established with defined terms of reference to assist the members of NRC in discharging their duties. The composition of NRC comprises three (3) members exclusively are INEDs pursuant to Paragraph 15.08A(1) of the MMLR of Bursa Securities.

The NRC has assessed the effectiveness of the Board as a whole and the Board Committees. The assessment parameters included board structure, operations, tenure, roles and responsibilities, Chairman’s roles and responsibilities and the effectiveness of the Board in its monitoring role.

Through Evaluation Panel (“Panel”) comprising Chairman of Board Meeting, Chairman of NRC, the Board has assessed each Director’s contribution to the effectiveness of the Board. The Panel conducts the assessment through the completion of assessment questionnaires. The assessment parameters include attendance record, contribution to interaction, quality of input and understanding of roles.

The evaluation process is a constructive mechanism for improving board effectiveness, maximising strengths and tackling weaknesses, leading to an immediate improvement of performance throughout the organisation.

The NRC also reviews remuneration package comprising salaries, bonuses, benefits-in-kind and allowances of Executive Directors annually to ensure that the remuneration packages are fair and reasonable. The determination of the remuneration of the INEDs is a matter for the Board as a whole.

A summary of the activities of the NRC in discharging its duties during the year under review is as follows:-

- (a) Reviewed the composition of the Board in respect of its structure, size and the required mix of skills and experience;
- (b) Reviewed the re-election of directors retiring by rotation pursuant to Article 100 and 106 of the Company’s Articles of Association and Section 129 (6) of the Companies Act, 1965 at its Fourteenth Annual General Meeting;
- (c) Assessed the independence of INEDs;
- (d) Reviewed remuneration package comprising salaries, incentives, bonuses, benefits-in-kind and allowances of Executive Directors. The determination of the remuneration of the INEDs is a matter for the Board as a whole; and
- (e) Annual assessment and evaluation of the Board, Board Committees and the individual directors as well as the annual review of the Board.

The NRC provides a formal and transparent procedure for the assessment of the effectiveness of individual directors and the Board as a whole. This shall take the form of questionnaires comprising a self-evaluation and the results of the assessment will be collected and collated by the Company Secretary, on behalf of NRC for review and to ascertain its performance and effectiveness at the NRC meeting. The findings of the evaluation were tabled at the NRC meeting for discussion and subsequently reported to the Board.

The NRC, upon its annual assessment, confirms that the present size and composition of the Board has the requisite competencies and capacity to effectively oversee the overall businesses and handle all matters pertaining to the Group.

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The Board is satisfied that the NRC of its current function in respect of nomination and remuneration matters is in accordance with its terms of reference.

Directors' Remuneration

In reviewing the remuneration of Executive Directors, NRC with the assistance of Human Resource Department considers the level of remuneration is achieve the following main objectives:-

- to ensure remuneration package is competitive to attract and retain its Executive Directors capable in meeting the Company's goal;
- to reward Executive Directors for achieving corporate and individual performance targets in a fair and equitable way; and
- to ensure the remuneration package reflects the Executive Director's duties and responsibilities.

The remuneration package for Executive Directors comprises a fixed component (in the form of basic salary, contractual bonus and benefits-in-kind) and variable components (which includes variable year-end bonus and employee share options).

When reviewing and determining the structure of Executive Directors' remuneration, the NRC takes into the following criteria:-

- Individual performance
- Skills and knowledge
- Involvement in the Group's affairs
- Achievement of Group's internal targets
- Performance and profitability of the Group

The Committee also consider other factors such as salary paid by comparable companies, time commitment, duties and responsibilities. The NRC may consult Managing Director remuneration of other Executive Directors and has access to independent professional advice if necessary.

The remuneration of the Directors for the FY 2014 is set out below:-

- i) The aggregate directors' remuneration received/receivable from the Company and subsidiary companies during the FY 2014 are as follow:

Category	Fees (RM)	Salaries (RM)	Bonuses Allowances and Other Emoluments (RM)	Benefits- In-Kind (RM)	Total (RM)
Executive Directors	447,768	5,031,172	3,513,201	962,325	9,954,466
Non-Executive Directors	174,891	-	459,269	852	635,012

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ii) The number of Directors whose remuneration falls in each successive band of RM50,000 are as follows:-

Range of Remuneration (RM)	No. of Directors	
	Executive	Non-Executive
1 - 50,000		9
350,001 – 400,000		1
1,000,001 – 1,050,000	1	
1,300,001 – 1,350,000	1	
1,450,001 – 1,500,000	1	
1,600,001 – 1,650,000	1	
2,000,001 – 2,050,000	1	
2,350,001 – 2,400,000	1	
	6	10

PRINCIPLE 3 : REINFORCE INDEPENDENCE

Annual Assessment of Independence

Paragraph 1.01 of the MMLR of Bursa Securities provides that an INED is one who is independent of management and free from any business or other relationship that could interfere with the exercise of independent judgement or the ability to act in the best interest of a listed company.

The present composition of the Board is in compliance with Paragraph 15.02(1) of the MMLR of Bursa Securities where 1/3 of the board of directors of the Company is independent directors. The Board assess the independence of its INED annually for appropriate proper functioning of the Board and provides effective check and balance in discharging its responsibilities. No individual or small group of individuals dominates the Board's decision making. For purpose of determination of independence, the INEDs who are not related to the substantial shareholders of the Company provide declarations regarding their independences.

When reviewing the independence of the INEDs, the NRC has considered their other directorships, annual declaration regarding their independence, disclosure of interest in transactions in which they have a direct or indirect interest, their ability to avoid any apparent conflicts of interests especially by abstaining from deliberation on such transactions and their ability to maintain objectivity in their conduct as Directors of the Company.

The Board is satisfied with the assessment of the INEDs especially with the level of independence demonstrated by all the INEDs of the Company and their ability to provide objective judgement to the Board, which mitigate conflict of interest and undue influence from interest parties.

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Tenure of Independent Directors

Recommendation 3.2 of the MCCG 2012 recommends that the tenure of an independent director should not exceed nine (9) years cumulatively. After nine (9) years, such independent director may continue to serve on the Board subject to his re-designation as a Non-Independent Director.

None of the INED's tenure has exceeded a cumulative term of nine (9) years for the FY 2014.

Separation of Positions of the Chairman and Managing Director

The roles of the Chairman and Managing Director are distinct and separate to ensure balance of power and authority. The Chairman of the Board is primarily responsible for ensuring Board effectiveness and monitoring the workings of the Board whilst Managing Director has the overall responsibilities over the Group's operation, organisational performance effectiveness and implementation of strategy, overseeing and managing the day-to-day operations of the Group and the Board policies, decisions, consideration and approval. He is also responsible for determination of strategic direction of the Group for the Board's consideration and approval. The Managing Director also acts as the Group's official spokesperson.

Dato' Seri Lim Bock Seng, is the founder of LBS Group of Companies who founded the construction business in 1960s. Under his vision and guidance, the business has grown into one of Malaysia's leading property developer. In appreciation of his contribution, the Company's name was named after each initial of his name, Lim Bock Seng, in abbreviation LBS. He was appointed as Chairman & Non-Independent Non-Executive Director of the Company on 6 December 2001 prior to the listing of the Company on the Main Market of Bursa Securities on 30 January 2002.

Notwithstanding the Chairman is not an Independent Director as recommended in the MCCG 2012, the Board has not found it necessary to identify an independent director as Chairman for the time being. The Board is satisfied that there is a sufficient balance between independent and non-independent directors on the Board to ensure no one individual had unfettered decision making powers. Further, the Committee was of opinion that an independent Chairman may not necessarily improve the function of the Board. Accordingly, the members believe that while the Chairman is the founder of the corporation and also a significant driver behind the business, this will add value to the Company and all shareholders' benefit despite it is not complied with the MCCG 2012.

PRINCIPLE 4 : FOSTER COMMITMENT

Time Commitment

None of the members of the Board has more than five directorships in listed companies. All Directors are obliged to notify the Board before accepting any new directorships in other listed companies. The notification will include an indication of time that will be spent on the new appointments to ensure that the Directors have sufficient time to discharge their duties to the Board and the various committees on which they serve.

The directorships of the Company's Directors in other public listed companies do not exceed the prescribed limits under the MMLR. This ensures that their commitment, resources and time are more focus and enables them to discharge their duties efficiently.

The Directors of the Company acknowledge the importance of allocating sufficient time to attend the affairs of the Company and at the same time ensure their full commitment towards the business needs of the Company and its Group.

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The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. Besides attending Board, Board Committees and general meetings, the Directors also present at the Group's corporate events such as projects launching, annual dinner and Internal Communication Briefing.

The attendance record of the Board for the FY 2014 :-

Directors	Designation	Attendance	%
Dato' Seri Lim Bock Seng	Chairman	5/5	100
Dato' Sri Lim Hock San	Managing Director	5/5	100
Datuk Wira Lim Hock Guan	Executive Director	4/5	80
Maj (Hon) Dato' Sri Lim Hock Sing	Executive Director	5/5	100
Datuk Lim Hock Seong	Executive Director	5/5	100
Chia Lok Yuen	Executive Director	5/5	100
Dato' Lim Mooi Pang	Executive Director	5/5	100
Datuk Haji Baharum bin Haji Mohamed	Senior Independent Non-Executive Director	5/5	100
Datuk Lim Si Cheng	Independent Non- Executive Director	5/5	100
Lim Tong Lee	Independent Non- Executive Director	5/5	100

Based on the above, all the Directors of the Company have attended more than 50% of the attendance required by the MMLR. In the intervals between Board meetings, for any matters requiring Board's decisions, the Board's approval is obtained through circular resolutions which are then noted at the next Board Meeting.

Directors' Training and Induction

For newly appointed Director, a formal letter detailing the general duties and obligations as a Director pursuant to the relevant legislations and regulations. The new Director will also be given supporting books and printed materials relating to the roles and responsibilities of a director, the Group's principal businesses, corporate governance practices, relevant company policies and procedures as well as a board meeting calendar for the year.

The Company Secretary would lead a comprehensive induction programme for newly appointed Director. The induction programme includes meetings with various key executives of the Management to allow the new Directors to be acquainted with the Management team and to facilitate their independent access in future to the Management team. The programme also includes briefing by the Company Secretary on the Company's board processes, internal controls and governance practices and by the Management team on key areas of the Company's operations. Project site visits would be arranged for the new Director to view the developments of the Group.

For a first time Director, he or she would be attending the Mandatory Accreditation Programme as prescribed by the MMLR of Bursa Securities in order to acquire relevant knowledge of what is expected of a listed company director.

Statement on Corporate Governance

All Directors are also provided with updates and/or briefings from time to time by professional advisers, consultants, Management and the Company Secretary in areas such as corporate governance practices, relevant legislations and regulations and financial reporting standards. The Company Secretary has periodically informed the Directors of the availability of appropriate courses, conferences and seminars, and the Directors are encouraged to attend such training at the Company expense.

Three in-house seminars were attended by the Directors together with Management team during the FY 2014:

- (i) Building Ethical Culture & Strengthening Accountability Framework; and
- (ii) Goods and Service Tax Workshop; and
- (iii) A Short Outlook on the Strata Management Act, 2013.

The Directors were also briefed on the Personal Data Protection Act, 2010 ("PDPA") on the processing of personal data with regards to the commercial transactions and its operational practices during the Board Meeting held on 28 November 2014 by the PDPA consultant.

The Board will continue to evaluate and determine the training needs of its members to assist them in the discharge of their duties as Directors of the Company.

PRINCIPLE 5 : UPHOLD INTEGRITY IN FINANCIAL REPORTING

Financial Reporting

The Board endeavours to provide a clear, balanced and fair assessment of the Group's financial performance and prospect primarily through the audited financial statements, quarterly announcement of financial results and annual report to shareholders.

The Board is assisted by the Audit Committee to oversee the integrity of the Group's financial reporting processes. The processes are aimed at providing assurance that the financial statements and related notes were prepared and drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia. The quarterly financial results and audited financial statements were reviewed and recommended by the Audit Committee and approved by the Board before being released to Bursa Securities.

Statement of Directors' Responsibility in respect of the Financial Statements

The Directors are responsible to ensure the Company's financial statements are drawn up in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs, the results and cash flow of the Group and of the Company during the FY 2014. The Board is also responsible for ensuring that the financial results released to Bursa Securities within the stipulated time frame.

In preparing the financial statements, the Directors have ensured compliance with the applicable approved accounting standards and applied consistently and made judgements and estimates that are reasonable and prudent. The Directors have also confirmed that the financial statements have been prepared on a going concern basis.

Statement on Corporate Governance

The Audit Committee had its annual private session with the external auditors during the FY 2014 to review the scope and adequacy of the audit planning memorandum, the audit findings and the annual financial statement in the absence of the Executive Directors and the Management representatives. The private session would allow the Audit Committee members and the external auditors to exchange independent views on matters which require Audit Committees' attention.

The external auditors attended all the Audit Committee's meetings held to review the quarterly results and the financial statements. They are also invited to attend the annual general meeting of the Company and are available to answer shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of their audit report.

The Directors are responsible in ensuring the Group and the Company keep proper accounting records which disclose with reasonable accuracy the financial position of the Group and the Company at any time and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965 and the applicable approved accounting standards. It is the Board's general responsibility for taking reasonable steps to safeguard the assets of the Group and to detect as well as prevent any fraud and other irregularities to occur.

Assessment of Suitability and Independence of External Auditors

The external auditors provide mainly audit-related services to the Company and also undertake certain non-audit services such as quarterly review, regulatory review and reporting, and other services as and when requested by the Group. The independence of external auditors can be impaired by the provision of non-audit services to the Company.

Taking cognizance that external auditors should be free from any business or other relationships with the Group that could materially interfere with their ability to act with integrity and objectivity, the Audit Committee undertook review of the independence of Messrs. UHY and gave careful consideration to the Group's relationships with them during the FY 2014. In determining the independence of UHY, the Audit Committee reviewed various aspects of their relationships with them including the nature of the provision of the non-audit services in FY 2014 and the corresponding fees and is of the opinion that such non-audit fees did not impair or threaten the audit independence. Based on the review, the Audit Committee is of the opinion that UHY is, and is perceived to be, independent for the purpose of the Group statutory financial audit. UHY has declared its independence to the Group and its compliance pursuant to Paragraph 290.173 of the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

To provide support for an assessment on independence, the Audit Committee has obtained written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

In reviewing the nomination of UHY for re-appointment for the financial year 2015, the Audit Committee had considered the adequacy of the resources, experience and competence of UHY. Consideration was also given to the experience of the engagement partner and key team members in handling the audit of listed corporation with more than 70 subsidiaries and associated companies under different jurisdiction and business segments. The size and complexity of the audit of the Group, and the number and experience of the supervisory and professional staff assigned were taken into consideration. Review was also on the level of co-operative manner with Management whiles maintaining integrity and objectivity and to deliver their services professionally and within stipulated time-lines.

The Audit Committee is satisfied with the competence and independence of the external auditors and had recommended to the Board the re-appointment of the external auditors, upon which the shareholders' approval will be sought at the forthcoming Fifteenth Annual General Meeting.

Statement on Corporate Governance

PRINCIPLE 6 : RECOGNISE AND MANAGE RISKS

Sound Risk Management Framework

The Board is aware of the importance of establishing and maintaining a sound system of risk management framework and internal control in the Company and the Group to safeguard shareholders' interest and Group's assets. The Board continuously reviews and examines the effectiveness and efficiency of the risk management framework and internal control system on areas such as financial, operational and compliance, and seek alternative ways for improvement should any weakness be detected and identified.

Internal Control

The Board has overall responsibility for maintaining sound internal control systems that cover financial controls, operational and compliance controls and risk management to ensure shareholders' investments, customers' interests and the Group's assets are safeguarded.

The Board has established its in-house Internal Audit function. The Head of Internal Audit Department ("IAD") reports directly to the Audit Committee on audit matters and to the Managing Director on administrative matters. The Group's IAD provides independent and objective reports on the Group's management, operational, accounting policies and controls to the Audit Committee and also ensures that recommendations to improve controls are followed through by Management at the same time. The internal audit function conducted its works based on an annual Internal Audit Plan which was tabled before, and approved by, the Audit Committee.

IAD is responsible to conduct review on the systems of internal control; report the state of the systems of internal control and provide recommendations for improvement. All Internal Audit Reports were tabled and reviewed by the Audit Committee during Audit Committee Meetings. Follow-up reviews would subsequently be performed to ascertain the extent of implementation of the recommended corrective actions for improvement.

The systems of internal controls are continuously reviewed to ensure that they are working via the on-going review through internal audit process. The Audit Committee regularly evaluates the effectiveness and adequacy of the Group's internal control systems by reviewing the actions taken on internal control issues identified in the reports prepared by IAD during Audit Committee Meetings. The Audit Committee also reviews audit recommendations and Management's response to these recommendations.

Besides performing regular operational and compliance audit, the Internal Auditors may conduct investigation and any ad-hoc review upon the requisition from the Audit Committee or the Management.

The engagement of internal auditors is one of the many ways of reviewing and assessing the effectiveness of the risk management framework and internal control system of the Group. Both the Board and Management will rectify the weaknesses detected by the internal auditors through either adopting the recommendations made by the internal auditors or developing its own alternatives to eliminate such weaknesses.

The Statement on Risk Management and Internal Control is set out on pages 109 to 110 of this Annual Report.

Statement on Corporate Governance

Relationship with External Auditors

The Board maintains a formal and transparent relationship with its external auditors in seeking valuable professional advice and in ensuring compliance with the applicable accounting standards. The external auditors regularly bring up relevant matters that need to be addressed during the Audit Committee Meetings and Board Meetings.

The Audit Committee was accorded the power to communicate directly with both the External and Internal Auditors in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.

A full Audit Committee Report enumerating its role in relation to the external auditors is set out from pages 105 to 108 of this Annual Report.

PRINCIPLE 7 : ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policies and Procedures

The Company recognizes the importance of effective and timely disclosure of corporate and material information to ensure that shareholders, investors and general public make informed assessments of the Company's business value and prospect.

The Company is having its IR Policy serves as a guide to ensure broad dissemination of material information in a comprehensive, accurate and timely manner to the shareholders, stakeholders, investors and public.

All announcements for release to Bursa Securities are subject to approval by the Executive Directors. The Managing Director, Executive Directors, Senior Management and Company Secretary who are privy to the information, are obliged to maintain strict confidentiality of the information.

All information made available to Bursa Securities is immediately available to shareholders and the public at large on the Investors section of the Company's corporate website : www.lbs.com.my.

Leverage on Information Technology for Effective Dissemination of Information

The Board acknowledges the importance of communication with the shareholders and investors of the Group's businesses and corporate developments. The following various mean of communications were utilised as channels for sharing of substantial information with its shareholders, investors and members of the public:-

a) Investor Relations Department ("IR")

The Company's IR actively involved in conducting regular briefings, dialogues and presentations with institutional investors, fund managers, analysts as well as financial institutions aimed at developing and maintaining a positive relation with all the shareholders and investors through active two-way communication, and to promote and demonstrate a high standard of integrity and transparency through timely, accurate and full disclosure and to enhance the shareholders and investors understanding of the Group, thereby enabling the shareholders and investors to make informed decisions in valuing the Company's shares.

The Board is committed to embark on various initiatives in the coming years to further improve on its investor relations and dialogues with shareholders, investors, research analysts, bankers and press.

Statement on Corporate Governance

b) Annual General Meeting ("AGM")

The Company's AGM remains the principal forum for dialogue and interaction with the shareholders. The Board regards the AGM as an important channel of communication, as it serves as a forum for direct two-way interaction between the shareholders, Board and Management on the Company's strategy, operations, performance and major developments. Shareholders are given the opportunity to participate in the question and answer session during the AGM on the proposed resolutions and the Group's operations. The Chairman will provide sufficient time to shareholders' questions on matters pertaining to the Company's performance and would respond to the shareholders with regards to their concern and question raised.

The Notice and Agenda of AGM together with Form of Proxy are given to shareholders at least twenty-one (21) days before the AGM, which gives shareholders sufficient time to prepare themselves to attend the AGM or to appoint a proxy to attend and vote on their behalf. Each item of special business included in the Notice of AGM is accompanied by an explanatory statement for the proposed resolution to facilitate the full understanding and evaluation of issues involved.

c) Annual Report

Annual Report contains comprehensive and easy to understand details of the business, financial performance, direction and other activities of the Company. These contents are continually enhanced in order that shareholders and investing public are provided with clear and accurate information and are suitably briefed on matters that are to be discussed to enable their effective participation during AGM. An online version of the Annual Report is also available at the Company's corporate website.

d) Website

The Company's corporate website www.lbs.com.my also provides an avenue for accessing to the latest corporate information and development of the Company easily and immediately. It houses information of the Group which includes corporate profile, development products for both residential and commercial (including current and future launches), financial results, press releases, corporate news and Company's newsletter – *Journey With LBS*. Alternatively, Bursa Securities's website www.bursamalaysia.com would be another source of information to the shareholders, investors and public community on the various announcements made by the Company from time to time in addition to the Annual Report, Circular to Shareholders and Annual Audited Accounts submitted to Bursa Securities.

e) Newsletter

The Group's newsletter which was introduced in 2011 has evolved into quarterly magazine format with the new name of "*Journey With LBS*" in 2013. It was the Company's in-house corporate bilingual magazines serves as an internal communication device, it also engages shareholders, investors, media, fund managers, analysts and suppliers as an additional mode of communication and provides insightful information of the Company on latest corporate events and development (locally and internationally), projects events, products launched and to be launched, operations, directions, media coverage, corporate social responsibility activities as well as employee welfare activities and lifestyle column. The publication of *Journey With LBS* is also available at the Company's website.

Statement on Corporate Governance

f) Online Social Networking

By recognising broader communication, the Company has embarked on its social media journey by registered itself with online social networking platform such as Facebook, Twitter, WeChat, Instagram and Youtube to serve as an alternate channel of communication in view of better engagement with the shareholders, investors and other stakeholders whereby all the real time status and updates of the Company is accessible at any point of time. All the corporate information will be synchronized across Facebook, Twitter, WeChat, Instagram and Youtube.

g) Marketing Communication Department

The Marketing Communication Department of the Company or better known as MARCOM, its primary role is to coordinate all the media interviews including one-on-one meetings with media either through print media or TV coverage at regular intervals to provide wider publicity and improve general understanding of the Group's businesses and operations.

MARCOM also responsible for the issuance of press releases and uploading of corporate news and events onto the Company's website, Facebook, Twitter, WeChat, Instagram and Youtube to keep the shareholders and investing public abreast with the latest information of the Group.

h) Senior Independent Non-Executive Director

As there may be instance where investors and shareholders may prefer to express their concern to an Independent Director, the Board has appointed Datuk Haji Baharum bin Haji Mohamed, as the Senior Independent Non-Executive Director of the Company to whom the concerns pertaining to the Group may be directed.

PRINCIPLE 8 : STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND SHAREHOLDERS

Encourage Shareholders Participation at General Meetings

The Company recognizes the importance of effective and timely disclosure of corporate and material information to ensure that shareholders and investors make informed assessments of the Company's value and prospect.

a) Encourage Shareholder Participation at General Meetings

The Company maintained an active dialogue with shareholders with the objective of giving a clearer picture of the Company's performance. At the Company's AGM, shareholders can express their views or raise questions in relation to the Group's financial performance and business operations. Members of the Board as well as the auditors of the Company are present to answer questions raised at the meeting. The shareholders are given the opportunity to raise questions on the Group's activities and prospects as well as to communicate their expectations and concerns to the Company.

Extraordinary General Meeting is held as and when shareholders' approvals are required on specific matters.

The Board will ensure sufficient and relevant information are given for each agenda in the notice of meetings.

Statement on Corporate Governance

The Board will consider adopting electronic voting to facilitate greater shareholders' participation when the facilities for electronic voting mechanism are more prevalent in the future.

b) Queries and Feedback

The Company welcomes inquiries and feedback from shareholders and the investment community. The IR Department of the Company provides investors with a channel of communication through which they can provide feedback to the Company.

Queries and concerns regarding the Group may be conveyed to the IR Team where details of the contacts are published in the Company's website.

Encourage Poll Voting

The Board takes cognizance of the recommendation of MCCG 2012 and will consider putting substantive resolution(s) to vote by poll. During each meeting, the Chairman will inform shareholders of their right to demand for a poll at the commencement of the general meeting.

ADDITIONAL COMPLIANCE INFORMATION

In compliance with the MMLR of Bursa Malaysia, the following information is provided:-

Share Buy-Back

During the financial year, there were Shares Buy-Back by the Company, the details of which are set out in Note 25 of the Financial Statements on pages 197 to 198 of this Annual Report. There was no resale of treasury shares during the FY 2014.

Options

During the FY 2014, 1,609,200 options were exercised pursuant to the Employees' Share Option Scheme ("ESOS") which was approved by the shareholders at the Extraordinary General Meeting held on 28 June 2012. Main features of the ESOS are stated in Note 40 of the Financial Statements on pages 214 to 218 of this Annual Report.

In regard to Options applicable to Directors and Senior Management under the ESOS during FY 2014 are as follows:-

Directors and Senior Management	During the financial year ended 31 December 2014	Since commencement on 18 September 2012 up to 31 December 2014
Aggregate maximum allocation	80%	80%
Actual percentage granted	1.95	34.40

No Option was granted to nor exercised by Non-Executive Directors since the commencement of the ESOS.

Statement on Corporate Governance

Warrants 2008/2018

In the FY 2014, a total of 37,037,000 Warrants were converted into ordinary shares at an exercise price of RM1.00 per Warrant. Please refer to Note 26 of the Financial Statements on pages 198 to 200 of this Annual Report for salient features of the Warrants.

American Depository Receipt (“ADR”) or Global Depository Receipt (“GDR”) Programme

During the financial year, the Company did not sponsor any ADR or GDR Programme.

Imposition of Sanctions / Penalties

During the financial year, penalties RM391,603 have been imposed on the Company and its subsidiaries mainly by Inland Revenue Board.

Non-Audit Fees

The amount of non-audit fees incurred for services rendered to the Group and Company for the FY 2014 by the external auditor and its member firm is reflected in Note 37 of the Financial Statements on pages 210 to 211 of this Annual Report.

Utilisation of Proceeds

(A) Disposal of 100% Equity Interests in Lamdeal Consolidated Development Limited and Lamdeal Golf & Country Club Limited

On 12 August 2013 (“Completion Date”), the Company has announced the completion of proposed disposal of 100% equity interest in Lamdeal Consolidated Development Ltd and Lamdeal Golf & Country Club Ltd to Jiuzhou Tourism Property Company Limited, a wholly owned subsidiary of Zhuhai Holdings Investment Group Limited (“Zhuhai Holdings”) for an aggregate sale consideration of HKD1.65 billion.

Total sale consideration shall be satisfied by cash of HKD500 million, new Zhuhai Holdings shares and deferred cash payment of HKD850 million from Promissory Notes.

The Board is expected to disclose the detailed plan for the proposed utilisation of the deferred cash payment three months before the target receipt of each tranche of the deferred cash payment.

Cash proceeds of HKD500 million and new Zhuhai Holdings shares have been received on Completion Date. HKD500 million has been fully utilised in February 2015.

On 26 September 2014, the Board has approved and announced the utilisation of proceeds for the first tranche of the deferred cash payment of HKD250 million from the Promissory Notes. Such sum has been received on 30 December 2014.

Statement on Corporate Governance

The status of the utilisation of cash proceeds of HKD500 million and HKD250 million as at 3 April 2015 was as follows:

(a) HKD500 million

	Note	Proposed Utilisation HKD'000	Proposed Utilisation RM'000	Actual Utilisation RM'000	Proceeds Balance RM'000	Deviation RM'000	Deviation %	Revised Timeframe For Utilisation
Potential investment	1,2,4	174,376	73,046	(34,648)	38,398	-	0.00	within 1.5 years
Operating expenses	1,2,4	58,125	24,349	(12,829)	11,520	-	0.00	within 1 year
Miscellaneous expenses	1,2,4	1,499	628	(62)	566	-	0.00	within 1 year
Reduction of bank borrowings	1,2,3	121,095	50,727	(68,187)	(17,461)	(17,461)	-34.42	within 1 year
Reduction of other payables or creditors	1,2,4	128,905	53,998	(53,320)	678	-	0.00	within 1 year
Expenses in relation to the disposal	1,2,4	16,000	6,702	(3,773)	2,929	-	0.00	within 1 year
Dividend	3	-	-	(36,630)	(36,630)	(36,630)	-100.00	
	5 (a)	500,000	209,450	(209,450)	(0)	(54,091)	-134.42	

(b) HKD250 million (Tranche 1 of Promissory Notes)

	Note	Proposed Utilisation HKD'000	Proposed Utilisation RM'000	Actual Utilisation RM'000	Proceeds Balance RM'000	Deviation RM'000	Deviation %	Timeframe For Utilisation
Reduction of Bank Borrowings	1,2,4	121,951	55,000	(28,657)	26,343	-	0.00	1 year
Special Dividend	1,2,4	78,049	35,200	(31,427)	3,773	-	0.00	1 month
Payment for Trade Payables and Other Payables	1,2,3,4	24,390	11,000	(30,075)	(19,075)	(19,075)	-173.41	1 year
Operating Expenses	1,2,4	25,610	11,550	(1)	11,549	-	0.00	1 year
	5 (b)	250,000	112,750	(90,160)	22,590	(19,075)	-173.41	

Notes :

- HKD500 million – Adopted the exchange rate of HKD1.00 : RM0.4189, being the closing rate as at Completion Date published by Bank Negara Malaysia.
 - HKD250 million – Adopted the exchange rate of HKD1.00 : RM0.4510, being the closing rate as at 31 December 2014 published by Bank Negara Malaysia.
- The proceeds balance is expected to be utilised within the revised timeframe from the receipt of the proceeds.
- Any shortfall in the funds allocated for specific purpose will be funded from the funds allocated for other approved purposes.
- Any unutilised proceeds has been placed in short term deposits until such relevant expenses have been identified.
- HKD500 million – Fully utilised in February 2015.
 - HKD250 million – Not yet fully utilised.

Statement on Corporate Governance

(B) Private Placement

On 4 April 2014, Bursa Securities has approved the Private Placement Exercise for the issuance of new ordinary shares up to 58,349,303 of RM1.00 each.

On 2 May 2014, a total of 20 million new ordinary shares of RM1.00 each which was issued at an issue price of RM1.70 per share have been listed and quoted on the Main Market of Bursa Securities under Tranche 1 of the Private Placement Exercise with total proceeds amounting to RM34 million.

Subsequent to the above, no further shares were issued under Private Placement Exercise and the extended implementation deadline for the Private Placement Exercise was lapsed on 2 April 2015.

The proceeds from the above Private Placement was fully utilised during the FY 2014 as follows :-

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Proceeds Balance RM'000	Intended Timeframe for Utilisation
Financing of new property development projects including additional land acquisition(s) and / or general working capital	33,473,078	(33,473,078)	-	Within 1 year
Expenses in relation to the Private Placement	526,922	(526,922)	-	Within 1 Year
	34,000,000	(34,000,000)	-	

Profit Estimate, Forecast and Projection

The Company did not release any profit estimate, forecast or projection during the financial year.

Profit Guarantee

No profit guarantee was received during the financial year.

Variation in Financial Results

There was no material variance of 10% or more between the audited financial results and the unaudited financial results of the Group for the FY 2014.

Material Contracts

There was no material contract (not being contracts entered into the ordinary course of business) entered into by the Company or its subsidiary companies involving directors' or major shareholders' interests, either subsisting at the end of the financial year end under review or which were entered into since the end of the previous financial year.