

GOVER

A photograph of a desk setup. On the left, a pink vase holds a bouquet of yellow and white flowers. Next to it is a white teacup on a saucer. A white desk lamp with a conical shade is lit, casting a warm glow. In the center, two thick books with dark covers are stacked. In the foreground, an open book lies flat on the desk. The background consists of light-colored vertical blinds.

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CORPORATE GOVERNANCE STATEMENT

The Board of Directors (“**Board**”) of Mah Sing Group Berhad (“**Company**” or “**Mah Sing**”) is committed and continues to observe corporate governance practices that are best suited to achieve the long-term strategic objectives and short-term goals of the Group.

In implementing the corporate governance practices 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 Malaysian Code on Corporate Governance 2012 (“**Code**”). This Corporate Governance Statement reports on how the Company has applied the principles and recommendations of good corporate governance during the financial year ended 31 December 2015, having considered to the Group’s structure, business environment and industry practices.

This Corporate Governance Statement together with other relevant information is accessible on the Company’s website at www.mahsing.com.my.

As testimony of the Group’s commitment to good corporate governance, the Group is proud to receive the following recognitions:-

- Corporate Governance Asia – Outstanding Companies on Corporate Governance (AWARDEES FROM 2012 – 2015)
- Corporate Governance Asia – Asian Corporate Director of the Year
- Asia Responsible Entrepreneurship Awards 2015 – Investment in People
- IAIR Awards – Best Company for Leadership/Property Development/Malaysia
- Employer Branding Award – Malaysia Best Employer Brand Award 2015
- The 5th Asian Excellence Recognition Award 2015 – Best Investor Relations Company (Malaysia)

“This Corporate Governance Statement together with other relevant information is accessible on the Company’s website at www.mahsing.com.my.”

A. BOARD OF DIRECTORS

1. BOARD CHARTER

The Board Charter sets out the composition, roles and responsibilities and processes of the Board. It provides an overview of how the Board leads by strategic guidance and effective oversight of management. It also sets out the delegation of authority by the Board to various Committees to ensure the Board members in performing their responsibilities on behalf of the Group would act in the best interests of all stakeholders.

Outline of key features of the Board Charter are available for reference in the Company’s website at www.mahsing.com.my:-

- (i) Board structure
- (ii) Roles and responsibilities
- (iii) Board policies
- (iv) Relationship with shareholders and investors
- (v) Access to information and independent advice

2. BOARD BALANCE

The Board comprises seven (7) members of which three (3) are Independent Non-Executive Directors including the Chairman and four (4) Executive Directors with one (1) Alternate Director. This provides an effective check and balance in the functioning of the Board and is in compliance with the Listing Requirements, which require one-third (1/3) of the Board to be independent.

The Board believes that its present composition constitutes an optimal size for the Group’s current business profile, and is appropriate for leading the Group effectively on its future business growth thrust. The composition of the Board consists of qualified individuals with a broad base of industry knowledge, experience and technical skill necessary in the management and direction of the Group. A brief description of the background of each Director is presented in the Directors’ Profile in this Annual Report and the Company’s website at www.mahsing.com.my.

In relation to boardroom diversity, the Board believes in providing equal opportunity to candidates who have required skills, experience, core competencies and other qualities regardless of gender, age and ethnicity. For the same reason, the Group has no immediate plans to implement a diversity policy or target as part of its employment process. However, the Board currently has female Directors who serve to bring value to Board discussions from the different perspectives and approaches of the female Directors.

Although all the Directors have equal responsibilities for the Group's operations, the roles of the Independent Non-Executive Directors are particularly important in bringing independent judgement and ensuring all issues proposed by the executive management are fully discussed and examined to take into account the long term interests, not only of the shareholders, but also of other stakeholders such as the employees, customers and business associates.

Currently there is no fixed term limit for its independent directors to remain on the Board. The Board believes that the suitability and ability of an Independent Non-Executive Director to carry out his roles and responsibilities effectively should be based on his calibre, qualifications, experience, personal qualities and knowledge of the Group's business operations and activities.

The role of an Independent Non-Executive Director is independent of management and free from any business or other relationship which could interfere with the exercise of his independent judgement or ability to act in the best interest of the Company. The independence of an Independent Non-Executive Director must also fulfill the criteria for independence as set out in the Listing Requirements.

The Nomination Committee has conducted its annual review on the independence of Independent Directors as per the criteria defined under the Listing Requirements. The Nomination Committee is satisfied that the individual Director is independent of management and free from any business or other relationship which could interfere with the exercise of his/her independence and judgement, and is able to advise the Board on matters relating to existing transactions where conflict of interest may exist.

The Board values such independent advice, skills and other qualities of the Independent Non-Executive Directors. Based on the annual assessment of independence by the Nomination Committee, the Board is satisfied with the wealth of relevant industry knowledge, experience, skills, contributions and the level of independence demonstrated by all three (3) Independent Non-Executive Directors, who have served the Board for more than nine (9) years. The Board believes that the three (3) long-serving Independent Non-Executive Directors who possess insight and in-depth knowledge of the Group's business operations and activities, would continue to provide valuable check and balance using their independent judgement which would contribute objectively to the Group's conduct of business despite their length of service with the Group. In view thereof, the Board recommends and supports the resolutions for the retention of the three (3) Independent Non-Executive Directors of the Company which will be tabled for shareholders' approval at the forthcoming annual general meeting of the Company.

In order to ensure continual effective supervision and accountability of the Board and management, there is a clear distinction and division of responsibilities between the Independent Non-Executive Chairman and the Group Managing Director/Group Chief Executive, which is regularly reviewed to meet changing circumstances.

The Chairman acts independently in the best interest of Mah Sing and is responsible for ensuring Board effectiveness and standard of conduct whereas the Group Managing Director/Group Chief Executive and Executive Directors oversees the management of the Group's businesses, implementation of Board policies and day-to-day running of the business.

Jen. Tan Sri Yaacob Bin Mat Zain (R) is the Senior Independent Non-Executive Director who is also the Chairman to whom queries or concerns relating to the Group may be conveyed by shareholders to the Company by way of electronic mail to yaacob.zain@affinhwang.com.

3. ROLES AND RESPONSIBILITIES OF THE BOARD

The Board leads the corporate strategy and directions of the Group, and oversees proper conduct of the Group's businesses. The Directors, in discharging their fiduciary and leadership functions individually and collectively bring to the Board the relevant skills, business experience, insights and professional judgement as follows:-

- Objectively reviewing, adopting and monitoring the implementation of the Group's strategic plan as proposed by the Management.

The Board discharges its role in leading the corporate strategy and directions of the Group, satisfying itself, the management has continued to drive business growth that is in alignment with Mah Sing's Vision and Mission. The strategic plan also promotes sustainability, ie. achieving a satisfactory balance on bottom-line growth, safeguarding the welfare of people and community within a harmonious state of the environment.

- In overseeing the conduct of the Group's business to ensure it is being properly managed.

Overseeing and evaluating corporate behaviour and conduct of business of the Group, a Code of Conduct provides guidance to employees on acceptable and unacceptable behaviours.

- Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures to achieve a proper balance between risks incurred and potential returns to the shareholders.

A statement featuring the Group's risk management framework and internal control system is included in pages 113 to 115 of this Annual Report.

- Ensuring there is orderly succession of senior management positions of sufficient caliber.

Nomination Committee and Remuneration Committee were delegated by the Board to review succession plans and remuneration packages for the Directors.

The Board also ensures there are appropriate policies for training, appointment and performance monitoring of management positions.

- Overseeing the development and implementation of shareholder communications policy.
- Reviewing the adequacy and the effectiveness of the management information and internal controls systems.

The Group's Internal Audit function which serves as a means of obtaining sufficient assurance of regular review of the adequacy and effectiveness of the internal control systems of the Group is described more fully in the Statement of Internal Audit Function on page 112 of this Annual Report.

4. BOARD MEETINGS AND ACCESS TO INFORMATION

The Board conducts at least four (4) meetings annually, with additional meetings convened as necessary depending on business requirement. All Directors are able to allocate sufficient time to the Company to discharge their duties and responsibilities effectively, and their commitment is affirmed by their full attendance at all four (4) Board meetings held during the financial year ended 31 December 2015.

The attendance of each Director at the Board meetings is as tabulated below:-

Name of Directors	Total Meetings Attended	Percentage of Attendance (%)
JEN. TAN SRI YAACOB		
BIN MAT ZAIN (R)	4/4	100
TAN SRI DATO' SRI LEONG		
HOY KUM	4/4	100
NG CHAI YONG	4/4	100
DATO' STEVEN NG POH SENG	4/4	100
LEONG YUET MEI	4/4	100
CAPTAIN IZAHAM BIN ABD.		
RANI (R)	4/4	100
LOH KOK LEONG	4/4	100
DATO' LIM KIU HOCK		
(resigned on 5 May 2015)	1/1	100

All Directors have complied with the minimum 50% requirements on attendance at Board meetings held during the financial year ended 31 December 2015 as stipulated in the Listing Requirements.

Board papers with sufficient notice are distributed to Directors before Board meetings to enable the Directors to peruse and have the opportunity to seek additional information, and obtain further explanation and clarification on the matters to be deliberated. The senior management is invited to attend the Board meetings to report on matters relating to their areas of responsibility, and to brief and provide details on recommendations to assist the Directors whenever necessary, so as to enable the Directors to make independent and informed decisions.

In the event of potential conflict of interest, the Director concern will make a declaration at the meeting and shall abstain from deliberation and decision of the Board including Board Committees on the proposal. In the event a corporate proposal is required to be approved by shareholders at the general meeting, interested Directors are required to abstain from voting in respect of their shareholdings in Mah Sing on the resolutions pertaining to the corporate proposal, and will further undertake to ensure that persons connected to them similarly abstain from voting on the resolutions at the general meeting.

During Board meetings, the Non-Executive Directors are briefed on, amongst others, major operational, financial and corporate issues, activities and performance of projects, divisional performance, business outlook, major acquisition and disposal of assets including investments and changes in the requirements of regulatory bodies, where applicable, approval of the Board is obtained. Proceedings of the meetings and the resolutions reached have been duly minuted. Minutes of each Board meeting are circulated to each Director prior to confirmation of the minutes in the next meeting.

Directors are also notified of the restriction in dealing with the securities of the Company prior to the announcement of financial results or corporate proposals.

The Chairman of the Audit Committee would inform the Directors at Board meetings, of any salient matters or views of the Audit Committee which require the Board's attention or direction.

All Directors have access to the advice and services of Company Secretaries particularly relating to procedurals and related statutory obligations as well as updates on regulatory requirements such as codes, guidelines and relevant legislation.

The Company Secretaries attend and ensure that all Board, Board Committees and general meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are maintained in the statutory register at the registered office of the Company. The Company Secretaries also assist the Chairman in the preparation for and conduct of meetings.

The Company Secretaries have the requisite credentials and are qualified to act as company secretary under Section 139A of the Companies Act, 1965.

The Company also engages the services of external consultant on corporate secretarial matters and to provide additional advice on issues pertaining to compliance and corporate governance.

The Directors, whether as a full Board or in their individual capacity have access to all information within the Group from the senior management and may seek independent professional advice from external consultants where necessary, in the furtherance of their duties and they may do so at the Group's cost, so as to make independent and informed decisions.

5. BOARD COMMITTEES

To assist the Board in the discharge of its oversight function, the Board has delegated specific responsibilities to three (3) Board Committees which include the Audit Committee, Nomination Committee and Remuneration Committee. These Board Committees have the authority to examine particular issues within their terms of reference and report to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, rests with the entire Board.

The Option Committee has been dissolved following the expiration of Employees' Share Option Scheme on 10 July 2014.

5.1 Audit Committee

The composition, terms of reference and summary of activities of the Audit Committee are set out separately in the Audit Committee Report on pages 110 to 112 of this Annual Report.

5.2 Nomination Committee

Composition

All of the current Nomination Committee members, including the Chairman, are Independent Non-Executive Directors.

Members

The members of the Nomination Committee are:-

JEN. TAN SRI YAACOB BIN MAT ZAIN (R)
Chairman (Independent Non-Executive Director)

CAPTAIN IZAHAM BIN ABD. RANI (R)
Member (Independent Non-Executive Director)

LOH KOK LEONG
Member (Independent Non-Executive Director)
(appointed on 27 November 2015)

LEONG YUET MEI
(ceased to be member after re-designation as
Executive Director on 27 November 2015)

Terms of Reference of Nomination Committee:

- to consider, in making its recommendation to the Board, candidates for all directorships/Board Committees, in respect of their character, skills, knowledge, expertise, experience, professionalism, integrity and time commitment; and in the case of Independent Non-Executive Directors, their abilities to discharge such responsibilities/functions as expected from an Independent Non-Executive Director;
- to assist the Board in reviewing on an annual basis the required mix of skills, experience and other qualities of the Directors of the Board/Board Committees;
- to review the Board's succession plan, in recommending the appropriate board balance (including gender diversity) and size of non-executive participation;
- to facilitate Board's induction and training programs in areas which Directors could improve on; and
- to facilitate annual assessment of the effectiveness of the Board as a whole, the performance and contribution of each individual Director and Board Committee member including Independent Non-Executive Directors as well as the Group Chief Executive.

During the financial year ended 31 December 2015, the Nomination Committee assessed and evaluated the performance and effectiveness of the Board and Board Committees, and also conducted an assessment on the independence of the Independent Directors. The Nomination Committee was satisfied with the performance and effectiveness of the Board and Board Committees. The assessment and evaluation is properly documented.

The Board evaluation comprised the followings:

- (a) annual assessment on effectiveness of the Board and its Committees as a whole has conducted based on specific criteria, covering areas such as Board composition and structure, the required mix of skills, experience and other qualities of the Directors and Board Committees, principle responsibilities of the Board and Board Committees, succession planning, size of non-executive participation and Board governance.
- (b) annual assessment on contribution of individual Director and Committee member has conducted based on specific criteria include contribution to interaction, role and duties, knowledge, expertise, integrity, time commitment, assessment of independence and training programs in areas which the Director could improve on.
- (c) annual review on the independence of all Independent Directors has conducted based on specific criteria include criteria of independence as per the Listing Requirements, required mixed of skills, knowledge of the Group's business operation and activities, ability to ensure effective checks and balances on the Board's decision making process, independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement ability to act in the best interest of the Company.

The Nomination Committee holds the view that the ability of an Independent Director to exercise independence is not based on his length of service as an independent director.

The suitability and ability of an Independent Director to carry out his roles and responsibilities effectively are very much a function of his caliber, qualifications, experience and personal qualities.

With their in-depth knowledge of the Group's business operations and activities, the Independent Non-Executive Directors can continue to provide check and balance, bring independent judgement and contribute objectively to the Group's conduct of business despite their length of service with the Group.

During the financial year ended 31 December 2015, the Nomination Committee has reviewed on nomination of Ms Jane Leong Jheng-Yi as an Alternate Director to Tan Sri Dato' Sri Leong Hoy Kum and re-designation of Ms Leong Yuet Mei from Non-Independent Non-Executive Director to Executive Director and made recommendations to the Board for appointment and re-designation.

In the nomination, assessment and evaluation processes on the proposed candidates, the Nomination Committee has considered the achievement in the candidate personal career, integrity, wisdom, independence of the candidate, ability to make independent and analytical inquiries, ability to work as team to support the Board, possession of the required skill, qualification and expertise that would add value to the Board, understanding of the business environment and the willingness to devote adequate time and commitment to attend to the duties/functions of the Board.

The nomination, assessment and evaluation processes on the proposed candidates for a director or directors are set out in Appendix II of the Board Charter.

5.3 REMUNERATION COMMITTEE

Composition

Two (2) out of three (3) of the Remuneration Committee members consist of Independent Non-Executive Directors.

Members

The members of the Remuneration Committee are:-

JEN. TAN SRI YAACOB BIN MAT ZAIN (R)
Chairman (Independent Non-Executive Director)

TAN SRI DATO' SRI LEONG HOY KUM
Member (Group Managing Director/Group Chief Executive)

CAPTAIN IZAHAM BIN ABD. RANI (R)
Member (Independent Non-Executive Director)
(appointed on 27 November 2015)

LEONG YUET MEI
(ceased to be member after re-designation as Executive Director on 27 November 2015)

Terms of Reference of Remuneration Committee:

- to study and periodically review remuneration packages of all Executive Directors; and
- to make recommendations to the Board on all elements of remuneration and terms of employment for Executive Directors.

In the case of Non-Executive Directors, the determination of their remuneration is a matter for the Board as a whole and the level of remuneration reflects the performance, experience and level of responsibilities undertaken by each Non-Executive Director.

Individual Directors do not participate in the decisions regarding their individual remuneration.

The Level and Make-up of Remuneration

The remuneration of Executive Directors are so determined to ensure that the compensation and benefits commensurate with the level of the Directors' responsibilities and performance, as well as taking into consideration the Group's performance relative to the industry. Survey data on the remuneration practices of comparable companies are taken into consideration in determining the remuneration package. The objectives of the Remuneration Committee in determining the levels and components of the compensation packages are to motivate, attract and retain dedicated Directors that are key to the success of the Group.

Disclosure on Directors' Remuneration

The details of Directors' remuneration for the financial year ended 31 December 2015 are as follows:-

The number of Directors with total remuneration falling into the following different bands:-

Remuneration Band (RM)	Number of Executive Directors	Number of Non-Executive Directors
Up to 50,000		1
50,001 to 100,000	1	2
350,001 to 400,000	1	
1,500,001 to 1,550,000	1	
4,100,001 to 4,150,000	1	
20,250,001 to 20,300,000	1	
Total	5	3

The aggregate remuneration of the Directors categorised into appropriate components:-

	Fees (RM)	Salaries (RM)	Bonus (RM)	EPF (RM)	Benefits-in-kind (RM)	Total 2015 Remuneration (RM)	Total 2014 Remuneration (RM)
Executive Directors	–	7,794,097	15,650,500	2,808,798	116,633	26,370,027	26,976,872
Non-Executive Directors	126,000	–	–	–	–	126,000	174,600
Total	126,000	7,794,097	15,650,500	2,808,798	116,633	26,496,027	27,151,472

6. APPOINTMENT AND RE-ELECTION OF DIRECTORS TO THE BOARD

During the financial year ended 31 December 2015, there was no new appointment of Director to the Board except the appointment of Ms Jane Leong Jheng-Yi as the Alternate Director to Tan Sri Dato' Sri Leong Hoy Kum on 27 November 2015.

Appointments of Director to the Board shall be made and carried out based on the recommendation of the Nomination Committee. Amongst the criteria used in the selection process is a Director's time and his/her availability to serve the Board. With this, the Board will obtain time commitment from a Director at the time of appointment. Additionally, before accepting any new directorship outside the Group, all Board members shall notify the Chairman of the Board

indicating the amount of time that will be spent on the new appointment. The nomination, assessment and evaluation processes on the proposed candidates for a director or directors are set out in Appendix II of the Board Charter.

In accordance with the Company's Articles of Association, at least one-third (1/3) of the Directors shall retire from office every year provided always that all Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election at the Annual General Meeting ("AGM"). No Director stays in office for more than three (3) years without being subject to re-election by shareholders.

Directors who are above the age of seventy (70) are statutorily required to seek re-appointment at each AGM in accordance with Section 129(6) of the Companies Act, 1965.

7. DIRECTORS' TRAINING

All Directors have attended the Mandatory Accreditation Program prescribed by Bursa Securities.

The Company is aware of the importance of continuous training is vital for the Board to gain insight into the state of the economy, changing commercial risks, technological advances in our core businesses, latest regulatory requirements and management strategies. As such, the Directors are updated from time to time on relevant laws and regulations, key developments in the Companies Act 1965, the Listing Requirements, the Code as well as business and industry specific trends.

When necessary, Directors will also attend relevant trainings, either by recommendation of the Nomination Committee based on its annual performance assessment findings on the training and development needs of Directors or Directors' own professional bodies required training hours. Such updates and trainings shall enable Directors to equip themselves with the relevant knowledge to discharge their responsibilities and duties more effectively.

During the financial year ended 31 December 2015, all Directors have attended training programmes, workshops, seminars, briefings and/or conferences of various subject matters. These trainings attended by Directors include:-

- 2016 Budget Seminar
- 6th Credit Suisse ASEAN Conference
- Accelerated Development Program in Singapore
- Asia Pacific Real Estate Conference
- Audit World 2015
- Briefing for Risk Offers
- CAACZ - MICPA Audit Forum: Future of Auditors Reporting - The Practical Impact
- Capital Market Director Programme for Fund Management (Modules 1, 2B, 3 & 4)
- Corporate Governance Breakfast Series with Directors: Board Reward and Recognition
- Corporate Governance Breakfast Series with Directors: How to Maximise Internal Audit
- Corporate Governance Breakfast Series with Directors: The Board's Response in Light of Rising Shareholder Engagements
- CIMB 7th Annual Malaysia Corporate Day
- Citi ASEAN Investor Conference
- Extremism and Militancy Conference on A Challenge to National Security
- Global Transformation Forum on Operationalising Transformation

- GST Latest Developments And The Way Forward
- Transfer Pricing Documentation Seminar on Practical Issues in implementing the requirements of the Transfer Pricing Guidelines
- Invest ASEAN 2015
- Members' Technical Dialogue on GST Focus
- National Tax Conference 2015
- Practical Equity Valuation
- Recent Amendments to the Housing Legislations effective 1 June 2015
- Redrawing the ASEAN Map
- Salient Provisions of the Strata Management Act 2013 (Act 757) and the Strata Titles (Amendment) Act 2013 (Act A1450)
- Senior Management Workshop: Evolve - LEAD
- Senior Management Workshop: Leadership Culture Transformation Workshop
- The Award Winning Development Tour: Seri Ampang Hilir
- The Edge Investment Forum on Real Estate 2015
- UBS ASEAN Conference 2015
- Welcome to the World of Neuro Linguistic Programming (NLP)

B. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

1. DIALOGUE WITH SHAREHOLDERS AND INVESTORS

The Board recognises and values the importance of effective and clear communication to its shareholders as well as to potential investors and the public. It is fully committed to ensuring the highest standards of transparency and accountability in the disclosure of pertinent information relating to the Group.

In this respect, the Group, through its Corporate Communications and Investor Relations departments and its active investor relations ("IR") programme, engages with research analysts, fund managers, shareholders, financiers and media to convey the Group's strategies, performance, products and major developments. The forms of engagements include briefing sessions and site visits as well as participation in non-deal investment road shows, one-on-one meetings and press conferences with the media. The Group's top management which includes the Group Managing Director/Group Chief Executive and/or Executive Directors also takes an active role in engaging our stakeholders through their participation in the IR programme.

During the financial year, the Company met 317 members of the investment community from across Malaysia, Singapore, Hong Kong, Japan, Thailand, Taiwan, Australia, Europe and United States. The Management also participated in several local and overseas investor conferences and non-deal roadshows organised by local and foreign brokerages. The Company is covered by 19 research houses where analysts are actively updated via various platforms such as dissemination of quarterly analysts' pack, briefings and regular meetings with analysts.

The Company also facilitated about 12 visits to the Group's projects for analysts and fund managers during the year. Investors visited Southville City in Bangi, Lakeville Residence in Kepong, D'sara Sentral in Sungai Buloh, Icon City in Petaling Jaya, M Residence in Rawang, Southbay City and Ferringhi Residence in Penang, as well as developments in Iskandar Johor namely The Meridin@Medini, MS iParc at Port of Tanjung Pelepas and Meridin East.

Other effective channels of communication employed by the Group includes making timely and informative disclosures in interim and full year financial results announcements, Annual Report and other announcements to Bursa Securities on relevant transactions undertaken by the Group.

The Board believes that timely releases of financial information and updates on other developments are important to enable shareholders and the general public to receive information on the performance and prospects of the Group on a regular basis. Shareholders, investors and members of the public are able to access such announcements on Bursa Securities' website at www.bursamalaysia.com and other information via the Company's website at www.mahsing.com.my. The summary of interim results is also published in at least one (1) national newspaper.

Shareholders, investors and members of the public may also forward their queries to the Company by contacting its dedicated IR team at Tel: 603-9221 8888, Fax: 603-9222 1288, Email: ir@mahsing.com.my.

2. GENERAL MEETINGS

The Company's general meeting is the principal forum for dialogue with shareholders as it provides shareholders with an opportunity to seek clarification on the Group's business strategy, performance and major developments.

The notice of last AGM and the annual report were sent to the shareholders earlier than the minimum notice period of 21 days before the date of the AGM. Such notice contained sufficient information and explanatory notes regarding the effect of the proposed resolutions in respect of special

businesses to enable the shareholders to decide whether to attend the AGM and to make informed decisions.

The shareholders shall have right to attend or appoint proxies to attend, speak and vote including to demand for a poll on the motions contained in the notices of general meetings in accordance with the provisions of the Articles of Association of the Company.

For the benefit of all shareholders who were present at the AGM, the Directors presented the Company's responses to the issues raised by the Minority Shareholder Watchdog Group at the start of the AGM. At each general meeting, presentation is given in relation to the progress and financial performance of the Group, or proposals for which the approvals of shareholders are being sought.

Board members, senior management, the Group's external auditors and the Company's advisers where relevant were available to respond to shareholders' queries during the general meetings. The shareholders present at the general meetings were given sufficient time and opportunity to participate in the questions and answers sessions with regard to the proposed resolutions, the Group's financial performance and operations in general and other concerns on the Group.

After the general meetings, press conferences were conducted to provide the members of the media with opportunities to receive information relating thereto about the Group. Disclosures made to shareholders, investors and media are handled within the prescribed disclosure requirements under the Listing Requirements and is guided by Corporate Disclosure Guide issued by Bursa Securities.

C. ACCOUNTABILITY AND AUDIT

1. Financial Reporting

In presenting the annual audited financial statements and quarterly announcements of unaudited consolidated financial results to shareholders, the Board has taken reasonable steps to ensure a balanced and understandable assessment of the Group's financial position and prospects. The Board is assisted by the Audit Committee in overseeing the Group's financial reporting processes and the quality of its financial reporting.

2. Internal Control

The Directors' Statement on the Group's Risk Management and Internal Control, which has been reviewed by the external auditors, provides an overview of the risk position and state of internal controls within the Group.

The Statement on Risk Management and Internal Control is set out on pages 113 to 115 of this Annual Report.

3. Code of Conduct

To promote productivity and efficiency, and help ensure a pleasant, safe, cooperative and productive work environment, the Group has a Code of Conduct that is included in Employee Handbook and freely accessible on the Group's shared folder in emailing system. The Code of Conduct lists down examples of unacceptable conduct or performance in areas such as Indiscipline; Attendance and Punctuality; Use of Property; and Personal Actions and Appearance.

Employees also have free access to the Executive Directors and may raise concerns of non-compliance to them or through the Group Human Resources & Administration. Employees may also report observed non-compliance of conduct to Jen. Tan Sri Yaacob Bin Mat Zain (R), the Senior Independent Non-Executive Director who is also the Audit Committee Chairman at email: yaacob.zain@affinhwang.com.

4. Relationship with External Auditors

The Group maintains a transparent relationship with the external auditors in seeking professional advice towards ensuring compliance with accounting standards.

The Audit Committee and the Board place great emphasis on the suitability and independence of the external auditors in providing relevant and transparent reports to the shareholders. To this extent the Audit Committee undertakes an annual assessment of the suitability and independence of the external auditors.

The external auditors are invited to attend Audit Committee meetings to discuss their audit plan, audit findings and the Company's financial statements. The Audit Committee also meets up with external auditors at least two (2) times a year without the presence of the Executive members of the Board and other employees. In addition, the external auditors are invited to attend the Company's Annual General Meeting and are available to respond to shareholders' queries.

The Audit Committee has also considered the non-audit services provided by the external auditors during the financial year ended 31 December 2015 and concluded that the provision of these services did not compromise the external auditors' independence and objectivity.

The external auditors have confirmed and provided their written assurance to the Audit Committee that they have not identified any breach of independence and are in compliance with the independent requirements set out in the by-laws (on Professional Ethics, Conduct and Practice) for Professional Accountants of Malaysian Institute of Accountants.

The external auditors, since their appointment, have complied with the requirements of Malaysian Institute of

Accountants in relation to rotation of their audit partners assigned to the Group every five (5) years.

The Board agrees with the recommendation of the Audit Committee on the suitability and independence on the external auditors.

D. DIRECTORS' RESPONSIBILITY STATEMENT

The Board is responsible for ensuring the financial statements of the Group and of the Company are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at the end of the financial year and of the financial performance and cash flows of the Group and of the Company for the financial year.

The Board of Directors is satisfied that in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2015, the Group has adopted the appropriate accounting policies and applied them consistently; and that all applicable approved accounting standards have been followed.

E. ADDITIONAL COMPLIANCE INFORMATION

1. Options, Warrants or Convertible Securities

Save as disclosed below, the Company did not issue any convertible securities during the financial year ended 31 December 2015.

Pursuant to the rights issue of 443,185,318 new ordinary shares of RM0.50 each in Mah Sing ("**Rights Shares**"), the Company had issued:

- (i) 132,954,970 Warrant C 2015/2020 on the basis of three (3) Rights Shares for every ten (10) existing Mah Sing shares held and three (3) Warrant C 2015/2020 for every ten (10) Rights Shares subscribed for by the entitled shareholders of the Company ("**Rights Issue with Warrants**"); and
- (ii) 12,921,939 Warrant B 2013/2018 arising from the adjustment made pursuant to the Rights Issue with Warrants.

Consequential to the Bonus Issue of 480,128,609 new ordinary shares of RM0.50 each in Mah Sing, the Company had issued 37,237,975 Warrant B 2013/2018 and 33,226,002 Warrant C 2015/2020 arising from the adjustment made in accordance with the provisions under the deed poll of the respective warrants.

2. Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company, its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year ended 31 December 2015 which have material impact on the operations or financial position of the Group.

3. Non-audit Fees Paid/Payable

For the financial year ended 31 December 2015, the amount of non-audit fees paid/payable to the external auditors and their affiliates amounted to RM109,000.

4. Material Contracts Involving Directors' and Major Shareholders' Interests

There were no material contracts entered into by the Group involving Directors' and major shareholders' interests which were still subsisting as at the end of the financial year under review or which were entered into since the end of the previous financial year.

5. Recurrent Related Party Transactions

The existing shareholders' mandate for the Group to enter into recurrent related party transactions of revenue or trading nature ("**Shareholders' Mandate**") which is necessary for its day-to-day operations shall expire at the conclusion of the forthcoming AGM and is subject to renewal by the shareholders at the said AGM.

The aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year is as disclosed in Note 43 of the financial statements.

6. Share Buybacks

The existing authority for Mah Sing to purchase up to 10% of its issued and paid-up share capital shall expire at the conclusion of the forthcoming AGM and is subject to renewal by the shareholders at the said AGM.

During the financial year ended 31 December 2015, there were no share buybacks by the Company.

7. Status of Utilisation of Proceeds Raised from Corporate Exercises

The total gross proceeds raised by the Company from the rights issue with warrants amounted to RM629,323,152. The status of the utilisation of rights proceeds as at 31 March 2016 is as follow:

Details of utilisation	Approved Utilisation RM'000	Actual Utilisation RM'000	Reallocation RM'000	Balance Unutilised RM'000	Timeframe for utilisation
<u>Upon completion of rights issue with warrants on 26 February 2015</u>					
Land acquisition and property development activities	166,600	(165,764)	–	836	Within 24 months
General working capital	91,323	(91,351)	28	–	Within 12 months
Estimated expenses in relation to the corporate exercise	8,000	(7,972)	(28)*	–	Within 6 months
<u>Upon completion of the variation of utilisation of proceeds on 28 January 2016#</u>					
Land acquisition, property development activities and/or repurchase of redeemable secured bonds	315,000	(107,016)	–	207,984	Within 24 months
General working capital	48,400	(1,008)	–	47,392	Within 24 months
Total	629,323	(373,111)	–	256,212	

* The unutilised amount of RM27,935 for the estimated expenses in relation to the corporate exercise has been reallocated for general working capital requirements.

At the Extraordinary General Meeting held on 28 January 2016, the shareholders of the Company had approved the variation of the utilisation of the proceeds from the rights issue with warrants ("variation") of RM363.4million previously allocated for the proposed acquisition of a piece of freehold land in Mukim Rantau, Daerah Seremban, Negeri Sembilan and a piece of leasehold land in Puchong, Selangor.