

## SECTION 2

### MANAGEMENT AND CORPORATE GOVERNANCE

#### 7. SECURITIES INFORMATION AND SHAREHOLDERS

##### 7.1 REGISTERED CAPITAL AND PAID-UP CAPITAL

The Company has a registered capital Baht 2,200,000,000 and paid-up capital at the amount of Baht 2,200,000,000 divided into 220,000,000 ordinary shares at par value of Baht 10 (as of 31 December 2013)

##### 7.2 SHAREHOLDERS

###### 7.2.1 Top-10 Major Shareholders

As at 18 March 2014 (share register closing date), major shareholders of the Company are as follows:

| Shareholders  | No. of Shares | Percentage (%) |
|---|---------------|----------------|
| 1) Keppel Land Limited *  | 100,000,000   | 45.45          |
| 2) Utayan Thani Company Limited   | 18,063,846    | 8.21           |
| 3) Thai NVDR Company Limited  | 6,743,140     | 3.06           |
| 4) Mr Songsit Kularayasin   | 5,335,400     | 2.42           |
| 5) Mrs Salim Thanashiwit  | 3,240,500     | 1.47           |
| 6) Citibank Nominees Singapore Pte Ltd<br>- Pbg Jaxware Investment Ltd. | 2,821,720     | 1.28           |
| 7) Mr Chanchai siriwitpakdeckul   | 2,360,600     | 1.07           |
| 8) Mr Natee Siriwat   | 2,000,000     | 0.90           |
| 9) Mr Nopadol Anurakchaiwit   | 1,935,200     | 0.88           |
| 10) Mr Kam Fai Winston Liu  | 1,728,830     | 0.78           |
| Total   | 144,229,236   | 65.52          |

\* Keppel Land Limited incorporated in Singapore, it is the property arm of the Keppel Group, one of Singapore's largest multi-national groups with key businesses in offshore and marine, infrastructure, as well as property.

Shareholders divided by nationality

| Shareholders     | Entity |                  | Individual |                  | Total  |                  |     |
|------------------|--------|------------------|------------|------------------|--------|------------------|-----|
|                  | Number | Number of Shares | Number     | Number of Shares | Number | Number of Shares | %   |
| Thai Nationality | 15     | 26,112,478       | 1,709      | 86,087,522       | 1,724  | 112,200,000      | 51  |
| Foreign          | 6      | 103,795,205      | 9          | 4,004,795        | 15     | 107,800,000      | 49  |
| Total            | 21     | 129,907,683      | 1,718      | 90,092,317       | 1,739  | 220,000,000      | 100 |

Source: Thailand Securities Depository Company Limited

 Updated shareholding structure at [www.keppelland.co.th](http://www.keppelland.co.th)

### 7.2.2 Shareholders in subsidiaries operate core business

The Company direct holds shares in 4 (four) subsidiaries which are the core business and generate revenue, the shareholding structure of subsidiaries shall be as follows:

| Shareholders                                  | Subsidiary Companies |                 |     |                  |     |                              |       |                              |     |  |
|---|----------------------|-----------------|-----|------------------|-----|------------------------------|-------|------------------------------|-----|--|
|   | (1)<br>Top Property  |                 |     | (2)<br>Thai-Kami |     | (3)<br>Gold Star<br>Property |       | (4)<br>Cornerstone<br>Realty |     |  |
|   | Ordinary Share       | Preferred Share | %   | Ordinary Share   | %   | Ordinary Share               | %     | Ordinary Share               | %   |  |
| As at<br>31 December 2013                     |                      |                 |     |                  |     |                              |       |                              |     |  |
| Keppel Thai Properties Public Company Limited | 2,915,791            | 520,940         | 61  | 37,474,991       | 100 | 4,090,991                    | 100   | 9,991                        | 100 |  |
| Hamshire Pte Ltd.                             | 1,864,200            | 333,060         | 40  | -                | -   | -                            | -     | -                            | -   |  |
| Vichien Yupoonsup                             | 6                    | -               | 0   | 6                | 0   | 5                            | 0     | 5                            | 0   |  |
| Jestsada Tangboonpant                         | 1                    | -               | 0   | 1                | 0   | 1                            | 0     | 1                            | 0   |  |
| Paisan Supornpun                              | 1                    | -               | 0   | 1                | 0   | 1                            | 0     | 1                            | 0   |  |
| Thanyapa Srimongkolpat                        | 1                    | -               | 0   | 1                | 0   | -                            | -     | 1                            | 0   |  |
| Ammarit Sukchit                               | -                    | -               | -   | -                | -   | 1                            | 0     | 1                            | 0   |  |
| Tan Siew Ngok                                 | -                    | -               | -   | -                | -   | 1                            | 0     | -                            | -   |  |
|   | Total                |                 | 100 | Total            |     | 100                          | Total |                              | 100 |  |

**7.3 DIVIDEND PAYMENT POLICY****7.3.1 Payment of Dividend**

Dividend payment is subject to the Company's realized profit from its normal business operation during that year. It also takes into consideration the Company's future performance as well as the operating environment and other provisions arising from new regulatory requirements including resolutions from the Board meetings and/or annual general meeting.

**7.3.2 Dividend Payment of Subsidiaries**

Dividend payment to subsidiaries will depend on each company's operating performance, retained earnings, legal provisioning and other required provisioning as appropriate for business operation.

## 8. MANAGEMENT STRUCTURE

### 8.1 BOARD OF DIRECTORS

Members of the Board of Directors as at 31 December 2013

| Directors                      | Position  |
|--------------------------------|---|
| Mr Ng Ooi Hooi                 | Chairman, Board of Directors<br>Chairman, Executive Committee |
| Mr Oh Weng Soon (Oh Lock Soon) | Director<br>Member, Executive Committee                       |
| Mrs Jiraporn Pimpoorash        | Independent Director<br>Chairman, Audit Committee             |
| Prof Chukiat Pramoolpol        | Independent Director<br>Member, Audit Committee               |
| Mr Somprasong Makkasaman       | Independent Director<br>Member, Audit Committee               |
| Mr Lim Kei Hin                 | Director<br>Member, Executive Committee                       |
| Madam Tan Siew Ngok            | Director<br>Member, Executive Committee                       |

#### Details of Changes of Directorship:

|                  |   |
|------------------|---|
| 21 February 2013 | Mr Choo Chin Teck resigned as Director.<br>Mr Ng Ooi Hooi was appointed to the Board of Directors.  |
| 1 May 2013       | Mr Tan Swee Yiow resigned as Chairman of the Board and the Executive Committee.<br>Mr Ng Ooi Hooi was appointed as Chairman of the Board and the Executive Committee. |

The number of the Boards established pursuant to the Company's Article of Association, clause 16 stipulates that "there shall be no less than five (5) directors and no less than half of total number of directors residing in the Kingdom of Thailand".

#### **Authorized Signatory Directors**

Any of these two signatories - Mr Ng Ooi Hooi, Mr Oh Weng Soon (Oh Lock Soon), Mr Lim Kei Hin and Madam Tan Siew Ngok affixed with the Company seal will be deemed valid.

Directors' attendances at the meetings of the Board and Board Committee for the year ended 31 December 2013 are shown below:

|   | Board Committees |                     |                 |
|---|------------------|---------------------|-----------------|
|   | Board            | Executive Committee | Audit Committee |
| <b>No. of meeting held</b>                | 9                | Nil                 | 4               |
| <b>Directors</b>                          |                  |                     |                 |
| Mr Ng Ooi Hooi*                           | 8                | Nil                 | -               |
| Mr Oh Weng Soon (Oh Lock Soon)            | 9                | Nil                 | -               |
| Mrs Jiraporn Pimpoorash                   | 9                | -                   | 4               |
| Prof Chukiat Pramoolpol                   | 9                | -                   | 4               |
| Mr Somprasong Makkasaman                  | 9                | -                   | 4               |
| Mr Lim Kei Hin                            | 9                | Nil                 | -               |
| Madam Tan Siew Ngok                       | 9                | Nil                 | -               |
| <u>Directors resigned during the year</u> |                  |                     |                 |
| 1) Mr Tan Swee Yiow                       | 3                | Nil                 | -               |
| 2) Mr Choo Chin Teck                      | 1                | -                   | -               |

\* Mr Ng Ooi Hooi was appointed to the Board of Directors after Mr Choo Chin Teck's resignation on 21 February 2013. Mr Ng then took over as Chairman after Mr Tan Swee Yiow resigned on 1 May 2013.

#### **Board of Subsidiary Company**

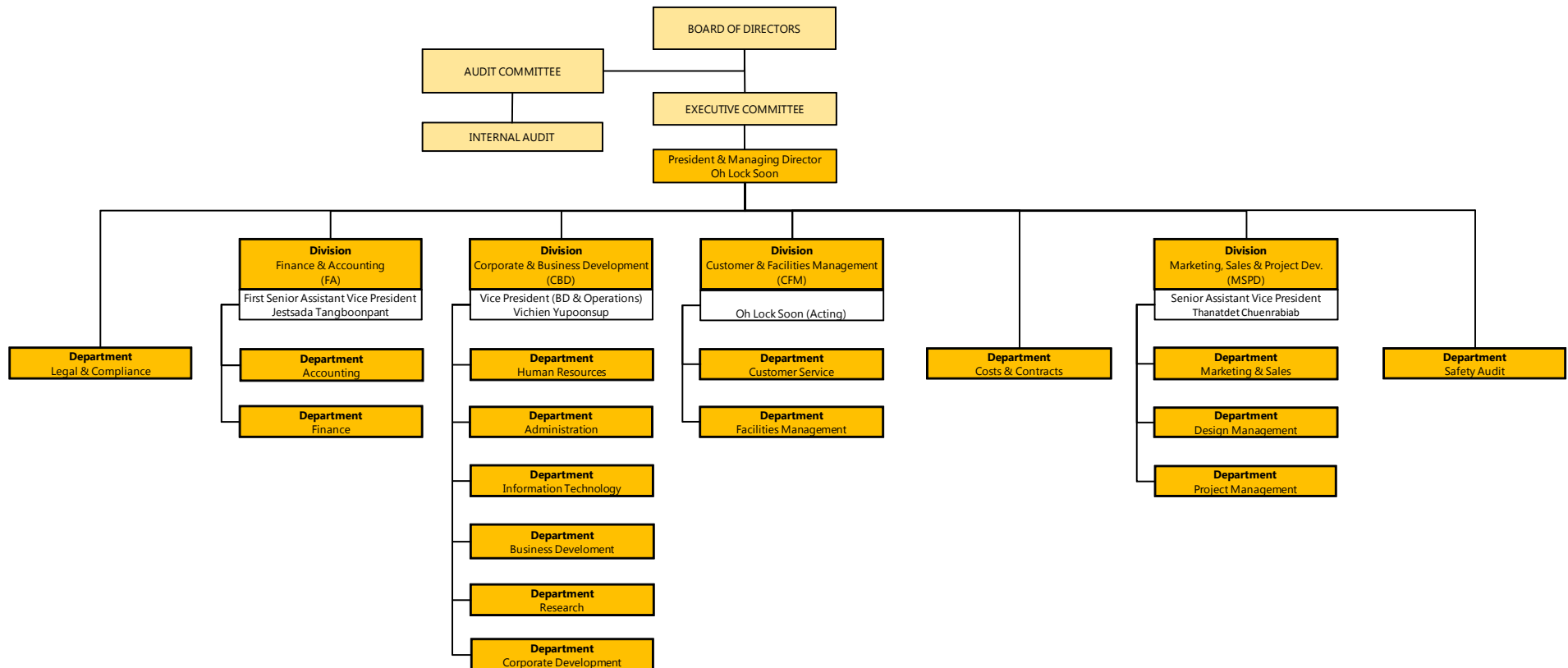
The Company holds shares in four subsidiary companies which are revenue-generating. The subsidiaries have details of directors and attendance meeting shown in table below:

|                         | Board of Directors Meetings |                        |                              |                              |
|-------------------------|-----------------------------|------------------------|------------------------------|------------------------------|
|                         | Thai-Kami Co., Ltd.         | Top Property Co., Ltd. | Gold Star Property Co., Ltd. | Cornerstone Realty Co., Ltd. |
| <b>Directors</b>        |                             |                        |                              |                              |
| Mr Oh Weng Soon         | 19/19                       | 13/13                  | 9/9                          | 8/8                          |
| Mr Lim Kei Hin          | 19/19                       | 13/13                  | -                            | -                            |
| Madam Tan Siew Ngok     | -                           | -                      | 9/9                          | 8/8                          |
| Mr Jestada Tangboonpant | 19/19                       | 13/13                  | 9/9                          | 8/8                          |

Note: Number in the table refer to attendance/number of Board Meetings held while acting as Director

# ORGANISATION CHART

## Keppel Thai Properties Public Company Limited



(as of 15 March 2014)

**8.2 EXECUTIVE OFFICER**

The definition of the Company's Executive as per the Notification of Securities and Exchange Commission (SEC) shall be the Managing Director and Head of Division.

As at 15 March 2014, the executive consists of four (4) persons following;

| <b>Name</b>               | <b>Position</b>               | <b>Department/Function</b>             |
|---------------------------|-------------------------------|--|
| Mr Oh Weng Soon           | President & Managing Director |  |
| Mr Vichien Yupoonsup      | Vice President                | Business Development                   |
| Mr Jest sada Tangboonpant | Deputy Vice President         | Finance & Accounting                   |
| Mr Thanatdet Chuenrabiab* | Deputy Vice President         | Marketing, Sales & Project Development |

\* Taken position as executive officer when join KTP on 4 March 2014

**8.3 COMPANY SECRETARY**

The Company appointed Ms Supattra Tasilapa, Senior Manager, Legal & Compliance Department as the Company Secretary since 6 August 2013 to comply with the Securities and Exchange Act (No.4) B.E. 2551 (2008). The responsibilities of the Company Secretary include:


- 1) Overseeing activities of the Board and ensuring that they comply with the requirements of SET, SEC and compliance with corporate legislation, the Articles of Association of the Company.
- 2) Arranging the Shareholders and Board of Directors meetings in accordance with the laws and regulations, the Company's Articles of Association and best practices. This responsibility will involve the issuing of proper notices of meetings, preparation of agenda, circulation of relevant papers and taking and producing minutes to record business transacted during the meetings and decisions made.
- 3) Maintaining the Company's statutory registers or books, including director registration, annual reports of the Company, notices and minutes of Board meetings and general shareholder meetings.
- 4) Ensuring that the directors and executives have filed reports on their interest and related persons' interests, as required by laws.
- 5) Communicating within internal business units and monitoring actions taken to ensure accuracy and compliance with the resolutions of Board and shareholder meetings.

- 6) Providing advice to the Board pertaining to laws, rules and regulations governing the Company's business, as well as monitoring compliance on a regular basis and reporting any significant changes to the Board.
- 7) Promoting understanding of corporate governance principles, providing relevant information, as well as monitoring compliance among the Board of Directors.
- 8) Coordinating between the Board and Executive.
- 9) Communicating and providing shareholders with information about the Company so as to enable them to exercise their rights.
- 10) Ensuring that corporate information disclosure to regulatory agencies are in accordance with the relevant laws and regulations.
- 11) Taking any other actions as prescribed by the Capital Market Supervisory Board.

#### **8.4 REMUNERATION OF THE DIRECTORS AND EXECUTIVE OFFICERS**

- **Director's Remuneration**

The Company's policy on remuneration of the Directors shall be reviewed and approved by shareholders at the Annual General Meeting (AGM) each year. The Directors' scope of duties, roles and responsibilities are also taken in for consideration. During the AGM held on 23 April 2013, the Directors' remuneration was approved. The details are as follows:

|   |                    |
|---|--------------------|
|  Chairman of the Board | Baht 30,000/ month |
|  Board member          | Baht 20,000/ month |

In 2013, the Company paid in cash and kind to the Board of Directors a total amount of Baht 1,894,000.



| Name of Director                          | Monetary Remuneration (Baht) |                 |                     |                  | Other             |
|---|------------------------------|-----------------|---------------------|------------------|-------------------|
|   | Board of Directors           | Audit Committee | Executive Committee | Total            | Membership (Baht) |
| Mr Ng Ooi Hooi                            | 280,000                      | -               | Nil                 | 280,000          | 0                 |
| Mr Oh Weng Soon (Oh Lock Soon)            | 240,000                      | -               | Nil                 | 240,000          | 3,500             |
| Mrs Jiraporn Pimpoorash                   | 240,000                      | Nil             | -                   | 240,000          | 3,500             |
| Prof Chukiat Pramoolpol                   | 240,000                      | Nil             | -                   | 240,000          | 3,500             |
| Mr Somprasong Makkasaman                  | 240,000                      | Nil             | -                   | 240,000          | 3,500             |
| Mr Lim Kei Hin                            | 240,000                      | -               | Nil                 | 240,000          | 0                 |
| Madam Tan Siew Ngok                       | 240,000                      | -               | Nil                 | 240,000          | 0                 |
| <u>Directors resigned during the year</u> |                              |                 |                     |                  |                   |
| Mr Tan Swee Yiow                          | 120,000                      | -               | -                   | 120,000          |                   |
| Mr Choo Chin Teck                         | 40,000                       | -               | -                   | 40,000           |                   |
| <b>Total</b>                              | <b>1,880,000</b>             | <b>-</b>        | <b>-</b>            | <b>1,880,000</b> | <b>14,000</b>     |

● **Remuneration of the Executive Officers**

The Company paid monetary remuneration, i.e. fixed salary and bonus to the executive officers and offered different forms of remuneration such as housing allowance, child education allowance, car allowance and phone bill allowance.

## 8.5 PERSONNEL

Total Number of Employees 71 persons

Employees classified by department as of 31 December 2013:

|                                    |    |                          |   |
|------------------------------------|----|--------------------------|---|
| ■ Corporate Development & Planning | 2  | ■ Customer Service       | 2 |
| ■ Research                         | 1  | ■ Facilities Management  | 7 |
| ■ Business Development             | 3  | ■ Marketing & Sales      | 8 |
| ■ Legal & Compliance               | 3  | ■ Finance                | 4 |
| ■ Project Development              | 2  | ■ Accounting             | 9 |
| ■ Project Management               | 12 | ■ Information Technology | 1 |
| ■ Design Management                | 2  | ■ Administration         | 9 |
| ■ Cost & Contract                  | 3  | ■ Human Resources        | 3 |

Note: Includes staff in KTP's subsidiaries

**Employee Remuneration**

The Company established and registered for employees to contribute to a voluntary provident fund on 1 October 2013. Mandatory contribution from the employee and the Company is stipulated at 5%.

The remuneration package offered to the employee consists of a fixed salary and other benefits, i.e. bonus, commission, social security fund, provident fund and allowance. In addition, the Company offered benefits to improve employee satisfaction, loyalty and staff retention. These include health insurance, life insurance, long-term service award, annual leave, recreational activities and seasonal parties. In 2013, the Company paid a total of Baht 57,720,072.00 for the remuneration of employees.

| Type of Remuneration                                   | Amount (Baht) |
|--|---------------|
| Fixed Salary   | 45,493,482.00 |
| Bonus  | 5,267,836.00  |
| Allowance (Overtime, Provident Fund, Commission, etc.) | 6,958,895.39  |

**Human Resources Policy**

The Company emphasises human resources development in capability enhancement and good relationship establishment among employees at all levels. The Human Resources development policies of the Company are as follows:

1. Employees are encouraged to attend internal and external training programmes.
2. Qualified employees are selected to participate in the Annual Staff Conference held by Keppel Land in Singapore.
3. Employees are encouraged to acquire and develop relevant knowledge, skills and competencies to enhance career advancement opportunities.
4. Online surveys are conducted to evaluate employees' satisfaction towards the Company. Results from these surveys are evaluated and relevant suggestions are implemented
5. The Company's core values are communicated to employees. Whenever possible, the Company encourages employees to participate in activities as a team outside of work in order to improve relations and encourage teamwork.

**Summary of courses and training conducted in 2013**

| Course            | No. | Attendance | Total (Hours) | Average per person<br>(Hours) |
|-------------------|-----|------------|---------------|-------------------------------|
| In-house Training | 7   | 177        | 735           | 9.9                           |
| External Training | 21  | 27         |               |                               |

**Training Programmes**

The Company paid for employees to participate in both internal and external trainings programmes, seminars and courses. The total training cost for 2013 amounted to Baht 493,058.00.

The following are examples of programmes which employees attended during the year:

- |  |  |
|--|--|
|  Quality Management                                       |  Creativity Beyond the Box  |
|  Property Feng Shui                                       |  Investment Real Estate in Japan  |
|  Team Building  |  Residential Market   |
|  Development of Supervisory Skill                         |  Smart Disclosure   |
|  Health Care  |  IFRS and Financial Reporting for Investors   |
|  English Classes   |  Corporate Governance  |
|  Economic Outlook of 2013                               |  Facilities Management  |
|  New Zone Laws and other<br>Regulations for Real Estate |  Driving Thai Business to a Sustainable Future & Preparing<br>Real Estate Firms for AEC |

**9. CORPORATE GOVERNANCE****9.1 CORPORATE GOVERNANCE POLICY**

The Company is committed to achieving high standards of corporate governance and has put in place self-regulatory controls to protect shareholders' interest and ensure long-term shareholder value. The Board of Directors has implemented best practices in corporate governance based on the Code of Business Conduct.

The Company has also fully complied with the principles of good corporate governance and best practices recommended by the Stock Exchange of Thailand (SET) as follows:

**A. *RIGHTS OF SHAREHOLDERS*****A.1 Protection of Rights**

The Company recognises the importance of protecting the rights of shareholders' and promotes the exercising of these rights. The basic legal rights of shareholders include the right to buy, sell or transfer shares, receive dividends, obtain relevant and adequate information in a timely and regular basis, participate in shareholder meetings, propose the meeting agenda, vote for the appointment or removal of Directors and auditors, determine their remuneration as well as partake in decisions that could have material impact on the Company such as dividend payment, amendment to the Memorandum and the Articles of Association or by-laws, capital increase or decrease.

Besides these basic rights, the Company has also implemented best practices to promote and facilitate exercising of rights for shareholders.

The Company recognises the importance of accurate, complete and transparent disclosure to shareholders with regards to financial results and other relevant information through the SET and the Company's website in both Thai and English to ensure that shareholders have access to information in a timely manner.

**A.2 Shareholders' Meeting**

The Company holds its Annual General Meeting once a year within four months after the end of the accounting period. The Company has implemented the barcode system for registration purposes and the printing of voting slips for each agenda to facilitate the registration process at the meeting.

In 2013, all relevant information was posted on the Company's website [www.keppelland.co.th](http://www.keppelland.co.th) 30 days before the date of the meeting to ensure shareholders had adequate time to review the relevant information. In addition, the Company did not add items to the meeting agenda without advance notice to ensure fairness to shareholders. Shareholders were also informed of the rules of the meeting and voting procedures to allow fair and equal opportunity for all shareholders to ask questions, recommend and give opinions during the meeting. The Chairman, board members and management were in attendance to explain the operation performance and policy as well as answer relevant questions at the meeting. Those recommendations and questions were recorded in minutes of the meeting and disclosed on the Company's website within 30 days after the meeting date.

***B. EQUITABLE TREATMENT OF SHAREHOLDERS***

The Company ensures equitable treatment of all shareholders. The Company has in place policies to disclose complete and accurate information including shareholder's rights to attend the meeting and carries out the shareholder meeting procedures as specified by laws and regulations of the SET.

The Company strives to ensure the following:

1. Provide equitable and fair treatment to all shareholders whether they are minority, institutional or foreign investors, and to allow them to exercise their rights accordingly.
2. If shareholders are unable to attend and vote at the meeting, the Company will allow them to send proxies to vote on their behalf. The proxy form and proposed list of independent directors are attached in notice of the meeting. The shareholders and/or proxies are encouraged to use voting ballots for each agenda.
3. To avoid insider trading and conflict of interest, the Company stipulates measures that prevent Directors, Executives, employees and related persons from misusing and/or disclosing sensitive information relating to the Company. There has been no reports of insider trading within the organisation to-date.
4. The Company has in place guidelines for Directors and Executives to disclose their stake in the Company and relation to the Directors, if any. The Company also discloses information of its Directors and Executives

shareholding in the Company and subsidiaries in accordance with the requirements from regulators such as the Office of Securities and Exchange Commission (“SEC”) and the SET.

### ***C. ROLE OF STAKEHOLDERS***

The Company recognises the legal rights and roles of stakeholders including its shareholders, employees, customers, business partners, creditors, competitors, communities and society as a whole. All stakeholders shall be treated fairly in accordance with their legal rights as specified in relevant laws and regulations. These relevant laws and regulations are also published as manuals and distributed to all staff to ensure strict compliance. The manuals are also distributed to:

- ✓ **Shareholders**: The Company is determined to conduct its business with prudence and transparency to ensure sustainable growth and enhance long-term value for its shareholders.
- ✓ **Employees**: The Company recognises that its employees are the core driving force for the organisation. The Company strives to continually enhance staff competency levels by providing opportunities for career advancements and a fair reward system. The Company is committed to training and developing its workforce as well as providing a safe working environment for everyone.
- ✓ **Customers**: The Company is committed to provide quality products and services to all customers, as well as to assist and provide solutions to their needs, while protecting customer confidentiality, unless stipulated by law or with the customer’s written consent.
- ✓ **Creditors**: The Company has put in place policies to ensure that creditors are treated with equality and fairness. In case of non-compliance with any one of the conditions laid out in the agreement, the Company will promptly notify the creditor to jointly consider and resolve the issue in a fair manner.
- ✓ **Business Partners**: All employees are expected to provide accurate and complete information on their interest and that of their related kin, so as not to impede the buyers’ or sellers’ decisions. Employees should also refrain from accepting gifts and/or rewards from buyers or sellers as well as attending private functions hosted by them so as to avoid any accusation or rendering special assistance at a later occasion.
- ✓ **Competitors**: The Company respects competition and does not engage in deals and/or discussion with employees of its competitors on issues and/or information that may impact either party’s business.
- ✓ **Community and Society**: The Company is committed to positively impact the community and society in the four areas of education, society and environment, art and culture, and sports.

**D. *DISCLOSURE AND TRANSPARENCY***

The Company ensures that all information on its finances or any other issues, which are beneficial to related parties, are disclosed in an accurate, complete, transparent, and timely manner as prescribed in the requirements of the SEC and SET. The Company's financial statements are also prepared in accordance with the Accounting Standards and generally accepted accounting principles to reflect the real operating performance of the Company.

The Company has disclosed all information through various communication channels such as on the SET and Company's website in accordance with relevant regulations of related offices in both Thai and English to ensure that shareholders have access to information throughout.

**E. *RESPONSIBILITIES OF THE BOARD*****E1. Board Structure**

The Board of Directors consists of directors with varied qualifications, skills, experiences and expertise that are beneficial to the Company and in accordance with the requirements of the SET. Directors are appointed in accordance with the principles and procedures of laws and Articles of Association of the Company. In 2013, the Board comprised four executive Directors and three non-executive Directors. Directors are appointed in accordance with the principles and procedures of laws and Articles of Association of the Company.

**E2. Independence from the Management**

The Board of Directors acts independently from the Management. There is a clear segregation of duties and responsibilities between the Board of Directors and Management. The Board of Directors formulates policies, provides strategic business direction as well as oversees and ensures that operations are carried out according to highest levels of transparency and disclosure, in accordance with the respective policies. To ensure an appropriate balance of power, increased accountability and a greater capacity of the Board for independent decision-making, the Company has a clear division of responsibilities at the top level of the Company, with the Chairman of the Board and the President having clearly separated roles.

**E3. Appropriateness of the Board of Directors**

The number of Directors on the Board is in accordance with Clause 16 of the Article of Association which stipulates that “there shall be no less than five Directors and no less than half of total number of Directors who must reside in the Kingdom of Thailand”. Clause 22 has prescribed that one-third of the Directors must retire at each Annual General Meeting. Should the number not be divisible by three, the number must be closest to one-third. A retiring Director is eligible for re-election.

**E4. Effectiveness of the Board of Directors**

The Board has in place adequate internal control systems to ensure that the Company’s operations are carried out responsibly, with integrity and in accordance with regulations of the SEC and SET. Together with the Audit Committee, the Board safeguards the resources of the Company and ensures that procedures and policies are adhered to in the management of the Company.

- The Board of Directors is responsible for the Company’s internal control system. It ensures that appropriate policies are in place for effective functioning of the Company’s business operations. The Company has engaged the Audit team from Straits Mansfield Property Marketing Pte Ltd. (Straits Mansfield) to audit the Company at least once a year. The Internal Audit team then reports its findings to the Board of Directors and the Audit Committee.
- The Board of Directors and the Audit Committee will then review all items to ensure compliance with relevant laws and regulations as well as with internal policies with respect to the conduct of business. The Audit Committee will review the quarterly financial statements and report to the external auditors as well as Internal Audit team before seeking approval from the Board of Directors. The Audit Committee is satisfied that KTP and its subsidiaries have maintained adequate internal controls for the year 2013.
- It is the Company’s policy to appoint a Company Secretary in compliance with the applicable Securities and Stock Exchange Act (No.4) BE 2551 (2008) and principles of good corporate governance. The Company Secretary is further encouraged to attend appropriate training courses to enhance his or her skills.
- The Board of Directors convenes on a quarterly basis and will call for additional meetings as circumstances require. The following reports and procedures are provided to the Board of Directors to allow the Directors to better anticipate risks and key drivers ahead of events so that the Management can make timely decisions.



The reports and procedures include:

- **Whistle-Blower Protection Policy:**

The purpose of this policy is to encourage reporting in good faith of suspected reportable conduct by establishing clearly defined processes through which such reports may be made with confidence that employees and other persons making such reports will be treated fairly and protected from reprisal. This policy is one channel through which the Company receives information on suspected reportable conduct and to address them in an appropriate and timely manner.

**“Reportable Conduct”** refers to any act or omission by an employee or contract worker appointed by the Company, which occurred in the course of his or her work whether or not the said act is within the scope of their employment. It includes:

- (1) Dishonesty including, but not limited to, theft or misuse of Company’s resources;
- (2) Fraud;
- (3) Corruption;
- (4) Illegal activities;
- (5) Other serious improper conduct;
- (6) Unsafe work practices or
- (7) Any other conduct which may cause losses, financial or otherwise, to KTP or be seen as being detrimental to KTP’s reputation.

- **Enterprise Risk Management**

Enterprise Risk Management is a process designed to identify potential events that may impact the Company caused by changing economic, financial, social and legal situations, and to specify sufficient protection and suitable resolution measures to prevent and mitigate such risks, including analysis of circumstances as well as the probability of risky events occurring. KTP’s enterprise risk management process is implemented on a quarterly basis, and is integrated with Keppel Land’s Enterprise Risk Management initiatives.

- **Internal Audit Report**

An internal audit is conducted annually to review the adequacy and effectiveness of key controls, procedures and processes of the Company and its subsidiaries. A report is then generated to address three key areas which include the adequacy and effectiveness of existing internal controls and operational procedures, compliance with established policies and procedures as well as the weaknesses and recommendations for improvement in the areas reviewed.

## **9.2 BOARD COMMITTEES**

The Board currently comprises three committees: Board of Directors, Executive Committee and Audit Committee.

### ***9.2.1 BOARD OF DIRECTORS:***

The Board of Directors assumes full authority over the management of the Company and ensures that the Company's operation meets its set objectives, and complies with Articles of Association and shareholders' resolutions.

#### Roles, Duties and Responsibilities of the Board of the Directors

The principal functions of the Board of Directors are as follows:

1. Review and approve the Company's corporate policy and the authorisation matrix.
2. Provide full and timely information disclosure to shareholders.
3. Be accountable to all shareholders by adopting best practices to enhance shareholders' value.
4. Manage the Company in accordance with relevant laws, objectives and Articles of Association of the Company including shareholders' resolutions.
5. Review, and where required, approve the key strategies, objectives and plans of the Company and the appropriate financial and operational matters.
6. Advise Management on significant issues that may impact the Company.
7. Evaluate the adequacy of internal controls, risk management, financial reporting and compliance.
8. Nominate Directors and ensure that the structure and practices of the Board provide for sound corporate governance.
9. Supervise and appropriately remunerate senior management.

The Company's Board of Directors as at 31 December 2013 include:

|                                |                      |
|--------------------------------|----------------------|
| Mr Ng Ooi Hooi                 | Chairman             |
| Mr Oh Weng Soon (Oh Lock Soon) | Director             |
| Mrs Jiraporn Pimpoorash        | Independent Director |
| Prof Chukiat Pramoolpol        | Independent Director |
| Mr Somprasong Makkasaman       | Independent Director |
| Mr Lim Kei Hin                 | Director             |
| Madam Tan Siew Ngok            | Director             |

#### **9.2.2 EXECUTIVE COMMITTEE:**

The Executive Committee consists of three non-Executive Directors and one Executive Director with the competencies and expertise to oversee the business, assets, affairs and performance of the Company. The Executive Committee focuses its activities regularly on the key requirements and policies of the Company.

##### Roles, Duties and Responsibilities of the Executive Committee

1. To operate the daily business of the Company in line with the Company's policy and budgets, set the directions, targets, organisation and business operations of the Company, at the same time, monitor the Company's performance in achieving its targets.
2. To assess transactions of the Company and its subsidiaries which may have conflicts of interest with the Company. The Executive Committee would then have to propose the meeting of the Audit Committee and the Board of Directors before the transaction is approved.
3. To perform operations as assigned by the Board of Directors and to approve other business operations of the Company as delegated by the Board of Directors.
4. To approve credit and write-off debts within the authorised limits.
5. To approve the hiring of consultants and procurement of materials in accordance with procedures.

The Company's Executive Committee as at 31 December 2013 include:

|                                |          |
|--------------------------------|----------|
| Mr Ng Ooi Hooi*                | Chairman |
| Mr Oh Weng Soon (Oh Lock Soon) | Member   |
| Mr Lim Kei Hin                 | Member   |
| Madam Tan Siew Ngok            | Member   |

\*Mr Ng Ooi Hooi was appointed as Chairman of the Executive Committee with effect from 1 May 2013 in replacement of Mr Tan Swee Yiow who had resigned.

### **9.2.3 AUDIT COMMITTEE:**

The Audit Committee is appointed by the Board of Directors in accordance with the requirements of the SET. The Audit Committee convenes at least four times a year to review the Company's business operations. In 2013, the Audit Committee called for four (4) meetings.

#### Roles, Duties and Responsibilities of the Audit Committee

The Audit Committee is guided by the following terms of reference:

1. Review financial statements to ensure adequacy, accuracy and proper disclosure as required by accounting standards and relevant laws.
2. Review the efficiency of the internal audit system set by Management.
3. Review business operations in accordance with the requirements of the Securities and Exchanges Act, Rules and Principle Standards of the SET or any other laws related to the Company's business.
4. Consider, select and nominate an independent person as the Company's auditor, and to propose the aforementioned person's remuneration, as well as to attend the meeting separately with external auditors to discuss any matters without the presence of management at least once a year.
5. Review relevant transactions for any conflicts of interest, adherence to related laws and regulations of compliance and to ensure that such transactions are transparent.
6. Ensure transparency and accuracy in the Company's disclosure of relevant transactions, conflicts of interest or any other operation which may cause significant impact on the Company.
7. Report on activities of the Audit Committee in the Company's annual reports which must be signed by the Chairman of the Audit Committee.
8. Perform any other act as assigned by the Board of Directors with the agreement of the Audit Committee.

The Company's Audit Committee as at 31 December 2013 include:

|                          |                 |
|--------------------------|-----------------|
| Mrs Jiraporn Pimpoorash  | Chairman        |
| Prof Chukiat Pramoolpol  | Audit Committee |
| Mr Somprasong Makkasaman | Audit Committee |

Mrs Jiraporn Pimpoorash, with her extensive experience in the relevant industry for 25 years, is qualified to carry out the audits for KTP.

### **9.3 SELECTION OF DIRECTORS AND EXECUTIVE OFFICER**

The Board of Directors is responsible for the operations of the Company and has the duty to select qualified and accountable persons capable of maintaining good relations with the Board for Executive positions. To appoint the directors and management, the Company shall consider and propose qualified persons in accordance with the laws and the relevant regulations, including the Articles of Association of the Company. The Board of Directors and Audit Committee will recommend such persons.

In appointing a member, the Board of Directors shall refer to the following for guidance:

Scenario 1: In the event of expiration of a Director's term, the Boards shall recommend suitable candidates for election at the Annual General Meeting.

Scenario 2: In the event that an existing Director leaves before the expiration of his or her term, the Boards shall appoint a qualified person in his or her place with voting of no less than three-fourths and shall hold the office until the expiration of the term. The person appointed as new Board member shall serve the remainder of that term.

### **9.4 INSIDER INFORMATION CONTROL**

The Company carefully monitors conflicts of interest by setting out clear policies and procedures regarding the utilisation of sensitive information affecting trading of the Company's shares. The Company has adopted the insider trading policy, which is set out in its Code of Business Conduct. The policy prohibits internal stakeholders from trading in the securities of the Company if he or she is in possession of information which would, or would be likely to, have material effect on the financials of the Company.

It is outlined as follows:

1. The Company carefully monitors the utilisation of sensitive information which will affect the trading of the Company's shares. All Directors, Management and employees, including their spouse and children under the age of 21, are strictly prohibited to trade in the Company's securities in the one month before inside information or financial statements are due to be released publicly.
2. All Directors and Management are also required to file reports to the SET to disclose any changes in their Company's securities holdings each time such changes occur.
3. All staff of the Company are required to acknowledge this policy upon hire and are also required to review this policy annually to ensure compliance. Any employee who fails to observe the insider trading policy will be subjected to disciplinary action, including dismissal, in addition to civil and criminal penalties.

## **9.5 AUDIT FEE**

### **9.5.1 Audit fee**

The Company and subsidiaries paid for the audit fee expense incurred in 2013 to Ernst & Young at a total amount of Baht 1,597,220.

|                                |                |
|--------------------------------|----------------|
| Auditor's Fee for the Company  | BAHT 406,850   |
| Auditor's Fee for subsidiaries | BAHT 1,190,370 |

### **9.5.2 Non-audit fee**

None.

**10. CORPORATE SOCIAL RESPONSIBILITY****10.1 SUSTAINABILITY FRAMEWORK**

Keppel Thai Properties (KTP) is committed to delivering value to its stakeholders and nurturing communities wherever it operates. The Company strives to achieve the following for its key stakeholders:

**Customers:**

To develop quality homes and products of enduring value.

**Investors:**

To deliver sustainable earnings and maximise shareholder returns.

**Employees:**

To provide employees a safe working environment, as well as empower them through training and development.

**Business Partners:**

To build long-term and mutually beneficial relationships.

**Communities:**

To be a responsible corporate citizen and contribute back to communities.

**10.2 GIVING BACK****Greening Communities**

In 2013, KTP ramped up its green efforts through a series of activities to cultivate a green mindset and raise awareness of nature conservation among employees.

On 18 May 2013, over 40 employees travelled to Kanchanaburi Province, 200 km west of Bangkok to plant over 50 teak saplings in the nursery of the Sai Yok National Park. The teak saplings were planted to help replace trees lost due to rampant deforestation in the area.

**Supporting Causes**

KTP Volunteers, a company-wide volunteer movement, was introduced as part of the Company's efforts to encourage employees to give back to the community. Through the programme, KTP partners like-minded organisations in its efforts to lend a helping hand to the less privileged.

On 5 October 2013, over 70 KTP employees together with their families and friends visited Baan Sangsan Dek (Foundation of the Better Life of Children), a boys' home located in Pathumthani Province, north of Bangkok. The home provides support, shelter and education for neglected children from less fortunate families.

At the outing, the volunteers engaged the children aged six to 18 years old in a series of games, after which they helped to prepare a wholesome meal for the group. KTP employees also tended to the in-house vegetable plot, as well as contributed groceries, toys, stationery, gardening equipment, clothes, and cash donation.

In December 2013, the Company and volunteers also committed resources to refurbish the playground equipment at then donated to the home, providing cheer and fun for the children.

### **10.3 Unwavering focus towards good governance**

KTP is committed to conducting its business in accordance with all applicable laws, rules and regulations. The Company embraces anti-corruption policies to protect its business, resources and reputation. KTP also adopts a strict policy against Insider Trading, which all staff adhere to.

Please refer to pages 22 to 27 of annual report for more details on the Company's approach towards corporate governance.



**11. INTERNAL CONTROL AND RISK MANAGEMENT**

The Board of Directors and the Audit Committee are of the opinion that Keppel Thai Properties (KTP) and its subsidiaries have in place adequate internal control systems and processes that safeguard and protect the Company's resources against misuse or misappropriation. These policies and procedures also ensure effective management of the Company.

KTP has engaged Straits Mansfield Property Marketing Pte Ltd. (Straits Mansfield) to provide internal audit services. Mr Ng Chee Peng, who has over 13 years of experiences in internal and external auditing, is assigned to perform the internal auditing function in KTP. The appointment of Straits Mansfield is approved by the Board of Directors and the Audit Committee.

Straits Mansfield provides the internal audit service at least once a year. The internal audit results are reported and reviewed by the Board of Directors and the Audit Committee to ensure that the Company's operations are carried out in accordance with the relevant policies.

In addition, the Audit Committee also reviews the quarterly financial statements as well as the internal and external auditors' reports before they are put forward to the Board of Directors for consideration and approval.

**12. RELATED PARTY TRANSACTIONS****APPROVAL PROCEDURES OF RELATED PARTY TRANSACTIONS**

In case that the Company, its subsidiaries, related persons or parties enter into related party transactions, the Company shall proceed in accordance with laws, regulations of the Office of Securities and Exchange Commission (“SEC”) and the Stock Exchange of Thailand (“SET”) to comply with corporate governance principles. Such related party transactions shall be agreed and approved by the Board of Directors and shareholders. However, no Director or Executive with conflict of interest in the matter shall be involved in the approval.

**POLICIES ON FUTURE RELATED PARTY TRANSACTIONS**

The Audit Committee and the Company will oversee any future related party transactions together to ensure that they will be handled properly and approved in accordance with relevant procedures. The related party transactions shall be disclosed according to regulations of the SEC and the SET. The Company will ensure that related party transactions shall be entered into for the best interest of the shareholders.

**RELATED PARTY TRANSACTIONS DURING THE FINANCIAL YEAR****ENDED 31 DECEMBER 2013****1. The loans and interest payment transactions between the Company and its Subsidiaries**

These transactions are entered into the normal course of business on an arm’s length basis and under reasonable commercial terms. The loans have been used for land and property development of the subsidiary companies which have been approved by the Board of Directors.

**2. Management Fee**

The Company has entered into a management agreement with Straits Mansfield Property Marketing Pte Ltd. (Straits Mansfield) a subsidiary of Keppel Land Limited (Keppel Land) which is the Company’s major shareholder, to provide professional and consultancy services. This transaction is a normal business transaction based on reasonable commercial terms, and has been approved by the Board of Directors.

**3. Internal Audit**

The Company has entered into an agreement with Straits Mansfield to provide internal audit services. This is a normal business transaction based on reasonable commercial terms, and has been approved by the Board of Directors.

**4. Loans between Keppel Land Financial Services Pte Ltd. and the Company's subsidiaries**

These transactions are entered into in the normal course of business on an arm's length basis and under the reasonable commercial terms. The loans have been used for land and property development which has been approved by the Board of Directors.

**5. Leases and Services between the Company and its Subsidiaries**

The Company has entered into an agreement for leases and services of Jewellery Centre Building with its subsidiaries, whereby the subsidiary companies shall use the building as their head office. This transaction is a normal business transaction based on reasonable commercial terms, and has been approved by the Board of Directors.

**6. Management Fee between the Company and its subsidiaries**

The Company has entered into a management agreement with the Company's subsidiaries to provide professional and consultancy services. This transaction is a normal business transaction based on reasonable commercial terms, and has been approved by the Board of Directors.