

## CORPORATE GOVERNANCE STATEMENT

The Board of Directors fully supports the recommendations of the Malaysian Code on Corporate Governance 2012 (“Code”) which sets out the broad principles and recommendations for good corporate governance and best practice for listed companies.

The Board is committed to applying the recommendations of the Code to ensure that good corporate governance is practised throughout the Group to effectively discharge its responsibilities to protect and enhance shareholders’ value.

The Company has in place a Board Charter that sets out, among others, the responsibilities, authorities, procedures, evaluations and structures of the Board and Board Committees, as well as the relationship between the Board with its Management and shareholders. More information on the Board Charter can be found on the Company’s website at [www.ccb.com.my](http://www.ccb.com.my).

This statement sets out the Group’s compliance with the recommendations in the Code for the financial year ended 31 December 2014, save for Recommendations 2.1, 2.2, 3.2, 3.5 and 8.2 of the Code. The Board, having duly considered the rationale for the deviations, believes that the deviations are justified as set out in the contents of this statement.

### A. DIRECTORS

#### The Board of Directors

The Board has overall responsibility for the strategic direction of the Group. The Board meets regularly to review corporate strategies, operations and the performance of business units within the Group. All Board members bring an independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

#### Meetings

During the financial year ended 31 December 2014, four Board meetings were held. The record of attendance of the Board members is set out below:

Directors	Designation	Attendance
Alexander Newbigging	Chairman and Non-Independent Non-Executive Director	4/4
Datuk Syed Tamim Ansari bin Syed Mohamed	Deputy Chairman and Non-Independent Non-Executive Director	4/4
Tan Sri Dato’ Sulaiman bin Sujak	Independent Non-Executive Director	4/4
Haslam Preston*	Non-Independent Non-Executive Director	4/4
Vimala Menon	Senior Independent Non-Executive Director	4/4

\* Haslam Preston was appointed as a Non-Independent Non-Executive Director on 21 February 2014 in place of Cheah Kim Teck who resigned on the same date.

#### Board Committees

The Board has delegated specific responsibilities to three Board Committees, namely the Audit, Remuneration and Nomination Committees. These Committees have the authority to deal with particular issues and report to the Board with their recommendations, if any. The ultimate responsibility for the final decision on the recommendations lies with the entire Board.

#### Board Balance

The Board currently has five members, comprising two Independent Non-Executive Directors and three Non-Independent Non-Executive Directors. Together, the Directors bring a wide range of business and financial experience relevant to the direction and objectives of the Group. A brief description of the background of each Director is presented in pages 6 to 7 of the Annual Report.

A clear division of responsibility between the Chairman and the CEO exists to ensure a balance of power and authority. Formal position descriptions for the Chairman and the CEO outlining their respective roles and responsibilities are set out in the Board Charter. In the event that the Group does not have a CEO, the Chief Operating Officer or such other person appointed by the Board shall have overall charge of the Group to the extent determined by the Board. The division of responsibilities between the Chairman and the CEO is reviewed annually by the Nomination Committee.

The composition of the Board is further balanced by the presence of Independent Non-Executive Directors. Although all Directors have equal responsibility for the Group’s business directions and operations, the role of these Independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by the Management are fully discussed and evaluated, having considered the long term interests of all interested parties, including shareholders, employees, customers, suppliers and the community as a whole.

Recommendation 3.5 of the Code states that the Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director. The Chairman of the Board is Alexander Newbigging, a Non-Independent Non-Executive Director. He was appointed as Chairman after considering his wide experience in retailing business and engineering as well as managing diverse businesses generally in the region.

Compliance with Recommendation 3.5 would require an increase in the current size of the Board. The current size and composition of the Board are considered adequate to provide an optimum mix of skills and experience. Further, the Board is of the view that with the current Board size, there is no disproportionate imbalance of power and authority on the Board between the Non-Independent and Independent Directors. The Board will continue to monitor and review the Board size and composition as may be needed.

Recommendation 3.2 of the Code recommends that the tenure of an Independent Director should not exceed nine years cumulatively. Upon completion of the nine years, an Independent Director may continue to serve on the Board subject to his re-designation as a Non-Independent Director. Notwithstanding that Tan Sri Dato' Sulaiman bin Sujak has served on the Board for more than ten years by 31 December 2014, the Board proposes to retain his status as an Independent Director.

The Board holds the view that a Director's independence cannot be determined arbitrarily with reference to a set period of time. The Group benefits from long serving Directors, such as Tan Sri Dato' Sulaiman bin Sujak, who possess detailed knowledge of the Group's businesses and have proven commitment, experience and competence to effectively advise and oversee Management.

The Board has assessed Tan Sri Dato' Sulaiman bin Sujak to be independent in character and judgment, independent of management and free from any relationships or circumstances which are likely to affect or could appear to affect his judgment.

Tan Sri Dato' Sulaiman bin Sujak as the Chairman of the Nomination Committee has abstained from any deliberations or voting pertaining to his own independence at the Nomination Committee and Board levels.

The Board will table a proposal to retain Tan Sri Dato' Sulaiman bin Sujak as an Independent Director for shareholders' approval at the upcoming Annual General Meeting ("AGM") of the Company.

Recommendation 2.1 of the Code recommends that the Chair of the Nomination Committee should be the Senior Independent Director identified by the Board. Vimala Menon, who is the Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee, acts as the Senior Independent Non-Executive Director. Any concerns with regards to the Group may be conveyed to her.

The Board is of the view that Vimala Menon should be retained as the Senior Independent Director, notwithstanding that she is not the Chair of the Nomination Committee, as the current structure of the various Board Committees optimises the strengths and experience of each Director.

The interests of major shareholders and minority shareholders are reflected in the Board composition.

#### **Supply of Information**

Management is duty bound to furnish the Board with all material information for the Board to discharge its responsibilities. In order for the Board to function effectively, matters for the Board's consideration are presented to all the Directors with sufficient time to enable the Directors to examine the issues and to obtain further explanation where necessary. As a general rule, Board papers are circulated for the Directors' review at least five (5) days prior to any scheduled Board meeting. The Board papers include, among others, the followings:

- Minutes of previous Board meeting
- Minutes of meetings of Committees of the Board
- Directors' Circular Resolutions
- Monthly performance report of the Group
- Operational matters
- Financial matters
- Funding requirements
- Business strategy matters
- Project papers

There is a schedule of matters reserved specifically for the Board's decision, including the approval of corporate plans and budgets, acquisition and disposal of major assets, major investments, changes to the management and control structure of the Group and issues in respect of key policies, procedures and authority limits.

The Board has also approved a procedure for Directors, whether as a full Board or in their individual capacities, to take independent advice, where necessary, at the Group's expense in furtherance of their duties.

The Company has appointed two qualified named secretaries for the Company and its subsidiaries. Both of the Secretaries are members of Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and they play a supportive role by ensuring adherence to the Board policies and procedures from time to time.

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

## CORPORATE GOVERNANCE STATEMENT

### Appointments to the Board

The Code endorses, as good practice, a formal procedure for appointments to the Board, with a Nomination Committee making recommendations to the Board. The Code, however, states that this procedure may be performed by the Board as a whole, although, as a matter of best practice, it recommends that this responsibility be delegated to a committee.

The Board has adopted the best practice and the Nomination Committee has been given the responsibility to evaluate candidates and recommend new appointments to the Board.

The Board takes note of Recommendation 2.2 of the Code pertaining to the need to establish a policy formalising the approach to boardroom diversity and to set targets and measures for the adoption of the said recommendation.

However, the Board has no immediate plans to implement a diversity policy or target as it is of the view that Board membership is dependent on each candidate's skills, experience, core competencies and other qualities, regardless of gender, ethnicity and age. The Board is committed to diversity and has an equal opportunity policy and there are no barriers by reason of an individual's gender, race, religion and age. Vimala Menon's appointment to the Board since 2008 is evidence that Board does not consider gender to be a bar to Board membership.

A summary about the activities of the Nomination Committee in the discharge of its duties for the year are set out in the Statement of Nomination Committee in pages 20 to 21 of the Annual Report.

### Policy on External Appointments

The Group recognises that its Directors may be invited to become directors of other companies and that exposure to other organisations can broaden the experience and knowledge of its Directors which will benefit the Group. Directors are therefore at liberty to accept other board appointments so long as such appointments are not in conflict with the business of the Group and do not adversely affect the Directors' performance as a member of the Board. All such appointments must first be discussed with the Chairman of the Board before being accepted.

### Directors' Training

As an integral part of the process of appointing new Directors, the Nomination Committee ensures that there is an orientation programme for new Board members to familiarise themselves with the Company's businesses, their roles and responsibilities. From time to time, Directors also receive further training on developments which may have a bearing on their duties and contribution to the Board, from professional bodies, regulatory institutions and corporations.

In their effort to keep abreast with the changes in the industry, legislation and regulations affecting the Company, the Directors have in course of the year attended briefings, conferences, or discussions on various topics such as financial reporting, economy, governance, tax and strategic planning, including the followings:

- Asean Economy Update
- ANZ Economic Series: 2014 Insights
- 2014 JM Insurance Roadshow
- ANZ Customer Panel Session
- Westpac Global Influencer Series
- Jardine Leadership Performance Coaching (JLPC) Workshop 2014
- Peering through the Politics – A quarterly update on Asia Pacific from The Economist
- National Automotive Policy Education Session
- Asian Leadership Index (Defining Leadership in the Asian Century)
- Mercedes-Benz Product Forum Passenger Cars
- Beijing Motor Show 2014
- Agility Workshop
- The Economist – South East Asia Summit 2014
- 2014 Hannover Commercial Vehicle Motor Show
- Regulatory/GST Education Session
- Mandatory Accreditation Programme by Bursatra Sdn Bhd
- Board Dynamics by PETRONAS Berhad
- Khazanah Mega Trends by Khazanah Nasional Berhad
- Board of Directors Breakfast Series – Great Companies Deserve Great Boards by Bursa Malaysia Securities Berhad
- Customised Advocacy Session by PETRONAS Berhad and Bursa Malaysia Securities Berhad
- Effective Board Evaluations by ACLIF – Bursa Malaysia Securities Berhad

### Re-election and Appointment of Directors

In accordance with Article 103 of the Company's Articles of Association ("AA"), all Directors who are appointed by the Board during the year are subject to re-election by shareholders at the AGM following their appointment. Article 98 of the Company's AA also provides that at least one-third of the remaining Directors be subject to re-election by rotation at each AGM and all Directors are to offer themselves for re-election once every three years. Section 129(2) of the Companies Act 1965 ("the Act") states that the office of a director of a public company or its subsidiary of a public company who is over the age of seventy years shall become vacant at the conclusion of the annual general meeting. Nevertheless, Section 129(6) of the Act provides provision that the Director may be appointed or re-appointed as a Director of the Company by the shareholders at the AGM of the Company and to hold office until the next AGM of the Company.

## B. DIRECTORS' REMUNERATION

The Company is guided by the objectives as recommended by the Code to determine the remuneration for Directors. Remuneration packages of Management are structured so as to link rewards to the achievement of corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the level of responsibilities undertaken by such Directors.

### Remuneration Procedure

The Board agrees that a well designed remuneration policy is critical to attract, retain and motivate Directors and Management. The Remuneration Committee recommends to the Board the framework of executive remuneration and its cost, including the remuneration package for the CEO. The Remuneration Committee also recommends the framework of fees payable to Non-Executive Directors. The Remuneration Committee may draw on the expertise of consultants before making recommendations to the Board. The final decision on any remuneration package offered to the CEO and the fees payable to Non-Executive Directors are the responsibility of the entire Board.

### Remuneration Committee

The present members of the Remuneration Committee are:

- Alexander Newbigging – Chairman
- Tan Sri Dato' Sulaiman bin Sujak
- Vimala Menon

The Remuneration Committee had two meetings during the financial year which were attended by all members. All the members of this Committee are Non-Executive Directors and the majority is independent.

### Remuneration Structure

The remuneration structure of Directors and Management is as follows:

#### (i) Basic Salary

The Remuneration Committee recommends the basic salary of the CEO after having considered his performance. In the evaluation process, consideration is given to the salary scales for similar jobs in the industry.

#### (ii) Directors' Fees

Directors' fees are only payable to Non-Executive Directors. The Remuneration Committee recommends the framework of Directors' fees to the Board. The fees structure is determined after a study of comparable organisations' practices or available professional studies/surveys as well as the level of responsibilities involved.

Non-Executive Directors receive annual fixed fees based on the tenure of directorship and attendance fees based on attendances at Board and Board Committee meetings. The fees are paid quarterly in arrears.

#### (iii) Bonus Scheme

The Group operates a bonus scheme for all employees, including the CEO. The qualification and eligibility for the scheme is linked to the performance of the Group's business activities and an assessment of the employees' performance and contribution. The CEO's bonus is dependent on the level of profit achieved for the Group's business activities against targets, together with an assessment of his performance during the year. Bonus payable to him is reviewed by the Remuneration Committee and approved by the Board.

#### (iv) Benefits in Kind

Other customary benefits (such as car, driver, club membership, allowances, etc.) are made available as appropriate.

#### (v) Employees Provident Fund

Contributions are made to the Employees Provident Fund, the national mandatory defined contribution plan, in respect of the CEO. The rate of contribution is above the mandatory requirement in accordance with the Group's employment scheme, available to all executive employees.

#### (vi) Retirement Plus Scheme Benefits

The CEO is entitled to retirement benefits under the Retirement Plus Scheme which is available to all eligible employees.

#### (vii) Service Contract

There is currently no service contract with any Director.

### Directors' Remuneration

Directors' fees of RM340,000 were paid to the six\* Non-Executive Directors for the financial year ended 31 December 2014. The number of Directors whose remuneration fell within bands of RM50,000 is as follows:

Range of remuneration	Number of Non-Executive Directors
Less than RM50,000	2
RM50,000 – RM100,000	4

\* This includes fees paid to Cheah Kim Teck who resigned on 21 February 2014.

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### C. SHAREHOLDERS

The Board recognises the importance of maintaining an effective communications policy that enables both the Board and Management to communicate effectively with investors, stakeholders and the general public.

#### Dialogue between the Company and Investors

The Company adheres strictly to the disclosure requirements under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”). Results of the Group are announced quarterly to BMSB via BursaLink. Material transactions and events are also announced accordingly.

Investor information of the Company, the Annual Report, Board Charter and Code of Conduct can be accessed on the Company’s website at [www.ccb.com.my](http://www.ccb.com.my).

#### AGM

At each AGM, the Board presents to the shareholders, the performance of the business for the financial year. The Chairman, CEO, Chief Financial Officer (“CFO”) and other Directors are available to respond to shareholders’ questions during the AGM.

Items of special business included in the notice of AGM will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for separate issues at the meeting and the Chairman declares the number of proxy votes received both for and against each separate resolution where appropriate.

Recommendation 8.2 of the Code recommends that the Board should encourage poll voting for substantive resolutions. The Board is of the view that with the current level of shareholders’ attendance at AGMs, voting by way of a show of hands continues to be efficient. The Board will evaluate the feasibility of carrying out electronic polling at its general meetings in future.

### D. ACCOUNTABILITY AND AUDIT

#### Financial Reporting

In presenting the annual financial statements to shareholders and the announcements of quarterly financial results, the Board aims to present a balanced assessment of the Group’s position and prospects.

#### Risk Management and Internal Control

The Board acknowledges its responsibility for the Group’s system of internal control which covers financial control, operational and compliance control as well as risk management.

The Statement on Risk Management and Internal Control furnished in pages 14 to 15 of the Annual Report provides an overview of the state of internal control within the Group.

#### Whistle Blowing Policy

The Group has in place a Whistle Blowing Policy designed to create a positive environment in which employees can raise genuine concerns without fear of recrimination and enable prompt corrective action to be taken where appropriate. The Whistle Blowing Policy can be accessed on the Company’s website at [www.ccb.com.my](http://www.ccb.com.my).

#### Relationship with External Auditors

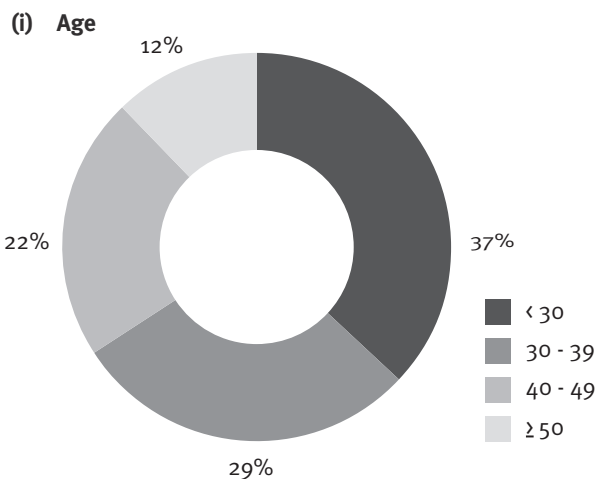
Key features underlying the relationship of the Audit Committee with External Auditors are included in the Audit Committee’s terms of reference as detailed in pages 18 to 19 of the Annual Report.

A summary of the activities of the Audit Committee during the year are set out in the Audit Committee Report in pages 16 to 17 of the Annual Report.

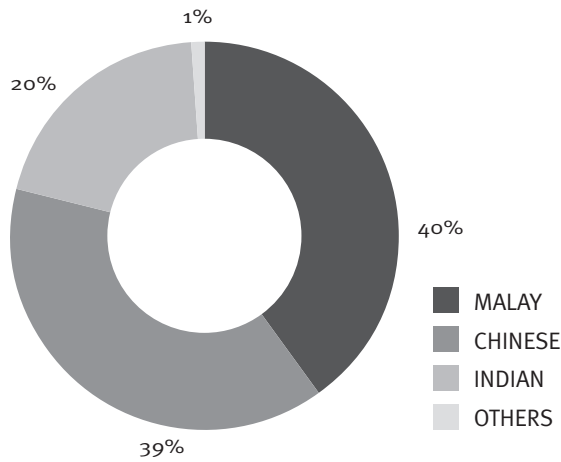
### E. WORKFORCE DIVERSITY

The Group has no immediate plans to implement a diversity policy or target as it is of the view that employment is dependent on each candidate’s skills, experience, core competencies and other qualities, regardless of gender, ethnicity and age. However, we are committed to diversity and have an equal employment opportunity policy and there are no barriers to employment or development in our Group by reason of an individual’s gender, race, religion and age. We believe that employees with diverse cultural backgrounds bring unique experiences and perceptions to the work team and benefit the Group by strengthening productivity and responsiveness to changing conditions.

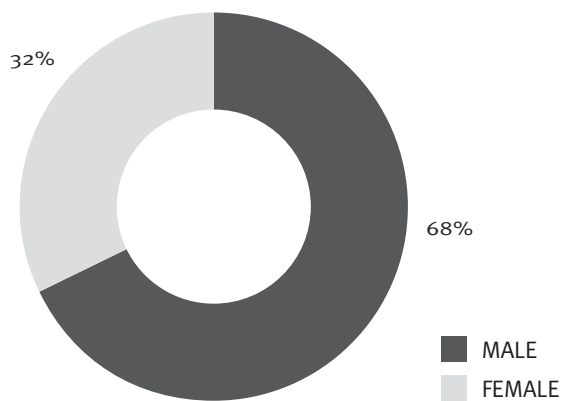
The Group’s workforce statistics in terms of age, ethnicity, gender and nationality as at 31 December 2014 are disclosed belows:



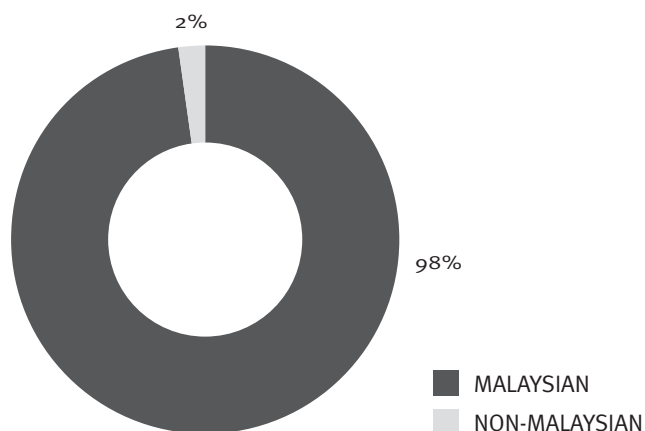
**(ii) Ethnicity**



**(iii) Gender**



**(iv) Nationality**



**F. CORPORATE RESPONSIBILITY (“CR”)**

The Group’s CR efforts in 2014 focused mainly on the Group’s employees’ well-being and the community. The CR activities undertaken in 2014 were as follows:

**(i) Long Service Awards and Academic Excellence Awards**

During the year, the Group continued with the Long Service Awards and Academic Excellence Awards Presentation. The Long Service Awards presentation recognises the contribution and loyalty of employees within the Group. The Academic Excellence Awards Presentation encourages and recognises the academic excellence of the children of the Group’s employees.

**(ii) Donations**

The Group made financial contribution to Hospis Malaysia, a non-profit organisation to support their services for patients with life limiting illness (end-of-life care). The contribution went towards operating expenses which include the cost of medication and medical equipment, services, training and education, staff remuneration and general administration costs.