

Corporate Governance Overview Statement

The Board of Directors (“the Board”) fully supports the recommendations of the Malaysian Code on Corporate Governance 2017 (“Code”) which sets out the broad principles, intended outcomes, guidance and recommendations for good corporate governance and best practices 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 Group’s corporate governance practices are continually reviewed and where there might be departures from the principles set out in the Code, efforts will be made to review these practices with a view to compliance.

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 relationships of the Board with the Company’s Management and shareholders. The Board Charter can be accessed on the Company’s website at www.cyclecarriage.com.my.

This statement sets out generally the Group’s compliance with the recommendations in the Code for the financial year ended 31 December 2017, along with certain departures from the Code. For full details in relation to the compliance and/or departure from each practice set out in the Code during the financial year ended 31 December 2017, please refer to the Corporate Governance Report on www.cyclecarriage.com.my.

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 performance of business units within the Group. All Board members bring their independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

Having regard to their responsibilities and obligations, the Board will direct and supervise the management of the business and affairs of the Group including:

- (i) ensuring that the Group’s goals are clearly established and that a strategic plan which promotes sustainability is in place to achieve them;
- (ii) establishing policies for strengthening the performance of the Group including ensuring that Management is proactively seeking to build the business;
- (iii) adopting performance measures to monitor implementation and performance of the strategies, policies, plans and legal and fiduciary obligations that affect the business;
- (iv) overseeing the conduct of the Group’s business to evaluate whether the business is being properly managed;
- (v) ensuring that the Group has an appropriate business risk management process, including an adequate control environment which covers the internal control systems and management information systems;
- (vi) ensuring that there is in place an appropriate succession plan for members of the Board and Senior Management; and
- (vii) ensuring that there is in place an appropriate investor relations and communications policy which encourages shareholders’ participation at general meetings and promotes effective communication and proactive engagements with shareholders.

The Jardine Group adopts an annual staff planning process. In the context of the Company, the discussion takes place at JC&C Group level, in consultation with JC&C Regional Director – Human Resources (“HR”). The CEO and Regional Director – HR will evaluate the bench-strength of core and/or mission-critical positions and identify and review the flight risk and development opportunities of the Company’s key management staff during the annual assessment process. Such process is done in tandem with the business strategy and imperatives over a midterm period, with tactical plans reviewed annually for relevance.

Meetings

During the financial year ended 31 December 2017, four Board meetings were held. The record of attendance of the Board members is set out below:

Directors	Designation	Attendance
Haslam Preston	Chairman and Non-Independent Non-Executive Director	4/4
Rossana Annizah binti Ahmad Rashid	Deputy Chairman and Non-Independent Non-Executive Director	3/4
Tan Sri Dato’ Sulaiman bin Sujak	Senior Independent Non-Executive Director	4/4
Teng Wei Ann Adrian	Non-Independent Non-Executive Director	3/4
Tang Saw Hua*	Independent Non-Executive Director	4/4
Vimala Menon**	Independent Non-Executive Director	2/2

* Tang Saw Hua was appointed as an Independent Non-Executive Director on 17 February 2017.

** Vimala Menon retired at the conclusion of the AGM on 21 April 2017.

Board Committees

The Board has delegated specific responsibilities to three Board Committees, namely the Audit, Remuneration and Nominating 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

As at 31 December 2017, the Board had 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 experiences relevant to the direction and objectives of the Group. A brief description of each Director's profile is presented in pages 8 to 9 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 Nominating 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.

Practice 4.1 of the Code states that at least half of the Board should comprise Independent Directors. During the financial year ended 31 December 2017, less than half of the Board was made up of Independent Directors. On 9 March 2018, a new Independent Director, Datuk Syed Zaid bin Syed Jaffar Albar, joined the Board taking the proportion of Independent Directors to meet the best practice advocated under Practice 4.1. The Board will continue to monitor and review the Board size and composition as may be needed.

Practice 4.2 of the Code states that the tenure of an Independent Director should not exceed a cumulative term of nine years. Upon completion of the nine years, an Independent Director may continue to serve on the Board as a Non-Independent Director. If the Board intends to retain an Independent Director beyond nine years, annual shareholders' approval will be sought for the retention.

Tan Sri Dato' Sulaiman bin Sujak has served on the Board for more than nine years and as the Chairman of the Nominating Committee has abstained from any deliberations or voting pertaining to his own independence at the Nominating Committee and Board levels. Tan Sri Dato' Sulaiman bin Sujak will not be seeking re-election and will retire upon the conclusion of the forthcoming AGM of the Company. Ms. Tang Saw Hua, who is the current Chair of the Audit Committee, will be appointed as the new Senior Independent Director in place of Tan Sri Dato' Sulaiman bin Sujak. Datuk Syed Zaid bin Syed Jaffar Albar will be appointed as the new Chair of the Nominating Committee as well as a member of the Audit Committee and the Remuneration Committee in place of Tan Sri Dato' Sulaiman bin Sujak.

Supply of Information

The 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 days prior to any scheduled Board meeting. The Board papers include, among others, the following:

- 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
- Schedule of Board and Committee meetings

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.

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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.

CCB has appointed three qualified named secretaries for the Company and its subsidiaries. All 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.

The roles and responsibilities of the Company Secretary are as follows:

- (i) advise the Board and the Management on corporate governance issues;
- (ii) ensure compliance of listing and related statutory obligations under Companies Act 1965, which was repealed on 31 January 2017 and Companies Act, 2016 ("the Act"), which came into effect on 31 January 2017, respectively, BMSB Main Market Listing Requirements and Capital Market and Services Act 2007;
- (iii) ensure that Board procedures follow the applicable rules and regulations and that such procedures for the conduct of the affairs of the Board are complied with;
- (iv) attend the Board, Board Committee and general meetings, and ensure the proper recording of minutes;
- (v) ensure proper upkeep of statutory registers and records of the Company; and
- (vi) assist the Chairman in the preparation for and conduct of meetings.

Practice 7.2 of the Code states that the Company should disclose on a named basis the top five Senior Management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000. The Board is in a view that such disclosure will give rise to recruitment and talent retention issues. Aggregate remuneration for key Senior Management personnel for the financial year ended 31 December 2017 is available in the Statutory Financial Statements in page 81 of the Annual Report.

Appointments to the Board

The Code endorses, as good practice, a formal procedure for appointments to the Board, with a Nominating 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 Nominating Committee has been given the responsibility to evaluate candidates and recommend new appointments to the Board.

The Board takes note of Practice 4.5 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.

While the Board does not have an established policy (or targets or measures), it gives consideration to each candidate's gender, ethnicity, age and nationality, in addition to each candidate's skills, experience and core competencies, as well as what each quality brings to the Board in deciding Board membership. The Board is committed to diversity and has an equal opportunity policy where there are no barriers by reason of a candidate's gender, ethnicity, age and nationality. As at 31 December 2017, the Board had two female Directors making 40% of the Board.

The Nominating Committee reviews each proposal for the appointment of a new member to the Board. The candidate will be assessed for his or her suitability and potential contribution to the Board, taking into account the existing competencies, knowledge and experience of the other Board members. After considering factors such as the candidate's professional qualifications, business experience and capabilities, suitable candidates will be nominated to the Board for approval. Practice 4.6 of the Code recommends that the Board does not rely only on recommendations from existing board members, management or major shareholders. The Board is encouraged to utilise independent sources to identify suitable qualified candidates.

A summary of the activities of the Nominating Committee in the discharge of its duties for the financial year ended 31 December 2017 are set out in the Statement of Nominating Committee in pages 23 to 24 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.

In addition, the Directors are required to disclose and update their directorships and shareholdings in other companies as and when necessary. The Board confirms that all Directors do not exceed five directorships in listed issuers in Malaysia.

Directors' Training

As an integral part of the process of appointing new Directors, the Nominating Committee ensures that there is an orientation programme for new Board members to familiarise themselves with the CCB'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 the course of the financial year ended 31 December 2017 attended various programmes covering areas such as financial reporting, economy, governance and strategic planning which included the following:

- Acibadem Altunizade Hospital Operation Tour
- Addressing Key Challenges of Future: A Built Environment Perspective
- Annual Direct Motor Interests Conference
- Briefing on Clinical Governance
- Cambodia Country Briefing
- Company Law 2016
- Corporate Governance Breakfast Series with Directors: "Board Excellence: How to Engage and Enthuse Beyond Compliance with Sustainability"
- Corporate Governance Breakfast Series with Directors: Integrating an Innovation Mindset with Effective Governance
- Corporate Governance Breakfast Series with Directors: "Leading Change @ The Brain"
- Defining Luxury in Singapore
- Direct Motor Interests Regional Strategy Workshop
- Drivers of Growth in Asia: Urbanisation
- EPF Investment Seminar 2017
- Employer Value Proposition (EVP) Workshop

- FINTECH seminar on "The Future of Initial Coin Offerings"
- Growing Affluence in Asia: Lux in flux
- Implications on IHH Healthcare Berhad following the implementation of the Act
- Innovate Jardines Motor Challenge: Best Practice Workshop
- Jardines Employer Brand Workshop
- Khazanah Megatrends Forum 2017 "Cerebrum x Algorithm"
- Kia Distributors' Convention
- Malaysian Code on Corporate Governance
- Mandatory Accreditation Programme
- Marketing 360 Series: Rethinking E-commerce Marketing & Strategies
- Mercedes-Benz Product Forum
- Mindfulness for Better Decisions
- Orchestrating Winning Performance
- PPL Quality Summit "Creating New Frontiers, Together As One"
- Product Forum 2017 for Mercedes-Benz Passenger Car, Stuttgart, Germany
- Seminar on Committee of Future Economy Recommendations
- Singapore Perspectives: What If?
- SID-SMU Directorship Program (Module 5): Strategic Corporate Social Responsibility and Investor Relations
- SMU-SID Executive Diploma in Directorship (Module 3): Finance for Directors
- Thought Leadership Session 2017
- Training by HarbourVest Partners (Asia) Limited
- Training & Test-Drive on New Eclipse Cross SUV on-road circuit course, Tokyo
- Transitioning from traditional to digital - Esplanade case-study
- UBS Indonesia Conference

The Board confirms that all Directors attended training during the financial year ended 31 December 2017.

Re-election and Appointment of Directors

In accordance with the CCB's Constitution, all new Directors who are appointed by the Board are subject to re-election by shareholders at the AGM following their appointment. The CCB's Constitution also provides that at least one-third of the remaining Directors are subject to re-election by rotation at each AGM and all Directors are to offer themselves for re-election once every three years. The Nominating Committee also makes recommendations to the Board on the re-election of the Directors.

In accordance with the CCB's Constitution, Haslam Preston retires by rotation at the forthcoming AGM and being eligible, offers himself for re-election.

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Tan Sri Dato' Sulaiman bin Sujak will not be seeking re-election and will retire upon the conclusion of the forthcoming AGM of the Company. His retirement would not affect the Board's composition in accordance to the Listing Requirements of BMSB. Datuk Syed Zaid bin Syed Jaffar Albar has been appointed as an Independent Non-Executive Director with effect from 9 March 2018.

B. DIRECTORS' REMUNERATION

The Group is guided by the objectives as recommended by the Code to determine the remuneration for Directors. Remuneration packages of the 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 the 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 is the responsibility of the entire Board.

Remuneration Committee

As at 31 December 2017, the members of the Remuneration Committee are:

- Haslam Preston – Chairman (Non-Independent Non-Executive Director)
- Tan Sri Dato' Sulaiman bin Sujak (Senior Independent Non-Executive Director)
- Tang Saw Hua (Independent Non-Executive Director)

The Remuneration Committee met twice during the financial year ended 31 December 2017 and details of attendance of members of the Remuneration Committee are as follows:

Directors	Attendance
Haslam Preston (Chairman)	2/2
Tan Sri Dato' Sulaiman bin Sujak	2/2
Tang Saw Hua	2/2
Vimala Menon*	1/1

* Vimala Menon retired at the conclusion of the AGM on 21 April 2017.

Remuneration Structure

The remuneration structure of Directors and the Management is as follows:

(i) Basic Salary

The Remuneration Committee recommends the annual 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 employee's individual 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) are made available as appropriate.

(v) Employees Provident Fund

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

(vi) Service Contract

There is currently no service contract with any Director.

Directors' Remuneration

Directors' fees to the Non-Executive Directors for the financial year ended 31 December 2017 is shown in the following table:

Directors	Directors' fees RM'000
Haslam Preston	84*
Rossana Annizah binti Ahmad Rashid	43**
Tan Sri Dato' Sulaiman bin Sujak	78
Teng Wei Ann Adrian	57*
Tang Saw Hua	78
Vimala Menon [^]	40
Total	380

* Director's fees paid to Jardine Cycle & Carriage Limited.

** Director's fees paid to Jardine Matheson (Malaysia) Sdn. Bhd.

[^] Vimala Menon retired at the conclusion of the AGM on 21 April 2017.

C. SHAREHOLDERS

The Board recognises the importance of maintaining an effective communications policy that enables both the Board and the 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 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.cyclecarriage.com.my.

AGM

At each AGM, the Board presents to the shareholders the performance of the business for the financial year. The Chairman, the Directors and Senior Management 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.

In line with the amendments to Main Market Listing Requirement of BMSB, the Company implemented poll voting for all resolutions set out in the Notice of AGM held during the financial year ended 31 December 2017 and appointed a scrutineer to validate the votes cast at the AGM.

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.

The Audit Committee assists the Board in overseeing the financial statements to ensure that the financial statements give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Act.

The Audit Committee reviews and deliberates on matters and issues pertaining to the annual financial statements prior to recommending the same for approval by the Board and issuance to shareholders.

Risk Management and Internal Control

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

The Audit Committee reviews the overall scope of the Group's internal audit. The Audit Committee meets with the Group's Internal Auditors to discuss the results of their examinations and their evaluation of the system of internal controls of the Company and its subsidiaries.

The Statement on Risk Management and Internal Control furnished in pages 18 to 20 of the Annual Report provides an overview of the state of internal controls 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.cyclecarriage.com.my.

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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 Board Charter.

During the financial year ended 31 December 2017, the Audit Committee invited the External Auditors to attend all Audit Committee meetings to update the Audit Committee on the changes in major accounting policies and its subsequent implementation, and to answer the concerns raised by the Audit Committee during their meetings. The Audit Committee met with the External Auditors once during the financial year ended 31 December 2017 without the presence of the Management.

The Audit Committee recommended the re-appointment of Messrs PricewaterhouseCoopers PLT (“PwC”) as External Auditors for the financial year ending 31 December 2018 after considering their performance. Subsequently, the Board at its meeting held on 28 February 2018 approved the recommendation by the Audit Committee for the shareholders’ approval to be sought at the forthcoming AGM on the re-appointment of PwC as External Auditors of the Group for the financial year ending 31 December 2018.

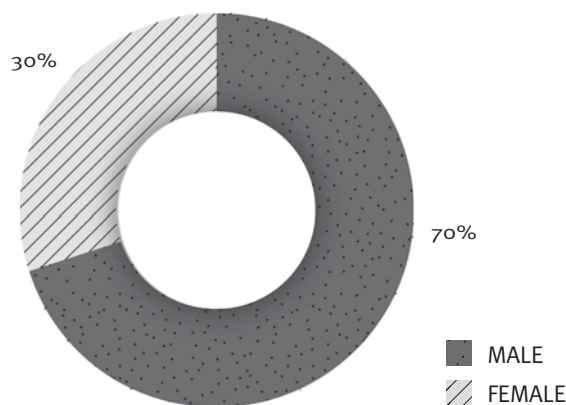
A summary of the activities of the Audit Committee during the year are set out in the Audit Committee Report in pages 21 to 22 of the Annual Report.

E. WORKFORCE DIVERSITY

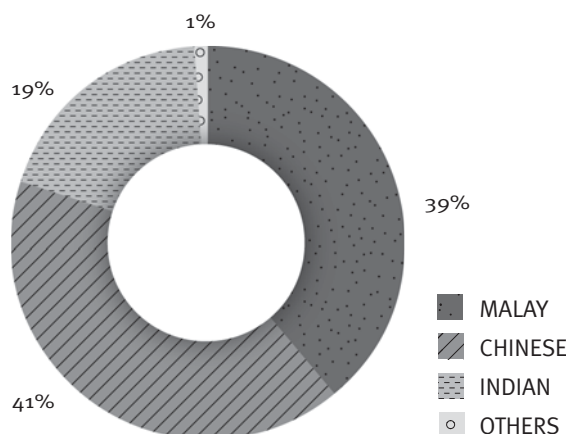
The Group has no immediate plans to implement a workforce diversity policy or target as it is of the view that employment is dependent on each candidate’s skills, experience, core competencies and other qualities, regardless of gender, ethnicity, age and nationality. However, we are committed to diversity 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, ethnicity, age and nationality. 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 gender, ethnicity, age and nationality as at 31 December 2017 are disclosed below:

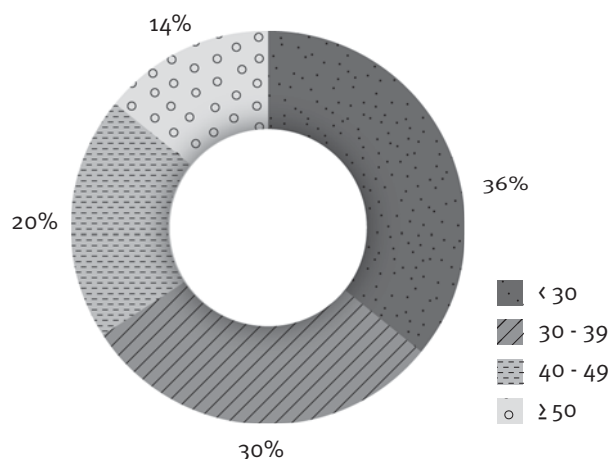
(i) Gender

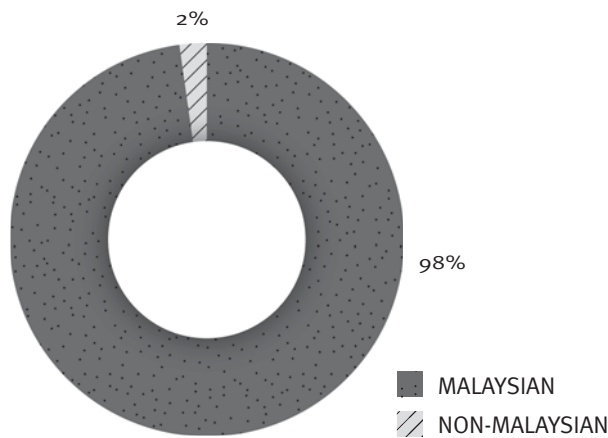


(ii) Ethnicity



(iii) Age



(iv) Nationality**F. CORPORATE SOCIAL RESPONSIBILITY (“CSR”)**

The Group’s CSR efforts in the financial year ended 31 December 2017 focused mainly on the Group’s employees’ well-being and the community. The CSR activities undertaken in the financial year ended 31 December 2017 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**a. National Cancer Society Malaysia**

The Group made a cash donation to the National Cancer Society of Malaysia, which aims to raise awareness of early detection and prevention of cancer.

b. The Otomotif College

The Group made a cash donation to The Otomotif College’s graduation sponsorship programme. The institution is recognised as a leading approved higher education institution.

c. Kechara Soup Kitchen

A charity activity was organised within the Group for low income families in Klang Valley, Johor Bahru and Penang. The Group made a cash donation to Kechara Soup Kitchen. In addition, the employees also volunteered to pack and deliver food to these families.