

## CORPORATE GOVERNANCE STATEMENT

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

The Board is committed to apply the recommendations of the Code to ensure that good corporate governance is practiced 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, amongst others, the responsibilities, authorities, procedures and structures of the Board and Board Committees as well as the relationship between the Board with its management and shareholders.

Set out below is a statement of how the Group has applied the principles of the Code. The Board confirms that the Group has complied with the best practices in the Code throughout the financial year ended 31 December 2010.

### 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 2010, four Board meetings were held. Set out below is the record of attendance of the Board members:

Directors	Designation	Attendance
Benjamin William Keswick	Chairman and Non-Independent Non-Executive Director	3/4
Datuk Syed Tamim Ansari bin Syed Mohamed	Deputy Chairman and Non-Independent Non-Executive Director	3/4
Tan Sri Dato’ Sulaiman bin Sujak	Independent Non-Executive Director	4/4
Cheah Kim Teck	Non-Independent Non-Executive Director	3/4
Vimala Menon	Senior Independent Non-Executive Director	4/4

#### 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 on pages 5 to 6.

A clear division of responsibility between the Chairman and the Chief Executive Officer (“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 CEO, the Chief Operating Officer (“COO”) or such other person appointed by the Board shall have overall charge of the Group to the extent determined by the Board.

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 the shareholders, employees, customers, suppliers and the community as a whole.

Vimala Menon, who is the Chairman of the Audit Committee, acts as the Senior Independent Non-Executive Director. Any concerns with regards to the Group may be conveyed to her.

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 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

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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 capacity, to take independent advice, where necessary, at the Group's expense in furtherance of their duties.

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

### **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 recommend new appointments to the Board.

### **Nomination Committee**

The present members of the Nomination Committee are:

- Tan Sri Dato' Sulaiman bin Sujak (Chairman)
- Benjamin William Keswick
- Vimala Menon

This Committee met twice in 2010. The meetings were attended by all members except for Benjamin William Keswick who did not attend the February 2010 meeting. All the members of this Committee are Non-Executive Directors and the majority is independent including the Chairman of the Committee.

The primary function of the Nomination Committee is to recommend to the Board candidates for directorships of the Company and its subsidiaries and Directors to fill the seats on Board Committees.

In addition, the Nomination Committee assesses the effectiveness of the Board, Board Committees and contributions of each individual Director as well as the CEO. It also ensures an appropriate framework and plan for the Board and management succession for the Group.

The Nomination Committee reviews annually and recommends to the Board the structure, size, balance and composition of the Board and Board Committees. This requires a review of the required mix of skills and experience including core competencies which Non-Executive Directors should bring to the Board and other qualities for the Board to function effectively and efficiently. The Company Secretary will ensure that all appointments are properly made and that legal and regulatory obligations are met.

### **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 the appointment is not in conflict with the business of the Group and does 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. Directors also receive further training, from time to time, 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, including those in the areas of financial reporting, risk management, governance, strategic planning and economy.

### **Re-election and Appointment of Directors**

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board during the year are subject to election by shareholders at the Annual General Meeting following their appointment. The Articles also provide that at least one third of the Directors be subject to re-election by rotation at each Annual General Meeting and all Directors are to offer themselves for re-election once every three years.

## 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 the Directors.

### Remuneration Procedure

The Remuneration Committee recommends to the Board the framework of executive remuneration and its cost, including the remuneration package for the CEO/COO. 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/COO and the fees payable to Non-Executive Directors are the responsibilities of the entire Board.

### Remuneration Committee

The present members of the Remuneration Committee are:

- Benjamin William Keswick (Chairman)
- Tan Sri Dato' Sulaiman bin Sujak
- Vimala Menon

The Remuneration Committee had two meetings in 2010 which were attended by all members except for Benjamin William Keswick who did not attend the February 2010 meeting. All the members of this Committee are Non-Executive Directors and the majority is independent.

### Remuneration Package

The remuneration packages of Directors and management are as follows:

#### (i) Basic Salary

The Remuneration Committee recommends the basic salary of the CEO/COO 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/COO. The qualification and eligibility for the scheme is linked to the performance of the Group's business activities and an assessment of the relevant employees' performance and contribution. The CEO/COO'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) Retirement Benefits

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

#### (vi) Service Contract

There is currently no service contract with any Director.

### Directors' Remuneration

Directors' fees of RM335,000 were paid to the five Non-Executive Directors for the financial year ended 31 December 2010. 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	1
RM50,000 – RM100,000	4

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### 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 its investors, stakeholders and 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. Results of the Group are announced quarterly to Bursa Malaysia Securities Berhad via BursaLink. In addition, material transactions and events are also announced accordingly.

Investor relations within the Company can be viewed on the Company's website at [www.ccb.com.my](http://www.ccb.com.my).

#### Annual General Meeting

At each Annual General Meeting, the Board presents the performance of the business. The Chairman, CEO/COO and other Directors are available to respond to shareholders' questions during the meeting.

Items of special business included in the notice of Annual General Meeting 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.

### 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.

#### Internal Control

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

The Statement on Internal Control furnished on pages 11 to 12 of the Annual Report provides an overview of the state of internal controls within the Group.

#### 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 on pages 14 to 15 of the Annual Report.

A summary of the activities of the Audit Committee during the year are set out in the Audit Committee Report on page 13 of the Annual Report.

#### Corporate Social Responsibility ("CSR")

The Group's CSR efforts in 2010 focused mainly on its employees' well-being and the community. Our CSR activities during the year 2010 were as follows:

##### (i) Make Roads Safe Campaign

In January 2010, the Group participated in the launch of "Make Roads Safe" campaign together with Road Safety Department to endorse the message of road safety and buckling up.

##### (ii) 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.

##### (iii) Team Building Activities

Team Building activities were held during the year to foster better relationship and teamwork among employees of the Group.