

## Corporate Governance Statement

The Board of Directors fully supports 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 applying the recommendations of the Malaysian Code on Corporate Governance to ensure that good corporate governance is practiced throughout the Group to effectively discharge its responsibilities to protect and enhance shareholder value.

The Company has in place a Board Charter that encompasses amongst others the responsibilities, authorities, procedures and structures of the Board and Board Committees besides stressing the relationship between the Board and its management and the shareholders.

Set out below is a statement of how the Group has applied the principles of the Code. The Board of Directors confirms that the Group has complied with the best practices in the Code throughout the financial year ended 31 December 2005.

### 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 an independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

During the financial year ended 31 December 2005, four Board meetings were held. Set out above is the record of attendance of the Board members:

Directors	Attendance
Tan Sri Abdul Halim bin Ali	4/4
Dato’ Khalid bin Haji Ismail	4/4
Steven Gareth Foster	4/4
Datuk Hassan Abas	4/4
Tan Sri Abdul Rashid Hussain	4/4
Anthony John Liddell Nightingale *	4/4
Dato’ Kamaruddin bin Mahmood	4/4
Syed Zaid bin Syed Jaffar Albar	3/4
Neville Barry Venter	4/4
Dato’ Sulaiman bin Sujak	4/4
Adam Phillip Charles Keswick	3/4
Cheah Kim Teck	4/4

\* Mr Anthony John Liddell Nightingale resigned as a Director on 31 December 2005.

The Board has delegated specific responsibilities to three Board Committees, these are the Audit, Remuneration and Nomination Committees. These Committees have the authority to examine particular issues and report to the Board with their recommendations. The ultimate responsibility for the final decision on most matters lies with the entire Board.

### Board Balance

The Board currently has 11 members, comprising four Independent Non-Executive Directors, six Non-Independent Non-Executive Directors and one Executive Director. 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 8 to 9.

A clear division of responsibility between the Chairman and the Executive (Managing) Director exists to ensure a balance of power and authority. Formal position descriptions for the Chairman and the Executive (Managing) Director outlining their respective roles and responsibilities are set out in the Board Charter.

The composition of the Board is further balanced by the presence of Independent Non-Executive Directors. Although all the Directors have an equal responsibility for the Group's business directions and operations, the role of these Independent Non-Executive Directors are 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 communities as a whole.

Tan Sri Abdul Rashid Hussain, who is the Chairman of the Audit Committee and the Nomination Committee, acts as the Senior Independent Non-Executive Director. Any concerns with regards to the Group may be conveyed to him.

The interests of major shareholders and the investment of minority shareholders are fairly reflected through Board representation.

### **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, it is therefore important that 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 explanations 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 and variance report of the Group
- Operational issues, which include product and service quality, customer satisfaction, market share etc.
- Financial issues
- Funding requirements
- Business strategy issues
- 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 capacity, to take independent advice, where necessary, in the furtherance of their duties and at the Group's expense.

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

### **Appointments to the Board**

The Malaysian Code on Corporate Governance 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 responsibilities to recommend new appointments to the Board.

### **Nomination Committee**

The present members of the Nomination Committee are:

- Tan Sri Abdul Rashid Hussain (Chairman)
- Dato' Kamaruddin bin Mahmood
- Dato' Sulaiman bin Sujak
- Tan Sri Abdul Halim bin Ali
- Adam Phillip Charles Keswick

Anthony John Liddell Nightingale, a Non-Independent Non-Executive Director, resigned as a member of the Committee on 31 December 2005, following his resignation from the Board on the same date. Adam Phillip Charles Keswick, a Non-Independent Non-Executive Director was appointed on 27 February 2006 to fill the vacancy.

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This Committee met once during 2005. The meeting was attended by all members except for Anthony John Liddell Nightingale. 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. It also ensures an appropriate framework and plan for Board and management succession.

The Nomination Committee reviews annually and recommend to the Board the structure, size, balance and composition of the Board and Committees. This will require 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.

### 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. Directors also receive further training, from time to time, from professional bodies and training institutions as well as attending training programmes prescribed by Bursa Malaysia Securities Berhad.

During the financial year, all the current Directors have attended training in various fields and have complied with the Continuing Education Programme (CEP) requirements as stipulated by Bursa Malaysia Securities Berhad. In view of the many hours of training attended by the Directors to meet the CEP requirements, the Board did not prescribe further training for the Directors in 2005.

### Re-election

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board 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 remaining 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.

### Directors' Remuneration

The Company is guided by the objectives as recommended by the Malaysian Code on Corporate Governance to determine the remuneration for Directors. The component parts of remuneration are structured so as to link rewards to corporate and individual performance, in the case of the Executive Director. In the case of Non-Executive Directors, the level of remuneration reflects the level of responsibilities undertaken by the particular non-executive concerned.

### Remuneration Procedure

The Remuneration Committee recommends to the Board the framework of executive remuneration and its cost, including the remuneration package for the Executive Director. 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 remuneration package offered to the Executive Director 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:

- Dato' Kamaruddin bin Mahmood (Chairman)
- Tan Sri Abdul Rashid Hussain
- Datuk Hassan Abas
- Adam Phillip Charles Keswick

The Remuneration Committee had two meetings in 2005 which were attended by all members except for Adam Phillip Charles Keswick, who attended one out of the two meetings. All the members of this Committee are Non-Executive Directors and half of the committee members are independent including the Chairman of the Committee.

### **Remuneration Package**

The remuneration packages of Directors are as follows:

#### **(a) Basic Salary**

The Remuneration Committee recommends the basic salary of the Executive Director after having considered the performance of the Director. In the evaluation process consideration is given on the rates of salary for similar jobs in the industry.

#### **(b) Directors' Fees**

Directors' fees are only payable to Non-Executive Directors. The Remuneration Committee recommends the framework of Director 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 received annual fixed fees based on the tenure of directorship and attendance fees based on attendances to Board and Committee meetings. The fees are paid quarterly.

#### **(c) Bonus Scheme**

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

#### **(d) Benefits in Kind**

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

#### **(e) Retirement Benefits**

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

The current Executive (Managing) Director is an expatriate nominee from the ultimate holding company and he participates in its retirement benefit scheme.

#### **(f) Service Contract**

The terms of service contract of the Executive Director are structured substantially similar to those available to other executive employees of the Group. The notice period for the termination of the Executive Director's service contract is six months by either party.

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### Directors' Remuneration

The details of the remuneration of Directors during the financial year ended 31 December 2005 are as follows:

Directors	Salaries RM'000	Fees RM'000	Bonus RM'000	Benefits in Kind RM'000	Provident Funds/ Retirement Plan RM'000	Total RM'000
Executive Director	870	–	452	329	99	1,750
Non-Executive:						
Directors	–	647	–	29	–	676
Alternate Director *	207	–	105	15	–	327
Total	1,077	647	557	373	99	2,753

\* The Alternate Director to the Non-Executive Director is also a senior officer of the Company and his remuneration is derived from his capacity as officer of the Company and not as alternate to Non-Executive Director.

### 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 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 detrimentally 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.

### Dialogue Between the Company and Investors

The Group adheres strictly to the disclosure requirements under the listing requirements of Bursa Malaysia Securities Berhad. Results of the Group are announced quarterly to Bursa Malaysia Securities Berhad. In addition, material transactions and events are also announced accordingly.

The Group has established a website at [www.ccb.com.my](http://www.ccb.com.my) which shareholders can access for information.

### Annual General Meeting

At each Annual General Meeting, the Board presents the performance of the business. The Chairman, Managing Director 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 substantially separate issues at the meeting and the Chairman declares the number of proxy votes received both for and against each separate resolution where appropriate.

### Financial Reporting

In presenting the annual financial statements to shareholders and the announcements of quarterly financial results, the Board aims to present a balanced and understandable assessment of the Group's position and prospects. This also applies to other price-sensitive public reports and reports to regulators.