

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (the "Board") considers that the Company and its subsidiaries (the "Group") have applied the principles and recommendations of the Malaysian Code on Corporate Governance 2012 (the "Code") and will continue to review the existing corporate governance practices and policies throughout the Group in ensuring full compliance with the recommendations of the Code.

This statement, which is made pursuant to paragraph 15.25 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), sets out the manner in which the Group has adopted the Code and the extent to which it has applied the principles and the recommendations of the Code.

1. BOARD OF DIRECTORS

1.1 Board Composition and Balance

The Group is led and managed by an experienced Board comprising of members with background in relevant fields such as business administration, sale & marketing, public service, legal, accountancy, corporate finance, human resource, organisational development, and fast moving consumer goods.

The Board has established a policy on gender diversity of the Board, setting a target of having at least two (2) women Directors on Board. The Board has met its target of having two (2) women Directors on Board since 2009.

As at the date of this Statement, the Board comprises nine (9) principal Directors and one (1) alternate director. Out of the nine (9) principal Directors, five (5) are independent non-executive Directors including Chairman and their respective number of other Directorships held in other Listed Companies are appended below. The Company has thus complied with Paragraph 15.02 of the MMLR of Bursa Securities which requires that at least two (2) Directors or one third (1/3) of the Board of Directors (whichever is higher) to be independent. Profiles of the Directors are set out on pages 8 to 13 of this Annual Report. The Company also met the recommendation of the Code in term of the composition of independent board members.

Directors	Designation	No. of Directorships in Other Listed Companies
Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz	Chairman, Senior Independent Non-Executive Director	–
Megat Joha Bin Megat Abdul Rahman	Group Managing Director	–
Datin Mariam Prudence Binti Yusof	Non-Independent Non-Executive Director	3
Fung Heen Choon	Non-Independent Non-Executive Director	–
Dato' Sukumaran s/o Ramasamy	Non-Independent Non-Executive Director	–
Nor Hishammuddin Bin Dato' Mohd Nordin	Independent Non-Executive Director	–
Teh Bee Tein	Independent Non-Executive Director	1
Kasinathan a/l Tulasi	Independent Non-Executive Director	–
Datuk Haji Ariffin Bin Imat (Appointed on 6 March 2017)	Independent Non-Executive Director	–
Lee Cheang Mei	Alternate Director to Fung Heen Choon, Non-Independent Non-Executive Director	–
Dato' Tan Fok Wah (Resigned on 28 October 2016)	Alternate Director to Dato' Sukumaran s/o Ramasamy, Non-Independent Non-Executive Director	–

As at the date of this Statement, none of the Directors of the Company hold more than five (5) directorships in public listed companies. The directorships of each Director are set out in the Profiles of Directors on pages 8 to 13 of this Annual Report.

Datin Mariam Prudence Binti Yusof, the Non-Independent Director represents major shareholders on the Board of the Company, the shares of which are held by Duclos Sdn Bhd, Leasing Corporation Sdn Bhd, Syed Ibrahim Sdn Bhd, Du Ain Sdn Bhd, Sisma Water Technology Sdn Bhd and Continental Theme Sdn Bhd.

Minority interests of the Company are represented by the Independent Directors by virtue of their independence. They play a vital role in protecting the rights of the minority shareholders and as such, none of the Independent Directors participate in the day-to-day management of the Company in order to ensure that they are able to provide unbiased and independent views and judgements during evaluations of management's proposals and strategies.

STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

1.2 Roles and Responsibilities of the Chairman and the Group Managing Director

The roles of the Chairman and the Group Managing Director are separated with a clear division of responsibilities between them to ensure balance of power and authority.

The Chairman leads the strategic planning at the Board level. He acts as a facilitator at Board meetings and ensures that appropriate discussions take place. Whilst the Group Managing Director is responsible for the implementation of the policies laid down by the Board and executive decision-making.

All Board members are independent in their judgements on issues of strategy, performance, risk management, resources and standards of conduct.

In adherence with Code, the Chairman is an unrelated non-executive independent director.

1.3 Duties and Responsibilities of the Board

The Board, with its collective and overall responsibility in leading and directing the Group's strategic affairs, has the ultimate responsibility for corporate governance and formulation of policies and plays a key role in charting the vision, strategic direction, development and control of the Group as well as overseeing the investment of the Company.

There is a schedule of matters reserved specifically for the Board's decision which includes reviewing and approving the Group's quarterly and annual results, the business plan, the direction of the Group, new investment and business proposals, the management/performance of the business of subsidiaries, corporate plans and annual budgets, acquisitions and disposals as well as material agreements, major capital expenditures and long term plans.

To ensure the effective discharge of its functions and responsibilities, there is a Business Authority Limits which sets out relevant matters for each of the subsidiaries, delegated to the Management Team led by the Group Managing Director. These authority limits are reviewed and revised as and when required, to ensure an optimum structure for efficient and effective decision-making in the Group. The Business Authority Limits for all the subsidiaries were last reviewed and updated on 21 September 2016 with the approval from the Board.

Additionally, the Board assumes, amongst others, the following duties and responsibilities:

- (i) Overseeing and evaluating the conduct and performance of the Company and the Group;

The Board receives Operational Review and Corporate Developments Reports of its subsidiaries from the Executive Directors and Chief Executive Officer of the subsidiaries in a quarterly basis. The quarterly report enables the Board to understand and monitor all the operational conduct and performance of the Group.

- (ii) Establishing a succession plan;

In determining the succession planning for the members of the Board, the Nomination Committee ensures that each nominated candidate has comprehensive job description covering experience, qualifications and core competencies required of a director and taking into account the existing skills and expertise of the Board and the anticipated time commitment required before recommending the appointment as Director to the Board for approval.

Succession planning for the Group Managing Director, Executive Directors, Chief Executive Officer of the Group and key management personnel is deliberated on by the Nomination Committee and thereafter makes necessary recommendation to the Board for their consideration and approval.

Whilst succession planning for other Senior Management positions is determined by a structured process led by the Human Resource Department and endorsed by the Group Managing Director of the Company, Executive Directors and/or Chief Executive Officer of the subsidiaries.

- (iii) Identifying principal risks and ensuring implementation of a proper risk management system;
- (iv) Overseeing the development and implementation of a shareholder communication policy for the Company; and
- (v) Reviewing the adequacy and the integrity of management information and internal controls system of the Company.

1.4 Company Strategies for Sustainability

The Board is committed to implementing responsible and sustainable corporate practises. The Company had embraced good corporate responsibility and sustainability practices in the areas of stakeholder engagement, the community, workplaces and environment.

STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

1.5 Board Meetings and Attendance

Board meetings are scheduled in advance at the end of the previous financial year prior to the commencement of the new financial year to enable Directors to plan ahead and fit the year's meetings into their own schedules. To ensure effective management of the Group, the Board meets at least five (5) times a year with additional meetings taking place when necessary.

During the financial year ended 30 June 2017, five (5) Board meetings were held to review the Group's operations, to approve the quarterly financial results, year-end financial statements and other matters such as the business plan, the direction of the Group, new investment and business proposals. A summary of the attendance of each Director at the Board meetings held during the financial year under review is as follows:

Directors	No. of Board Meetings Attended	Percentage (%)
Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz	5/5	100.0
Megat Joha Bin Megat Abdul Rahman	5/5	100.0
Datin Mariam Prudence Binti Yusof	4/5	80.0
Fung Heen Choon	5/5	100.0
Dato' Sukumaran s/o Ramasamy	5/5	100.0
Nor Hishammuddin Bin Dato' Mohd Nordin	5/5	100.0
Teh Bee Tein	5/5	100.0
Kasinathan a/l Tulasi	4/5	80.0
Datuk Haji Ariffin Bin Imat (<i>Appointed on 6 March 2017</i>)	1/1	100.0

Ms. Lee Cheang Mei, the Alternate Director to Mr. Fung Heen Choon attended one (1) Board meeting during the financial year under review.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance records of the Directors at the Board and Board Committee Meetings during the financial year ended 30 June 2017.

All the Directors have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated in the MMLR of Bursa Securities. In the intervals between Board meetings, for any matters which require the Board's decisions, approval would be obtained through Directors' circular resolution. The resolutions passed by way of such circular resolution would be noted by the Board in the next Board meetings.

An annual meeting schedule is prepared and distributed to the Board members before the beginning of each year. It provides the scheduled dates for meetings of the Board and Board Committees and the Annual General Meeting ("AGM") of the Company.

1.6 Supply of Information

All Directors are provided with an agenda and board papers at least five (5) days prior to every Board meeting to enable the Directors to obtain further explanations or information, where and when necessary, in order to be properly briefed before the meeting. In addition to quantitative information, the Directors are also provided with timely and relevant updates/information relevant to the business of the meeting, including management information on the financial and trading position of the Group. Senior management staff and external advisors may be invited to attend Board meetings, to advise and provide the Board with detailed explanations and clarification on certain matters that are tabled to the Board.

The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharge of their functions.

The Company Secretaries attend all Board meetings and are responsible for ensuring that the Board procedures as well as statutory and regulatory requirements relating to the duties and responsibilities of the Directors are complied with. The Company Secretaries also ensure that all Board deliberations, issues and conclusions reached including the substance of inquiries and responses, Board members' suggestions and the decisions made are properly recorded and maintained in the minutes of the Board meetings.

In furtherance of their duties, all Directors are empowered to seek independent external professional advice at the expense of the Company.

STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

1.7 Appointments to the Board

The Nomination Committee scrutinises the sourcing and nomination of suitable candidates for appointment as Director of the Company before recommending to the Board for approval. The candidates must also be able to commit a sufficient amount of time to discharge their duties as a Board member.

A formal procedure and process has been established for the nomination and appointment of new Directors. The process for the nomination and appointment of new Directors is summarised as follows:

- (a) Identification of skills required for the Board.
- (b) Selection of candidates.
- (c) Review and assessment by the Nomination Committee.
- (d) Recommendation to the Board for approval.

A proposed candidate is first considered by the Nomination Committee which takes into account, among others, the skills and experience of the candidate, before making a recommendation to the Board for approval. In evaluating the suitability of the candidates, the following factors are considered:

- (i) background, character, competence, integrity and time commitment;
- (ii) qualifications, skills, expertise and experience;
- (iii) professionalism; and
- (iv) in the case of candidates for the position of Independent Non-Executive Directors, the candidate's independence and ability to discharge such responsibilities as expected from Independent Non-Executive Directors, will be evaluated.

In pursuit of the diversity policy (in terms of gender, ethnicity and age), the Nomination Committee is mindful of its responsibilities to ensure that new appointments would provide the appropriate mix of skills, experience and competencies which are relevant to enhance the Board's composition.

1.8 Re-election/Re-appointment of Directors

In accordance with the Company's Constitution, one-third (1/3) or the number nearest to one-third (1/3) of the Directors for the time being shall retire from their office and be eligible for re-election provided always that all the Directors shall retire from their office at least once every three (3) years. Any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors, shall hold office only until the next AGM and shall then be eligible for re-election.

In accordance with the Article 92 of the Company's Constitution, the following Directors retire by rotation at the forthcoming AGM and being eligible, offer themselves for re-election:

- (i) Datin Mariam Prudence Binti Yusof; and
- (ii) Mr. Fung Heen Choon

In accordance to Article 98 of the Company's Constitution, Datuk Haji Ariffin Bin Imat, the Director who was appointed during the year retires at the forthcoming AGM and being eligible, offers himself for re-election.

At the Thirty-Eighth AGM held on 27 October 2016, Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz was re-appointed as a Director of the Company to hold office until the conclusion of this year AGM pursuant to Section 129 of the Companies Act, 1965. With the implementation of Companies Act, 2016 which came into effect on 31 January 2017, a director who attained age of seventy (70) years and above is no longer requires to seek shareholders' approval for his/her continuation as Director at each AGM. In this regard, Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz, who is above seventy (70) years of age and who will hold office until the conclusion of this AGM has offered himself for re-appointment as Director at the Thirty-Ninth AGM.

1.9 Annual Assessment of Independence

In maintaining the independence of the Independent Directors, annual assessment is performed in order to mitigate risks arising from conflict of interests or undue influence affecting their independence. The assessment is conducted via the Assessment Sheet for each of the Independent Directors of the Company to ensure that the Director is able to exercise independent judgment, impartiality and objectivity in the best interest of the Company.

It is also the Directors' responsibility to declare to the Board whether they have any potential or actual conflict of interest in any transactions or in any contract or proposed contract with the Company or any of its related companies. Where issues involve conflict of interest, the Directors will abstain from discussion and voting on the matters as well as abstain from any other decision making process in relation to these transactions.

STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

A self-assessment of independence was also carried out by each of the Independent Directors and based on the self-assessment of independence, the Independent Directors have declared that they fulfilled the criteria of independence, as defined under the Listing Requirements of Bursa Securities. The Nomination Committee and the Board then performed an assessment on the independence of the Independent Directors. The Board is generally satisfied with the level of independence demonstrated by the Independent Directors and their ability to act in the best interest of the Company.

The Nomination Committee has assessed the independence of Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz and Encik Nor Hishammuddin Bin Dato' Mohd Nordin, who served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine years, and the Board, upon the Nomination Committee's recommendation, had recommended for shareholders' approval for them to continue to act as Independent Non-Executive Director of the Company based on the following justifications:

- (a) They fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and therefore would be able to function as a check and balance and bring an element of objectivity to the Board of Directors.
- (b) They understands the main drivers of the business in a detailed manner.
- (c) They consistently challenged management in an effective and constructive manner.
- (d) They actively participated in board discussion and provided an independent voice on the board.

1.10 Board Charter

The Board is accountable and responsible for the performance and governance activities of the Group with a view of protecting shareholders' interest and recognising the interests of all other stakeholders namely customers, suppliers, contractors, employees, regulators, members of the communities and all others with whom the Company interfaces.

This Board Charter serves as a reference point for Board activities. It is designed to provide guidance and clarity for Directors and management with regard to the role of the Board and its committees, the role of the Group Managing Director, the requirements of Directors in carrying out their roles and in discharging their duties towards the Company as well as the Board's operating practices. The Board will review and update the Board Charter periodically in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter was last reviewed and updated on 24 August 2016 and is made available on the Company's corporate website at <http://www.cih.com.my/about-us/corporate-governance>.

2. BOARD COMMITTEES

In order to ensure the effective discharge of its fiduciary duties and execution of specific responsibilities, the Board has established various Board Committees to assist the Board in the running of the Group. All the Committees listed below do not have executive powers but report to the Board on all matters considered and recommend the same to the Board for approval.

2.1 Audit Committee

The Audit Committee reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the Internal Audit Department and ensures, receives, monitor and assesses management reports on business risks, and also ensures an objective and professional relationship is maintained with the external auditors. The Audit Committee has direct communication channels with the external and internal auditors, who report directly to the Chairman of the Audit Committee.

The Committee members and the details of attendance of each individual member in respect of meetings held during the financial year ended 30 June 2017, are as follows:

Member	Description	Total Meetings Attended
Teh Bee Tein (MIA 3454)	Chairman, Independent Non-Executive Director	5/5
Nor Hishammuddin Bin Dato' Mohd Nordin	Independent Non-Executive Director	5/5
Kasinathan a/I Tulasi	Independent Non-Executive Director	4/5

A report detailing the activities carried out by the Audit Committee during the financial year ended 30 June 2017 are set out on pages 32 to 34 under the Audit Committee Report.

STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

2.2 Remuneration Committee

The Remuneration Committee comprised of three (3) members, appointed by the Board of Directors from amongst the Directors, consisting a majority of independent non-executive directors. In accordance to the Code, the Remuneration Committee is responsible for ensuring that remuneration packages are sufficient and appropriate to attract and retain the Directors to run the Company successfully. In addition, the Remuneration Committee is also responsible for recommending the framework on terms of employment and all aspects in relation to the remuneration framework of Executive Directors and senior management of the Company.

The Remuneration Committee is responsible for:

- i) formulating and recommending to the Board the remuneration policies and remuneration for the members of the Board and senior management which align with the business strategy and long-term objectives of the Company and are reflective of their responsibilities and expertise;
- ii) recommending the engagement of external professional advisors to assist and/or advise the Remuneration Committee, on remuneration matters, where necessary; and
- iii) determining remuneration packages of non-executive directors and recommend to the Board as a whole for approval. Those individuals concerned will abstain from discussion of their own remuneration.

The Committee members and the details of attendance of each individual member in respect of meetings held during the financial year ended 30 June 2017, are as follows:

Member	Description	Total Meetings Attended
Nor Hishammuddin Bin Dato' Mohd Nordin	Chairman, Independent Non-Executive Director	2/2
Teh Bee Tein	Independent Non-Executive Director	2/2
Megat Joha Bin Megat Abdul Rahman	Group Managing Director	2/2

The Remuneration Committee met twice during the course of the financial year ended 30 June 2017. During the year under review, in discharging its responsibilities as encapsulated in its Terms of Reference, the Remuneration Committee has deliberated and where appropriate, recommend to the Board for approval, proposal relating to, amongst others, the following matters:

- (i) Directors' fees and meeting allowances;
- (ii) Remuneration package of the Group Managing Director;
- (iii) Renewal of contract of employment of Group Managing Director; and
- (iv) Review of the remuneration package for the Board as a whole and key management personnel.

2.3 Nomination Committee

The Nomination Committee comprised of three (3) members, all of whom are Independent Non-Executive Directors. Details of attendance of each individual member in respect of meetings held during the financial year ended 30 June 2017, are as follows:

Member	Description	Total Meetings Attended
Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz	Chairman, Senior Independent Non-Executive Director	2/2
Nor Hishammuddin Bin Dato' Mohd Nordin	Independent Non-Executive Director	2/2
Teh Bee Tein	Independent Non-Executive Director	2/2

The Nomination Committee is responsible for identifying and recommending new nominees to the Board as well as Committees of the Board. In addition, the Nomination Committee is entrusted with the task of conducting an annual review of the Board's performance as a whole as well as its individual members. It also considers the balance of the board membership and determines the core competencies and skills required of the Board in order to discharge its duties effectively.

The terms of reference of the Nomination Committee was last reviewed and updated on 24 August 2016 and is made available at the Company's website at <http://www.cih.com.my/about-us/corporate-governance>.

STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

The Nomination Committee met two (2) times during the course of the financial year ended 30 June 2017 and the main activities undertaken by the Committee were as follows:

(i) Reviewed the results of the Board evaluations and assessment of Individual Directors

A Board evaluation exercise was carried out to assess the effectiveness of individual Directors, the Board as a whole during the financial year. The evaluation exercise was conducted via questionnaires, which were distributed to all the Directors and cover areas which include, amongst others, the Board's mix, composition and structure, operations, roles and responsibilities and performance/contribution of the Board Committees. The evaluation also encompassed Director's Self & Peer Evaluation, assessing the individual Director's contribution and interaction, quality of input and understanding of roles and responsibilities as a Director.

The Board's performance is measured against the criteria such as, adding value, conformance, stakeholder relationships, and performance management. The Nomination Committee met to discuss the Board effectiveness against the aforementioned criteria and collectively completed its evaluation of the Board.

(ii) Reviewed the term of office and performance of Audit Committee

Pursuant to paragraph 15.20 of the Listing Requirements of Bursa Securities, the Nomination Committee has to review the term of office and performance of the Audit Committee and each of its members to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

An evaluation exercise of the Audit Committee was carried out by the Nomination Committee to assess the effectiveness of each of the Audit Committee members via questionnaires, which were distributed to all the Nomination Committee members and cover, amongst others, the evaluation on the Audit Committee as a whole, assessing the individual Audit Committee members' skills and competencies, their meeting administration and conduct, their contribution and interaction, quality of input and understanding of roles and responsibilities as an Audit Committee Member.

The Nomination Committee reviewed the overall results of the evaluations conducted and subsequently tabled the same to the Board and highlighted any area which required further and/or continuous improvement.

(iii) Reviewed and recommended the re-election of Directors

The Nomination Committee reviewed and recommended to the Board the Directors' retiring by rotation and re-election at the AGM of the Company held on 27 October 2016.

(iv) Reviewed and assessed the independence of Independent Directors, who have served the Board for more than nine (9) years

The Nomination Committee assessed the independence of the Independent Directors, Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz and Encik Nor Hishammuddin Bin Dato' Mohd Nordin who have served the Board for more than nine (9) years and recommended to the Board for their retention as Independent Non-Executive Directors of the Company at the AGM held on 27 October 2016.

(v) Reviewed and assessed the training needs of Directors

The Nomination Committee reviewed and assessed the training needs of Directors during the financial year.

(vi) Reviewed and recommended to the Board the appointment of new Director of the Company

The Nomination Committee discussed and agreed that the knowledge and skill set of Datuk Haji Ariffin Bin Imat would enhance and add value to the Board and thus recommended to the Board the appointment of Datuk Haji Ariffin Bin Imat as a Director of the Company effective 6 March 2017.

All assessments and evaluations carried out by the Nomination Committee are properly documented.

3. DIRECTORS' TRAINING

All the Directors have attended and successfully completed the Mandatory Accreditation Programme within the stipulated timeframe as required by the MMLR of Bursa Securities.

The Company Secretaries circulate the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and brief the Board on these updates regularly. Directors also, when necessary, receive continuing education sessions from time to time, particularly on relevant new laws and regulations and changing commercial risks.

During the financial year under review, the Directors of the Company attended and participated in various trainings, seminars and forums organised either externally or internally by the Company in areas of finance, tax, accounting and regulatory updates. Members of the Board constantly, on their own initiatives update themselves on the development of the aforesaid by way of reading related literatures and publications on the same.

STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

Some of the development and training programmes attended by Directors for the financial year ended 2017 were as follows:

Director	Training Programme	Organiser	Date
Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz	Launch of the AGM Guide & CG Breakfast Series: How to leverage on AGMs for better engagement with shareholders.	Bursa Malaysia Berhad	21 November 2016
	Developments in Governance and Reporting Workshop.	BDO	23 January 2017
Megat Joha Bin Megat Abdul Rahman	Advocacy Sessions on Management Discussion & Analysis ("MD&A") for Chief Executive Officers ("CEO") and Chief Financial Officers ("CF") of Listed Issuers.	Bursa Malaysia Berhad	16 August 2016
	Developments in Governance and Reporting Workshop.	BDO	23 January 2017
	Latest updates on Directors' Remuneration in compliance with the new Companies Act and the upcoming amendment to the Listing Requirements 2017.	Aram Global Sdn Bhd	6 June 2017
Datin Mariam Prudence Binti Yusof	11 Malaysian Plan (2016 to 2020): Opportunities and Challenges.	CHK Consultancy Sdn Bhd	16 July 2016
	China's One Belt, One Road Initiative: The Rise of East Asia and Pacific.	CHK Consultancy Sdn Bhd	8 September 2016
	Developments in Governance and Reporting Workshop.	BDO	23 January 2017
	Palm & Lauric Oil Price Outlook Conference & Exhibition – POC 2017	Bursa Malaysia Berhad	6 March 2017 to 8 March 2017
	Capital Market Director Program.	Securities Industry Development Corporation (SIDC)	15 May 2017 to 17 May 2017
Fung Heen Choon	Developments in Governance and Reporting Workshop.	BDO	23 January 2017
Dato' Sukumaran s/o Ramasamy	Developments in Governance and Reporting Workshop.	BDO	23 January 2017
Teh Bee Tein	MIA International Accountants Conference 2016.	MIA	15 November 2016 to 16 November 2016
	Mastering MPERS Fully Illustrated- Translation of the Standard into Practical Examples and Impact of 2015 Updates.	MIA	28 November 2016 to 29 November 2016
	Developments in Governance and Reporting Workshop.	BDO	23 January 2017
	2 Days Workshop on CSP Practical Issues under the Companies Act 2016.	MAICSA	17 April 2017 to 18 April 2017
	The Companies Act 2016: Overview and its significant Impact on Auditors.	MIA	27 April 2017
	Latest updates on Directors' Remuneration in compliance with the new Companies Act and the upcoming amendment to the Listing Requirements 2017.	Aram Global Sdn Bhd	6 June 2017
	2 Days Workshop on the Companies Act 2016 and Company Secretarial Practice Part II.	MAICSA	20 June 2017 to 21 June 2017

STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

Director	Training Programme	Organiser	Date
Nor Hishammuddin Bin Mohd Nordin	Fundamentals of Company Law – Part 2.	Selangor Bar Committee	26 August 2016
	Developments in Governance and Reporting Workshop.	BDO	23 January 2017
	Latest updates on Directors' Remuneration in compliance with the new Companies Act and the upcoming amendment to the Listing Requirements 2017.	Aram Global Sdn Bhd	6 June 2017
Kasinathan a/l Tulasi	Developments in Governance and Reporting Workshop.	BDO	23 January 2017
Datuk Haji Ariffin Bin Imat (Appointed on 6 March 2017)	Mandatory Accreditation Programme	The Iclif Leadership And Governance Centre	30 March 2017 to 31 March 2017
Ms. Lee Cheang Mei (Alternate Director to Mr. Fung Heen Choon)	Developments in Governance and Reporting Workshop	BDO	23 January 2017

The Board acknowledges that continuous education programmes are important to enable the Directors to effectively discharge their duties. The Board will, on a continuous basis, evaluate and determine the training needs of its Directors.

4. DIRECTORS' REMUNERATION

The Remuneration Committee is responsible for reviewing and recommending to the Board the remuneration framework for Executive Directors including making recommendations to the Board for all elements of remuneration, terms of employment, reward structures and fringe benefits for Executive Directors. Any salary review takes into account market rates and the performance of the individual and the Group.

The remuneration package of Non-Executive Directors is also reviewed by the Remuneration Committee and recommended to the Board thereafter. The Non-Executive Directors' remuneration comprises annual fees that reflect their expected roles and responsibilities, including any additional work and contributions required.

The determination of the remuneration of each Director is a matter for the Board as a whole. Directors do not participate in decision regarding their own remuneration package.

All non-executive Directors are paid fixed annual director fees as members of the Board. In addition to fixed annual director fees, all non-executive Directors are paid a meeting attendance allowance of RM3,000 for Chairman; and RM2,000 for each Board and Committee meetings attended.

All Directors' remuneration are paid out of the Company unless otherwise stated. Details of the aggregate remuneration of Directors (both the Company and the Group), including non-executive Directors during the financial year ended 30 June 2017, with categorisation into appropriate components and the number of Directors whose remuneration falls into each successive bands of RM50,000 are as follows:

Remuneration	Group		Company	
	Executive Directors RM'000	Non-Executive Directors RM'000	Executive Directors RM'000	Non-Executive Directors RM'000
Directors' Fees	–	199	–	199
Salaries ¹	3,700	–	639	–
Allowances	36	128	36	128
Bonuses ²	1,983	–	168	–
Total	5,719	327	843	327

¹ Inclusive of Company's contribution to employee provident fund and social security organisation contribution.

² Bonus for the financial year ended 30 June 2017 inclusive of employee provident fund.

* Mr. Fung Heen Choon, Ms. Lee Cheang Mei, Dato' Sukumaran s/o Ramasamy and Dato' Tan Fok Wah (resigned on 28 October 2016), are executive directors of the subsidiaries and their remuneration are paid out of such subsidiaries.

STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

RM	Executive Directors	Non-Executive Directors	Total
50,000 and below	–	2	2
50,001 – 100,000	–	4	4
850,001 – 900,000	1	–	1
900,001 – 950,000	1	–	1
1,100,001 – 1,150,000	2	–	2
1,700,001 – 1,750,000	1	–	1

(The above disclosures include all Directors who held office during the financial year)

The disclosure of Directors' remuneration is made in accordance with the Bursa Malaysia Securities Berhad's Main Market Listing Requirements. The Board of Directors is of the opinion that separate disclosure will infringe upon the Directors' right of privacy.

5. SHAREHOLDERS COMMUNICATION AND INVESTORS RELATION

5.1 Communications between the Company and Investors

The Board acknowledges the need to communicate with shareholders on all material business matters affecting the Group therefore, the Group communicates with shareholders, institutional investors and investing public at large through a number of readily accessible channels such as announcements made through Bursa Securities, press releases analyst briefings, annual reports, corporate website as well as through its AGM.

The Company is also an active member of the Malaysian Investor Relations Association. The membership enables the Company to continuously enhance and improve its investor relations practices by having access to information such as industry bulletins, newsletters, conferences and surveys.

In addition, the Board also ensures timely release of financial results with an overview of the Group's financial and operational performances. Both annual and quarterly reports have also been published significantly ahead of time over the past years.

Release of Annual Reports	Date of Issue	Deadline Imposed by Bursa Securities
Annual Report 2014	9 October 2014	31 October 2014
Annual Report 2015	26 October 2015	31 October 2015
Annual Report 2016	30 September 2016	31 October 2016
Annual Report 2017	2 October 2017	31 October 2017

Release of Quaterly Reports	Date of Announcement	Deadline Imposed by Bursa Securities
Q1 Quarterly Report 2017	23 November 2016	30 November 2016
Q2 Quarterly Report 2017	22 February 2017	28 February 2017
Q3 Quarterly Report 2017	30 May 2017	31 May 2017
Q4 Quarterly Report 2017	23 August 2017	30 August 2017

The Company has also taken steps to move beyond minimum reporting by providing shareholders with the addition of a new section for financial analysis in the notes of quarterly results.

5.2 Annual General Meeting

The AGM remains the principal forum for communication and dialogue with shareholders in which the Board reports on its stewardship to the shareholders and accounts for the Group's performance. It also provides the opportunity for interaction amongst shareholders, Directors and Management where the shareholders are encouraged to participate in the question and answer sessions. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf without being constrained by the two-proxy rule.

Notice of the AGM and Annual Report are sent to the shareholders at least 28 days before the date of the meeting. The Board has ensured each item of special business included in the notice of meeting is accompanied by an explanatory statement on the effects of the proposed resolution.

STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

Paragraph 8.29A of the MMLR requires that any notice of any general meeting or in any notice of resolution which may properly be moved as is intended to be moved at any general meeting, is voted by poll for all AGM from 1 July 2016 onwards. The Company will be conducting its voting on all resolutions by poll accordingly.

Details of the outcome of AGM and the voting results are announced to Bursa Securities and published on the investor relations section of our corporate website.

Members of the Board and key management of the Company as well as the external auditors of the Company are available to respond to shareholders' questions during the meeting. The Board encourages other channels of communication with shareholders.

For this purpose, the Board has identified Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz, the Senior Independent Non-Executive Director to whom queries or concerns regarding the Group may be conveyed. Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz can be contacted via the following channels:

Post : Suite A-11-1, Level 11, Hampshire Place Office, 157 Hampshire, No. 1, Jalan Mayang Sari, 50450 Kuala Lumpur.
 Fax : 603-2166 7208
 Email : info@cih.com.my

5.3 Dividends

During the financial year under review, the Board recommended a payment of first and final dividend of 8 sen per ordinary share for the financial year ended 30 June 2017.

5.4 Website

The Company strives to ensure that current shareholders, potential future shareholders, financial community and the general public would have an easy and convenient access to the Group's financial and corporate information via its website at <http://www.cih.com.my>.

6. ACCOUNTABILITY AND AUDIT

6.1 Financial Reporting

The Board aims to present a balanced and comprehensive assessment of the Group's financial performance and prospects to the shareholders, investors and regulatory authorities, primarily through the annual financial statements, quarterly financial results announcements and Chairman's Statement in the Annual Report.

Quarterly financial results and annual financial statements are reviewed and deliberated by the Audit Committee to ensure the quality of financial reporting and adequacy of such information, prior to submission to the Board for its approval. The Audit Committee also reviews the appropriateness of the Company's and the Group's accounting policies and the changes to these policies.

Ms. Teh Bee Tein who has accounting & finance qualifications and a member of the Malaysian Institute of Accountants (MIA) is the Chairman of the Audit Committee.

6.2 Risk Management and Internal Control

The Directors acknowledge their responsibility for the Group's system of internal control and the need to review its effectiveness regularly via the Company's Internal Audit Department. Additionally, to ensure that the independence of the Internal Audit Department is preserved, the Head of Internal Audit Department reports directly to the Audit Committee.

The roles and responsibilities of the Internal Audit Department are as follows:

- (i) Conduct independent review of management control systems and practices as a basis for identifying ways of improving efficiency, effectiveness and minimising financial risk;
- (ii) Review the adequacy of systems and procedures established by Management to safeguard assets and provide appropriate recommendations for improvement;
- (iii) Ascertain the extent of compliance with established policies, procedures and statutory requirements;
- (iv) Appraise the adequacy, integrity, security, reliability and usefulness of management information systems/computer systems;
- (v) Generate awareness of risk management effective control techniques throughout the organisation; and
- (vi) Provide internal consultancy services to management.

Further details of the Group's system of internal control are set out in the Statement on Risk Management & Internal Control on pages 37 to 38 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

6.3 Related Party Transactions

The Group has in place procedures to ensure that the Company meets its obligations under the MMLR of Bursa Securities relating to related party transactions.

A list of related parties within the Group is disseminated to the various subsidiaries to determine the number and type of related party transactions. All related party transactions are then reviewed by the Internal Auditors and a report on the reviews conducted is submitted to the Audit Committee for its review and monitoring on a quarterly basis. The report on the related party transactions entered into by the Group for the year under review (if any) is then tabled to the Board of Directors for review and approval.

There were no related party transactions entered into by the Group during the financial year under review.

6.4 Relationship with the Auditors

The Board maintains a transparent and professional relationship with the Company's Auditors both internal and external, through the Audit Committee. The Board, through the Audit Committee, seeks the external auditors' professional advice in ensuring compliance with the provisions of the Companies Act, 2016 and applicable accounting standards in Malaysia.

The Audit Committee meets regularly with the external auditors to discuss the audit plan, scope of audit before the commencement of audit, annual financial statements, and audit findings and make recommendations to the Board for approval. The Audit Committee also undertakes an annual assessment of the suitability and independence of the external auditors. Having satisfied with their performance, the Audit Committee will recommend their re-appointment to the Board, upon which the shareholders' approval will be sought at the AGM.

The details of audit fee payable and non-audit fee paid or payable to the External Auditors for the financial year ended 30 June 2017 are set out below:

	RM'000	% of Total Fees Paid/Payable
Audit fee payable to Messrs BDO	233	95
Non-audit fee paid/payable to Messrs BDO	13	5
Total	246	100

Non-audit fee paid/payable to the external auditors, being 5% of the total fees paid/payable to the external auditors is well below the guidelines set for the mix of audit fees to maintain independence of the external auditors.

A summary of the activities of the Audit Committee during the year as well as the role of the Audit Committee in relation to the external auditors and internal auditors are set out in the Audit Committee Report on pages 32 to 34 of this Annual Report.

6.5 Relationship with the Management

The Board maintains a close and transparent relationship with all management staff. The Board is furnished with information relating to the running of the Group's operations through various reports prepared by the management staff. This will allow them to understand the operations better and make decisions in steering the Company towards a profitable business. In addition, the Group Managing Director and/or Executive Directors also held frequent monthly management meetings with the management staff in order to discuss and plan the Group's operations.

Management seeks the Board's approval for significant changes in strategic direction, major capital expenditure items, major acquisition or divestitures as well as any other material issues.

All Directors have independent and separate access to the advice and services of the Company Secretaries.

7. CODE OF ETHICS

7.1 Code of Conduct

The Company is committed to the highest standards of ethics and business conduct and has set in place a code of conduct which governs employees conduct and behaviour in carrying out their duties and responsibilities in the day-to-day business operations. The code of conduct outlines minimum standards expected of employees in dealing with conflicts of interest, supplier relationships, interests in competitors, external businesses or activities, transactions with the Company, use of the Company's property or information, disclosure of information, personal or romantic relationships, laws and regulations, condonation, business records, illegal or questionable payments and supplier obligations.

STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

7.2 Whistle Blowing Policy

In addition to the Code of Conduct, a Whistle Blowing Policy has been put in place. The existence of the whistle blower policy provides a mechanism and offers protection for employees to report matters such as financial malpractice or impropriety or fraud, failure to comply with legal obligations or statutes, dangers to health and safety or the environment, criminal activity, improper conduct or unethical behaviour or any attempts to conceal any of the above. The protection of the employee who report breaches and non-compliances is in line with the Public Interest Disclosure Act which came into effect in 1999. The policy is disseminated to subsidiaries and is available for access by employees.

This policy is designed to enable employees of the Company to raise concerns internally and at a high level and to disclose information which the individual believes shows malpractice or impropriety. This policy is intended to cover concerns which are in the public interest and may at least initially be investigated separately but might then lead to the invocation of other procedures e.g. disciplinary. These concerns could include:

- Financial malpractice or impropriety or fraud
- Failure to comply with a legal obligation or Statutes
- Dangers to Health and safety or the environment
- Criminal activity
- Improper conduct or unethical behaviour
- Attempts to conceal any of these

The employees are guided by the Whistleblowing Policy when relying any information in relation to the abovementioned in writing to designated persons stated in the said policy. Upon receipt of report made together with available evidence, the investigator is tasked to investigate and take all reasonable steps to ensure that investigations regarding the report and disclosure are carried out fairly, unbiased and with due regards to the principles of nature justice. The investigator will report the outcome of the investigation to the Group Managing Director or Chairman.

8. STATEMENT OF COMPLIANCE WITH THE RECOMMENDATION OF THE CODE

The Board considers that the Group has complied with the Code throughout the financial year ended 30 June 2017.

This Statement was approved by the Board of Directors on 23 August 2017.