

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (the "Board") of C.I. Holdings Berhad ("CIH" or "the Company") is committed in ensuring that the Company and its subsidiaries (the "Group") practise a high standard of corporate governance in discharging its responsibilities to enhance shareholders' value and financial position of the Group.

The Board continues to review its existing corporate governance practices and policies throughout the Group in ensuring full application of key corporate governance principles as set out in the Malaysian Code of Corporate Governance 2017 ("MCCG").

This statement which is made pursuant to paragraph 15.25 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), sets out the manner in which the Group has applied the principles and recommendations of MCCG. It must be read together with the Corporate Governance Report published on CIH's website at [www.cih.com.my](http://www.cih.com.my).

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

### I. Board Responsibilities

The Board is cognisant of its responsibilities by ensuring proper control of the economics and financial management of the Company and validates the strategic directions proposed by the Management for implementation.

The Board acts in the best interests of CIH, honestly, fairly and diligently and in accordance with the duties and obligations imposed upon it by the Constitution of the Company and the law.

The Board also serves as a panel to provide effective guidance on the assessment of principal risks and the appropriate systems to manage these risks, as well as to review the adequacy and integrity of the Company's internal control system in safeguarding shareholder interests and the Company's assets.

The Board's role and responsibilities include but are not limited to the following:

- Setting and reviewing the objectives, goals and strategic plans for the Group with a view to maximising shareholders' value.
- Adopting and monitoring progress of the Company's strategies, budgets, plans and policies.
- Overseeing the conduct of the Group's businesses to evaluate whether the businesses are properly managed.
- Identifying principal risks of the Group and ensuring the implementation of appropriate systems to mitigate and manage these risks.
- Considering Management's recommendations on key issues including acquisitions, divestments, restructuring, funding and significant capital expenditure.
- Implementing succession planning for senior management.
- Reviewing the adequacy and integrity of the Group's internal control systems and management information systems.

To ensure the effective discharge of its functions and responsibilities, the Board has in place, business authority limits which sets out relevant matters which the Board has delegated to the Management Team led by the Group Managing Director ("GMD"). 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.

There is a schedule of matters reserved specifically for the Board's decision, including the conflict of interest issues relating to a substantial shareholder or a Director, material acquisitions and disposition of assets not in the ordinary course of business, investments in Capital projects, authority levels, treasury policies, risk management policies as well as key human resource issues. The Executive Directors and the Management are tasked to ensure compliance with this. 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.

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.

The Board delegates certain responsibilities to the Board Committees, all of which operate within defined terms of reference.

The roles of the Chairman and GMD remain separate and distinct. The Chairman plays an important leadership role and is responsible for:

- Leading the Board in setting the values and standards of the Company;
- Maintaining a relationship of trust with and between the Executive and Non-Executive Directors;
- Ensuring the provision of accurate, timely and clear information to Directors;
- Ensuring effective communication with shareholders and relevant stakeholders;
- Arranging regular evaluation of the performance of the Board, its Committees and individual Directors; and

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- Facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors.

The Chairman, in consultation with the GMD and the Company Secretary, sets the agenda for Board meetings and ensures that all relevant issues are on the agenda. He ensures that all Directors are properly briefed on issues arising at Board meetings, sufficient time is allowed for the discussion of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for the Board discussion, the issues discussed are forward looking and concentrates on strategy, every Board resolution is put to vote to ensure the will of the majority prevails and that all Executive Directors look beyond their executive functions and accept their full share of responsibilities on governance.

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.

The Board Charter was last revised and updated on 21 August 2018 to be in line with MCCG, sets out inter alia, the roles and responsibilities of the Board and Board Committees, the procedures for convening Board meetings, financial reporting, investor relations and shareholder communication. The Board Charter which serves as a source of reference for Directors, will be reviewed and updated 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 is made available for reference at the Company's website at [www.cih.com.my/about-us/corporate-governance](http://www.cih.com.my/about-us/corporate-governance).

An Employee Handbook, which was adopted by the Group includes the Employee's Code of Conduct and Whistleblowing Policy, which is intended to cover protection for staff who raise concerns in relation to irregular and unlawful practices.

In addition to the Code of Conduct, a Whistleblowing Policy has been put in place. The existence of the Whistleblowing 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 on any information in relation to the above mentioned 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 GMD or Chairman.

The details of the procedures and lodgement channels of the Whistleblowing Policy are available on the Company's website at [www.cih.com.my](http://www.cih.com.my).

The Board members have full access to the two (2) Companies Secretaries, both are professionally qualified, who play an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures as well as compliance with the relevant guidelines, regulatory and statutory requirements, corporate governance and best practices.

The Company Secretaries are also responsible in organising and attending all Board and Committee Meetings, ensuring adherence to board policies and procedures and that all statutory records are well maintained at the registered office of the Company. The Company Secretaries also ensure that the deliberations and decisions made at the Board and Committee Meetings are well captured and minuted.

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## II. Board Composition

CIH is led and managed by a competent Board comprising members with vast experience in the fields relevant to the Company. The breadth and depth of the Board skills are vital for the successful stewardship of CIH's strategic direction and operations to maximise shareholder value. Besides having an extensive knowledge and expertise in the real estate investment and property development, the Board possesses a good mix of skills in business strategies, management, finance, economics, legal and human resources.

As at 30 June 2018, the Board has ten (10) members, comprising one (1) Executive Director and nine (9) Non-Executive Directors, of which five (5) of the Non-Executive Directors are Independent Directors, three (3) are Non-Independent Non-Executive Directors and one (1) Alternate Director. This complies with the Listing Requirements of at least two (2) or one-third (1/3) of the Board to be independent.

During the financial year ended 30 June 2018, 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	Designation	No. of Board Meetings Attended
Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz	Chairman, Senior Independent Non-Executive Director	5/5
Megat Joha Bin Megat Abdul Rahman	Group Managing Director	5/5
Datin Mariam Prudence Binti Yusof	Non-Independent Non-Executive Director	5/5
Lee Cheang Mei (Appointed on 28 February 2018)	Non-Independent Non-Executive Director	2/2
Dato' Sukumaran s/o Ramasamy	Non-Independent Non-Executive Director	5/5
Nor Hishammuddin Bin Dato' Mohd Nordin	Independent Non-Executive Director	4/5
Teh Bee Tein	Independent Non-Executive Director	5/5
Kasinathan a/l Tulasi	Independent Non-Executive Director	4/5
Datuk Haji Ariffin Bin Imat	Independent Non-Executive Director	5/5
Fung Heen Choon (Resigned as Director and appointed as Alternate Director to Lee Cheang Mei on 28 February 2018)	Alternate Director to Lee Cheang Mei, Non-Independent Non-Executive Director	5/5

The Independent Directors provide independent judgment, objectivity and check and balance on the Board. This is to protect the interests of shareholders, employees, various other stakeholders and the communities where the Company operates.

The Board takes cognisance of the recommendation to have gender diversity on the Board and will through its Nomination Committee ("NC") take steps to ensure that women candidates are sought as part of its recruitment exercise. Currently, the Company has three (3) women directors achieving its target of at least 30% of women participation on the Board.

In maintaining the effectiveness of the Board and the independence of Independent Directors, the Board through its NC performs annual assessment in order to review that the Board as a whole and to ensure that individual director performed effectively in discharging their functions and duties as well as 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 Board and the Independent Directors of the Company. The assessment on independence serves as a form of attestation by the Independent Directors that they are able to exercise independent judgment, impartiality and objectivity in the best interest of the Company.

In determining the succession planning for the members of the Board, the NC 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.

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Succession planning for the GMD, Executive Directors, Chief Executive Officer of the Group and key management personnel is deliberated on by the NC 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 GMD of the Company, Executive Directors and/or Chief Executive Officer of the subsidiaries.

The Board, with the support from Company Secretaries would assessed the training needs of each director. 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.

Some of the development and training programmes attended by Directors for the financial year ended 30 June 2018 were as follows:

Director	Training Programme	Organiser	Date
Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz	Corporate Governance Briefing Sessions: MSSG Reporting & CG Guide.	Bursa Malaysia Berhad	1 March 2018
Megat Joha Bin Megat Abdul Rahman	Corporate Governance Briefing Sessions: MSSG Reporting & CG Guide	Bursa Malaysia Berhad	1 March 2018
	GST – End of the Road? Challenges and Opportunities.	BDO Tax Services Sdn Bhd	21 June 2018
Datin Mariam Prudence Binti Yusof	Capital Market Director Programme for Fund Management (Modules 1, 2B, 3 & 4).	Securities Industry Development Corporation	11 July 2017
	Invest Malaysia KL 2017.		25 July 2017
	Annual Palm & Lauric Oils Conference & Exhibition: Price Outlook 2018/2019.	Bursa Malaysia Berhad	7 March 2018
	Board Perspective on Cyber Resilience.	Pricewaterhouse-Coopers Risk Services Sdn Bhd	25 April 2018
Dato' Sukumaran s/o Ramasamy	Malaysia-Ghana Palm Trade Fair and Seminar (POTS) 2017.		23 & 24 October 2017
	Globoil India 2017.		13 to 15 September 2017
	Annual Palm & Lauric Oils Conference & Exhibition: Price Outlook 2018/2019.		5 to 7 March 2018
Teh Bee Tein	National Tax Conference 2017.	Chartered Tax Institute of Malaysia	25 & 26 July 2017
	Malaysian Institute of Accountants (MIA) International Accountants Conference 2017.	MIA	7 & 8 November 2017
	2018 Budget Seminar.	MIA	20 November 2017
	Audit Quality Enhancement Programme for SMPs 2018.	MIA	22 & 23 January 2018

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Director	Training Programme	Organiser	Date
Nor Hishammuddin Bin Mohd Nordin	"Winter is here? IPR Enpassant & Overview of Intellectual Property"	Selangor Bar Committee	8 September 2017
	The CG Breakfast Series For Directors-Leading Change @ The Brain.	The Iclif Leadership And Governance Centre	5 December 2017
	Workshop on Malaysian Code on Corporate Governance.	Malaysian Bar Council	12 December 2017
Kasinathan a/l Tulasi	Workshop on Driving Financial Integrity and Performance-Enhancing Financial Literacy for Audit Committees.	Axcelasia	3 August 2017
	Corporate Governance Briefing Sessions: MSSG Reporting & CG Guide.	Bursa Malaysia Berhad	1 March 2018
Datuk Haji Ariffin Bin Imat	GST – End of the Road? Challenges and Opportunities	BDO Tax Services Sdn Bhd	21 June 2018
Ms. Lee Cheang Mei (Appointed on 28 February 2018)	Industry Roundtable Dialogue on Palm Oil, Philippines.		19 July 2017
	Expanding Frontiers, Strategic Outlook and Networking Session, Kuala Lumpur.		25 January 2018
	Annual Palm & Lauric Oils Conference & Exhibition: Price Outlook 2018/2019.		6 March 2018
Mr. Fung Heen Choon (Alternate Director to Ms. Lee Cheang Mei) (Appointed on 28 February 2018)	Industry Roundtable Dialogue on Palm Oil, Philippines.		19 July 2017
	Expanding Frontiers, Strategic Outlook and Networking Session, Kuala Lumpur.		25 January 2018
	Annual Palm & Lauric Oils Conference & Exhibition: Price Outlook 2018/2019.		6 March 2018

The disclosures in relation to Practice 2.1 of the MCCG are disclosed in the Corporate Governance Report.

### III. Remuneration

The Board believes in a competitive and transparent remuneration framework that supports the Directors' and Senior Management's responsibilities and fiduciary duties in managing the Group to achieve its long term objective and enhance stakeholders' value.

The remuneration of Directors is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise to govern the Group effectively. In the case of Executive Directors, the remuneration is structured to link rewards to corporate and individual performance based on key performance indicators. For Non-Executive Directors, the level of remuneration reflects their experience and level of responsibilities.

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## Non-Executive Directors

Name	Fees (RM'000)	Bonus (RM'000)	Defined Contribution Plan – EPF (RM'000)	Other Emoluments/ Allowances (RM'000)	Benefits In-Kind (RM'000)	Total (RM'000)
Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz	50	-	-	21	-	71
Datin Mariam Prudence Binti Yusof	35	-	-	10	-	45
Teh Bee Tein	35	-	-	37	-	72
Nor Hishammuddin Bin Dato' Mohd Nordin	35	-	-	27	-	62
Kasinathan a/l Tulasi	35	-	-	16	-	51
Datuk Haji Ariffin Bin Imat	35	-	-	10	-	45
<b>Total</b>	<b>225</b>	<b>-</b>	<b>-</b>	<b>121</b>	<b>-</b>	<b>346</b>

## Executive Directors

Name	Salary/Fees (RM'000)	Bonus <sup>1</sup> (RM'000)	Defined Contribution Plan – EPF <sup>2</sup> (RM'000)	Other Emoluments/ Allowances (RM'000)	Benefits In-Kind (RM'000)	Total (RM'000)
Megat Joha Bin Megat Abdul Rahman	770	269	86	50	29	1,204
Lee Cheang Mei <sup>3</sup>	770	370	86	-	32	1,258
Fung Heen Choon <sup>3</sup>	770	370	86	-	21	1,247
Dato' Sukumaran s/o Ramasamy <sup>3</sup>	1,539	1,951	72	-	-	3,562
<b>Total</b>	<b>3,849</b>	<b>2,960</b>	<b>330</b>	<b>50</b>	<b>82</b>	<b>7,271</b>

<sup>1</sup> Bonus for the financial year ended 30 June 2018 inclusive of employee provident fund.

<sup>2</sup> Inclusive of Company's contribution to employee provident fund and social security organisation contribution.

<sup>3</sup> Ms. Lee Cheang Mei, Mr. Fung Heen Choon and Dato' Sukumaran s/o Ramasamy are executive directors of the subsidiaries and their remuneration are paid out of such subsidiaries.

The remuneration (including salary, bonus, allowances, benefits-in-kind and other emoluments) of top four (4) key Senior Management personnel on a named basis during the financial year in bands of RM50,000 are set out below:

Range of Remuneration	Key Senior Management
RM450,000 – RM500,000	Azlan Bin Ahmad (Head-Corporate and Legal Affairs)
RM450,000 – RM500,000	Baharuddin Bin Basirun (Chief Operating Officer of Continental Resources Sdn Bhd)
RM300,000 – RM350,000	Foo Loke Yean (Chief Executive Officer of Doe Industries Sdn Bhd)
RM250,000 – RM300,000	Chaw Pei Yee (Senior Manager-Finance and Administration)

The disclosures on Practise 6.2 and 7.1 to 7.3 of the MCGG are disclosed in the Corporate Governance Report.

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## PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

### I. Audit Committee

The Audit Committee ("AC") comprises three (3) members, all of whom are Non-Executive Directors and is chaired by an Independent Non-Executive Director.

The composition of the AC is reviewed by the NC annually and recommended to the Board for approval. In safeguarding and an independent and effective AC whilst taking guidance from the MCCG, the NC recommends that the membership for AC consists at least one (1) member who is financially literate and possesses appropriate level of expertise, experience and strong understanding of the Company's business.

**The disclosures on Practise 8.1 to 8.5 of the MCCG are disclosed in the Corporate Governance Report.**

### II. Risk Management and Internal Control Framework

The Board understands that the ultimate responsibility for ensuring a sound internal control system which provides reasonable assurance on the effectiveness and efficiency of the systems lies with the Board. The Group's internal control system is crafted to manage the risks to achieve Company's objectives aside from safeguarding the stakeholder's interest and the Group's assets.

The internal audit function of the Group is performed in-house and reports to the AC directly in order to ensure that the independence of the Internal Audit Department is preserved.

**The disclosures on Practise 10.1 and 10.2 of the MCCG are disclosed in the Corporate Governance Report and the details of the Risk Management and Internal Control Framework are set out in the Statement on Internal Control and Risk Management of the Annual Report.**

## PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### I. Communication With Stakeholders

The Board acknowledges the need for shareholders to be informed of all material business matters of the Company. Announcements to Bursa Securities are made on significant developments and matters of the Group. Financial results are released on a quarterly basis to provide shareholders with a regular overview of the Group's performance. The Corporate Communication Department of the Company also arranges press interviews and briefings, and releases press announcements to provide information on the Group's business activities, performance and major developments, as and when necessary.

In addition to published annual report and quarterly results announced to Bursa Securities, the Company has a website at [www.cih.com.my](http://www.cih.com.my) from which investors and shareholders can access for information about the Group. Any enquiries may be directed to this email address, [info@cih.com.my](mailto:info@cih.com.my).

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

### II. Conduct Of General Meetings

The Company's general meetings serve as a forum for dialogue and interaction with shareholders. Notice of the AGM and Annual Report are sent to the shareholders 21 days to 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.

Notices of general meetings with sufficient information of business to be dealt with thereat are also published in one national newspaper to provide for wider dissemination of such notice to encourage shareholder participation. At the general meetings, shareholders have direct access to the Board and are encouraged to participate in the question and answer session.

Resolutions will be voted by way of poll as required under the Listing Requirements of Bursa Securities, and the Company will make an announcement on the detailed results to Bursa Securities.

In facilitating greater participation by shareholders at AGMs of the Company, CIH will continue to explore possible means of leveraging on technology.

This Corporate Governance Statement was approved by the Board of CIH on 21 August 2018.