

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5738
COMPANY NAME : COUNTRY HEIGHTS HOLDINGS BERHAD
FINANCIAL YEAR : December 31, 2017

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is responsible for setting the strategic direction of CHHB and monitoring the implementation of that strategy by CHHB Management, including:-</p> <ul style="list-style-type: none">• oversight of the CHHB Group, including its control and accountability systems;• appointing and removing the Group CEO;• appointing and removing the Company Secretary;• Board and Executive Management development and succession planning;• input into and final approval of corporate strategy;• input into and final approval of the annual operating budget (including the capital management budget);• approving and monitoring the progress of major capital expenditure, capital management and acquisitions/divestment;• monitoring compliance with all relevant legal, tax and regulatory obligations;• reviewing and monitoring systems of risk management and internal compliance and controls, codes of conduct, continuous disclosure, legal compliance and other significant corporate policies;• at least annually, reviewing the effectiveness of CHHB's implementation of its risk management system and internal control framework;• monitoring Executive Management's performance and implementation of strategy and policies, including assessing whether appropriate resources are available;• approving and monitoring financial and other reporting to the market, shareholders, employees and other stakeholders; and• appointment, reappointment or replacement of the external auditor.
Explanation for departure	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	<p>The Founder of CHHB, Tan Sri Lee Kim Tiong @ Lee Kim Yew (“Tan Sri Lee”), is the Executive Chairman of the Company.</p> <p>As Executive Chairman and given his capability, leadership and entrepreneurship skills, business acumen and his vast experience in the industry, Tan Sri Lee undertakes to personally and passionately spearhead the CHHB Group to better performance in the near future together with the 4 Executive Directors, each having separate and clearly defined scope of responsibility and authority. The division of roles and responsibilities ensures that there is no excessive concentration of power in these positions.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied	
Explanation on application of the practice	:	The Founder of CHHB, Tan Sri Lee Kim Tiong @ Lee Kim Yew ("Tan Sri Lee"), is the Executive Chairman of the Company. CHHB does not have a CEO.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures and advocate adoption of corporate governance best practices. The Company Secretary is an Associate member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).</p> <p>The Company Secretary is responsible for ensuring that Board procedures are followed, and the applicable rules and regulations for the conduct of the affairs of the Board are complied with. The Company Secretary is also responsible for all matters associated with the maintenance of the Board or otherwise required for its efficient operation. The Company Secretary attends and ensures that all meetings of the Board, Board Committees and Shareholders are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory registers of the Company. The Board is regularly updated and apprised by the Company Secretary on new regulations issued by the regulatory authorities. The Company Secretary also serves notice to the Directors and Principal Officers to notify them of closed periods for trading in the Company's shares.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	<p>The Directors have full and unrestricted access to complete information on a timely basis pertaining to the Group's business and affairs to enable them to discharge their duties. Board Meetings which are scheduled to be held are also presented with relevant reports to facilitate its decision-making process. The Board and its Committees are given the notice and agenda of meetings at least seven (7) days in advance and the meeting papers are delivered at least three (3) days prior to each meeting.</p> <p>All Board decisions are clearly recorded in the minutes, including the rationale for each decision, along with clear actions to be taken and the individuals responsible for their implementation. Relevant urgent Board decisions are communicated to the Management within one working day of the Board meeting and the minutes of Board Meetings are completed for comments by the Board members within seven (7) working days of the meeting dates. Relevant extracts of the minutes are distributed to the Management for action once the board minutes are completed, depending on the urgency of the matters.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	Accordingly, the roles of the Board, Board Committees, Executive and Non-Executive Directors are specified in the Company's Board Charter. The Board Charter, which has been adopted by the Board, serves as a referencing point for Board's activities to enable Directors to carry out their stewardship role and discharge their fiduciary duties towards the Company. The Board Charter also includes a formal schedule of matters reserved to the Board for deliberation and decision so that the control and direction of the Company are in the Board's hands. In line with Practice 2.1 of the Code, the Board Charter has been uploaded on the Company's website at http://www.countryheights.com.my . The Board will review the Board Charter of the Company periodically and will update the Board Charter where appropriate, from time to time.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Code of Ethics for Directors which was adopted by the Board supports the Company's vision and core values by instilling, internalising and upholding the value of uncompromising integrity in the behaviour and conduct of the Directors.</p> <p>The code is reviewed and updated regularly by the Board. The code has been uploaded on the Company's website at http://www.countryheights.com.my.</p> <p>The Code of Ethics for Directors covers the following areas:</p> <ul style="list-style-type: none"> • Responsibilities of the Directors • Dealings with shareholders, employees, creditors, business partners and stakeholder communities at large • Dealings with respective governments • Dealings with competitors • Dealings in respect of Company assets • Trading on insider information • Conflict of interest • Social responsibilities and the environment
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of whistle blowing in light of the requirements stipulated in the Capital Markets and Services Act 2007, the Corporate Governance Guide and the Companies Act, 2016.</p> <p>An internal whistle blowing programme has been introduced for the employees to channel concerns about illegal, unethical or improper business conduct affecting the Company and about business improvement opportunities.</p> <p>If an employee has concerns about illegal or unethical conduct in the workplace, the concern may be reported to the designated email: groupshr@countryheights.com.my or to the Chairman of the ARMC.</p> <p>The Board and the Management gave their assurance that employees will not be at risk to any form of victimisation, retribution or retaliation from their superiors or any member of the Management provided they act in good faith in their reporting.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	CHHB still meets the requirements of the Main Market Listing Requirements	
		<i>“A listed issuer must ensure that at least 2 directors or 1/3 of the board of directors of a listed issuer, whichever is the higher, are independent directors”.</i>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	: Applied - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice	<p>Encik Nik Hassan Bin Nik Mohd Amin and Mr Chew Chong Eu were both appointed to the Board as Independent Non-Executive Directors of the Company on 29 April 2008 and have, therefore served for more than 9 years.</p> <p>Notwithstanding their long tenure in office, the Board, based on the review and recommendations made by the Nomination & Remuneration Committee, is unanimous in its opinion that the independency of Encik Nik Hassan Bin Nik Mohd Amin and Mr Chew Chong Eu have not been compromised or impaired based on the following justifications:</p> <ul style="list-style-type: none">• They continue to fulfill the criteria and definition of an Independent Director as set out under Paragraph 1.01 of the MMLR;• They have been with the Company for more than nine (9) years and therefore, understand the Company's business operations which enable them to participate actively and contribute positively during deliberations or discussions at meetings of the Nomination & Remuneration Committee, the Audit & Risk Management Committee, and the Board; and• They have contributed sufficient time and efforts at the meetings of the Nomination & Remuneration Committee, the Audit & Risk Management Committee, and the Board for informed and balanced decision making. <p>The Board therefore believes that Encik Nik Hassan Bin Nik Mohd Amin and Mr Chew Chong Eu should be retained as Independent Non-Executive Directors and accordingly, recommends them to be retained as Independent Non-Executive Directors. Ordinary resolutions for the aforesaid purpose will be tabled at the forthcoming AGM for shareholders' approval.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	CHHB does not have a policy pertaining to the limitation of the tenure of its independent directors but the Company adheres to the MMLR.

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application	:	Applied	
Explanation on application of the practice	:	All nominees to the Board are first considered by the Nomination & Remuneration Committee, based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender before they are recommended to the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Applied
Explanation on application of the practice	:	<p>The Gender Diversity Policy is to enable the Board to set measurable objectives to achieve gender diversity and to report the progress of these measurable objectives. Diversity is fundamentally an issue about building the most effective and forward-looking Board possible, and delivering quality governance in the broadest understanding of that term.</p> <p>CHHB is committed to workplace diversity, with a particular focus on supporting the representation of women in the composition of the Board, in senior management and across the whole organisation.</p> <p>The Board, assisted by Management, is responsible for developing strategies to meet the objectives of this Policy and to ensure its optimal implementation through the monitoring, evaluation and reporting mechanisms as listed in the Gender Diversity Policy.</p> <p>To ensure the optimal implementation of the Gender Diversity Policy, the following measures will be followed:</p> <ul style="list-style-type: none"> • equal employment opportunities based on relative ability and potential for the best business performance outcomes; • transparent selection processes and reviews; • engage employment consultants, if appropriate, to identify and assess the best candidates available for positions; • attract and retain a skilled and diverse workforce; • succession planning and training opportunities; and • linking achievement of measurable objectives to Board Key Performance Indicators, where appropriate.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Applied	
Explanation on application of the practice	:	The Nomination & Remuneration Committee may also consider the use of external consultants in the identification of potential directors.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	The chairman of the Nomination & Remuneration Committee is Mr. Ong Tee Chin, an Independent Non-Executive Director of CHHB.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Nomination & Remuneration Committee undertakes and conducts annual assessment.</p> <p>The Nomination & Remuneration Committee noted that the Board and its Committees had met the board structure criteria, as to its size, independence, desired skills and qualities of the Board members, as required by the regulations.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company’s desire to attract and retain the right talent in the board and senior management to drive the company’s long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company’s website.

Application	:	Applied
Explanation on application of the practice	:	<p>The policy and framework for the overall remuneration of the Executive and Non-Executive Directors are reviewed regularly against market practices by the Nomination & Remuneration Committee, following which recommendations are submitted to the Board for approval.</p> <p>The Board as a whole determines the remuneration of the Non-Executive Directors and each individual Director abstains from the Board decision on his own remuneration. The remuneration of Non-Executive Directors is based on a standard fixed fee. In addition, allowances are also paid in accordance with the number of meetings attended during the year.</p> <p>The Executive Directors are not entitled to the above Directors’ fee nor are they entitled to receive any meeting allowance for Board or Board Committee meetings that he/she attends. Their remuneration is based on their Key Performance Indicators (“KPIs”) which are appraised annually.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	The responsibilities of the Nomination & Remuneration Committee in relation to remuneration matters are as follows: <ul style="list-style-type: none">• to formulate and/or review the remuneration policies and packages for the members of the Board and Board Committees and recommend to the Board for approval; and• to approve the utilisation of the provision for annual salary increment, performance bonus and long term incentives (if any) in respect of each financial year.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied																																																																													
Explanation on application of the practice	:	<p>The remuneration of the individual Directors is as follows:</p> <table border="1"> <thead> <tr> <th colspan="5">Non-Executive Directors (Company Level)</th> </tr> <tr> <th><u>Name of Directors</u></th> <th><u>Fees (RM'000)</u></th> <th><u>Allowance (RM'000)</u></th> <th><u>Benefits-in kind (RM'000)</u></th> <th><u>Total (RM'000)</u></th> </tr> </thead> <tbody> <tr> <td>Nik Hassan bin Nik Mohd Amin</td> <td>21</td> <td>12</td> <td>-</td> <td>33</td> </tr> <tr> <td>Chew Chong Eu</td> <td>16</td> <td>9</td> <td>-</td> <td>25</td> </tr> <tr> <td>Lee Cheng Wen[*]</td> <td>-</td> <td>10</td> <td>-</td> <td>10</td> </tr> <tr> <td>Ong Tee Chin[#]</td> <td>4</td> <td>2</td> <td>-</td> <td>6</td> </tr> <tr> <td>Chua Hee Boon[@]</td> <td>-</td> <td>8</td> <td>-</td> <td>8</td> </tr> </tbody> </table> <p><u>Notes:</u> [*] Ms Lee Cheng Wen has voluntarily suspended the payment of her Director's Fee until such time when the CHHB Group would be able to generate sufficient profit. [#] Mr Ong Tee Chin was appointed on 20 September 2017. Hence, his fee has been pro-rated. [@] Mr Chua Hee Boon retired on 21 June 2017. Hence, he was not entitled for any Director's fee.</p> <table border="1"> <thead> <tr> <th colspan="6">Executive Directors (Group Level)</th> </tr> <tr> <th><u>Name of Directors</u></th> <th><u>Salaries (RM'000)</u></th> <th><u>Allowance (RM'000)</u></th> <th><u>Benefits in kind (RM'000)</u></th> <th><u>EPF (RM'000)</u></th> <th><u>Total (RM'000)</u></th> </tr> </thead> <tbody> <tr> <td>Tan Sri Lee Kim Tiong @ Lee Kim Yew[^]</td> <td>-</td> <td>-</td> <td>15</td> <td></td> <td>15</td> </tr> <tr> <td>Lee Sow Lin</td> <td>513.6</td> <td>-</td> <td>7</td> <td>71.9</td> <td>592.5</td> </tr> <tr> <td>Lee Thai Young Matahari⁺</td> <td>-</td> <td>-</td> <td>-</td> <td>3.6</td> <td>3.6</td> </tr> <tr> <td>Har Soon Thim</td> <td>420</td> <td>45</td> <td>-</td> <td>55.8</td> <td>520.8</td> </tr> <tr> <td>Yip Chun Mun</td> <td>120</td> <td>-</td> <td>7</td> <td>16.8</td> <td>143.8</td> </tr> </tbody> </table> <p><u>Notes:</u> [^] Tan Sri Lee Kim Tiong @ Lee Kim Yew has voluntarily suspended his salary. ⁺ Mr Lee Thai young Matahari has voluntarily suspended his salary.</p>	Non-Executive Directors (Company Level)					<u>Name of Directors</u>	<u>Fees (RM'000)</u>	<u>Allowance (RM'000)</u>	<u>Benefits-in kind (RM'000)</u>	<u>Total (RM'000)</u>	Nik Hassan bin Nik Mohd Amin	21	12	-	33	Chew Chong Eu	16	9	-	25	Lee Cheng Wen [*]	-	10	-	10	Ong Tee Chin [#]	4	2	-	6	Chua Hee Boon [@]	-	8	-	8	Executive Directors (Group Level)						<u>Name of Directors</u>	<u>Salaries (RM'000)</u>	<u>Allowance (RM'000)</u>	<u>Benefits in kind (RM'000)</u>	<u>EPF (RM'000)</u>	<u>Total (RM'000)</u>	Tan Sri Lee Kim Tiong @ Lee Kim Yew [^]	-	-	15		15	Lee Sow Lin	513.6	-	7	71.9	592.5	Lee Thai Young Matahari ⁺	-	-	-	3.6	3.6	Har Soon Thim	420	45	-	55.8	520.8	Yip Chun Mun	120	-	7	16.8	143.8
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Explanation for departure	:		
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Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company has opted not to disclose the remuneration as the Company considers the information to be sensitive and proprietary.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	The Company has opted not to disclose the remuneration as the Company considers the information to be sensitive and proprietary.

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of Audit & Risk Management Committee, Encik Nik Hassan Bin Nik Mohd Amin, is not the Chairman of the Board to ensure overall effectiveness and independence of the Committee.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations. The company’s financial statement is a reliable source of information.

Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	There is no former key audit partner being appointed as a member of the Audit & Risk Management Committee.	
		The Audit & Risk Management Committee is effective and independent, therefore, providing assurance to stakeholders of the accuracy in the disclosure of financial information.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board will assess the suitability and independence of the external auditors and the Audit & Risk Management Committee ("ARMC") had, at the ARMC Meeting held on 27 February 2018, assessed the suitability and independence of the external auditors.</p> <p>In its assessment, the ARMC considered several factors, which included adequacy of experience and knowledge of the relevant accounting standards, ability to meet deadlines, quality and quantity of human resources used to perform the assigned audit, clarity of presentations and quality of reports produced and independence of Messrs. Kreston John & Gan.</p> <p>Messrs. Kreston John & Gan confirmed that they have been independent in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants, throughout their written confirmation via Audit Planning Memorandum presented to the ARCM at a meeting held on 23 November 2017.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Not Adopted	
Explanation on adoption of the practice	:	The Committee comprises four (4) members all of whom are Non-Executive Directors, with a majority of them being Independent Directors.	
		Nik Hassan Bin Nik Mohd Amin	Independent Non-Executive Director
		Chew Chong Eu	Independent Non-Executive Director
		Ong Tee Chin	Independent Non-Executive Director
		Lee Cheng Wen	Non-Independent Non-Executive Director

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied	
Explanation on application of the practice	:	The training programmes, seminars and forums attended by Audit & Risk Management Committee members are as follows:	
		Nik Hassan Bin Nik Mohd Amin	<ul style="list-style-type: none"> • Effective Internal Audit Function for Audit Committee (AC) Workshop • Audit Committee Institute Breakfast Roundtable 2017
		Chew Chong Eu	<ul style="list-style-type: none"> • Debriefing on Cold Review Finding 2016 • Companies Act 2016 • Technical Analysis Series : Practical and Effective Trend Trading for Profitability • Mergers & Acquisitions : The Process and Marking Mergers Succeed
		Ong Tee Chin	<ul style="list-style-type: none"> • Mandatory Accreditation Program
		Lee Cheng Wen	<ul style="list-style-type: none"> • Audit Committee Institute Breakfast Roundtable 2017
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

Practice 9.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is responsible for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives.</p> <p>The Board is assisted by the Management to implement approved policies and procedures on risk and internal controls.</p> <p>Management identifies and evaluates the risks faced by the Group and designs, implements and monitors an appropriate system of internal controls in line with policies approved by the Board.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	<p>Key elements of the Group's internal control system that have been established to facilitate the proper conduct of the Group's businesses are described below:</p> <ol style="list-style-type: none"> 1. Control Environment 2. Risk Management 3. Internal Audit Function 4. Information and Communication 5. Review & Monitoring Process <p>The Board with the assistance of the Audit & Risk Management Committee continuously review the on-going process of identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives throughout the financial year under review.</p> <p>The risk management process involves the senior management as well as the Executive Directors through direct participation in periodic management meetings. These meetings are held to assess and monitor the Group's risk as well as deliberate and consider the Group's financial performance, business development, management and corporate issue.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Board with the assistance of the Audit & Risk Management Committee continuously review the on-going process of identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives throughout the financial year under review.</p> <ul style="list-style-type: none">• Reviewing and ensuring adequacy of risk management policies and procedures; and• Reviewing risk exposures.

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group Internal Audit Department reports directly to the Audit & Risk Management Committee.</p> <p>Periodic testing of the effectiveness and efficiency of the internal control procedures and processes are conducted to ensure that the system is viable and robust.</p> <p>For 2017, all the internal audits were performed by the in-house Group Internal Audit Department. Arising from these assessments and reviews, the Group Internal Audit Department presented their reports to the Audit & Risk Management Committee on their findings, recommendations for improvements and the response from management for the Committee’s deliberation and consideration.</p> <p>The internal audit activities carried out, under a risk-based approach, for the financial year include, inter alia, the following:-</p> <ul style="list-style-type: none"> i) formulated annual risk-based audit plan and reviewed the resource requirements for audit executions; ii) executed internal audit reviews in accordance with the approved annual audit plan; iii) issued reports on the internal audit findings identifying weaknesses and highlighting recommendations for improvements on a periodic basis; iv) followed-up on the implementation of corrective action plans or best practices agreed with management; and v) attended ARMC meetings to table and discuss the audit reports and followed up on matters raised.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function reports independently to the ARMC and they were also free from any relationship or conflicts of interest.</p> <p>Group Internal Audit Department operated with the total of 2 staff at the moment.</p> <p>Group Internal Audit Department is headed by the Group Senior Manager who reports to the Audit & Risk Management Committee. He is an Associate Member of The Institute of Internal Auditors Malaysia and he holds a Master’s in Business Administration.</p> <p>The internal audit function performs internal audits with strict adherence to the Professional Practices Framework of The Institute of Internal Auditors, USA (“IIA”) and conformance with the IIA’s International Standards for The Professional Practice of Internal Auditing (“Standards”) in meeting the responsibilities of internal auditors and the internal audit activity.</p> <ol style="list-style-type: none"> 1. Delineate basic principles that represent the practice of internal auditing. 2. Provide a framework for performing and promoting a broad range of value-added internal auditing. 3. Establish the basis for the evaluation of internal audit performance. 4. Foster improved organisational processes and operations.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board values the support of its shareholders and investors. It also recognises the importance of effective communication with the shareholders and the investment community of material corporate and business matters of the Group.</p> <p>Care is taken to ensure reporting to the shareholders is balanced and sufficiently comprehensive and objective to allow performance to be measured.</p> <p>In complying with Paragraph 9.21(3) of the MMLR to improve investor relations between the Company and its stakeholders, CHHB ensures that its website contains the email address(es) of the designated person(s) and contact numbers to enable the public to forward queries to the Company. CHHB also post announcements made to Bursa Securities on its website immediately after such announcements are released on Bursa Securities' website.</p> <p>Shareholders and members of the public can access the website of the Company http://www.countryheights.com.my/ for the latest information on the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other’s objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	CHHB is not a “Large Company” as defined under the MCCG.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	Notice of AGM is sent out to the shareholders in the month of April with more than the required twenty eight (28) days' notice before the date of the AGM, which is usually held in June. This would enable the shareholders ample time to make the necessary arrangement to attend and participate in person or by corporate representatives, proxies or attorneys.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	All Directors of CHHB, including the Chairman of the ARMC and NRC, attend the AGM to provide meaningful response to questions addressed.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders’ participation at General Meetings.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Company does not have meetings in remote locations nor does it have a large number of shareholders for it to leverage on technology to facilitate shareholders voting in absentia or having remote shareholders’ participation in General Meetings. It is also currently not cost effective nor practical for the Company to do so.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES
PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA
MALAYSIA**

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

Not applicable.
