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**Certificate on
Compliance with Conditions of Corporate Governance Guidelines to
the Shareholders of The Peninsula Chittagong Limited**

We have been engaged by The Peninsula Chittagong Limited (the "Company") to provide certification whether the Company has complied with the conditions of corporate governance guidelines issued by the Bangladesh Securities and Exchange Commission in its notification number SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 and SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July 2013 (the "conditions of corporate governance guidelines") for the year ended 30 June 2016.

The Company's Responsibilities

Those charged with governance and management of the Company are responsible for complying with the conditions of corporate governance guidelines. Those charged with the governance of the Company are also responsible for stating in the directors' report whether the Company has complied with the conditions of corporate governance guidelines.

Our Responsibilities

Our responsibility is to examine the Company's status of compliance with the conditions of corporate governance guidelines and to certify thereon in the form of an independent assurance conclusion based on the evidence obtained. For the purpose of the engagement, we comply with ethical requirements, including independence requirements, and plan and perform our procedures to obtain assurance whether the Company has complied with the conditions of corporate governance guidelines.

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, the Company has complied with the conditions of corporate governance guidelines for the year ended 30 June 2016.

Chittagong, 24 October 2016

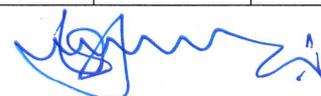


Mohammad Saif Uddin, CISA, FCA

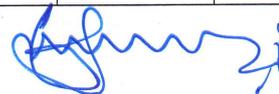
ANNEXURE

Status of compliance with the conditions imposed by the Securities and Exchange Commission's Notification No.SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August, 2012 and SEC/CMRRCD/2006-158/147/ Admin/48 dated 21 July 2013.

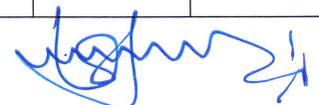
Condition No	Titles	Compliance Status		Remarks (If Any)
		Complied	Not Complied	
1.	Board of Directors:			
1.1	Board's Size: The number of the board members shall not be less than 5 (five) and more than 20 (twenty)	√		
1.2	Independent Directors:			
1.2 (i)	One fifth (1/5) of the total number of directors	√		
1.2 (ii) a)	Does not hold any share or holds less than 1% shares of the total paid-up shares.	√		
1.2 (ii) b)	Not connected with any sponsor/director/shareholder who holds 1% or more shares of the total paid-up shares on the basis of family relationship.	√		
1.2 (ii) c)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies	√		
1.2 (ii) d)	Not a member, director or officer of any stock exchange	√		
1.2 (ii) e)	Not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market	√		
1.2 (ii) f)	Not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of any statutory audit firm.	√		
1.2 (ii) g)	Not be an independent director in more than 3 (three) listed companies;	√		
1.2 (ii) h)	Not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a NBF	√		
1.2 (ii) i)	Not been convicted for a criminal offence involving moral turpitude	√		
1.2 (iii)	Nominated by the board of directors and approved by the shareholders in the AGM	√		
1.2 (iv)	Not remain vacant for more than 90 (ninety) days	√		
1.2 (v)	Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded	√		
1.2 (vi)	Tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	√		
1.3	Qualification of Independent Director (ID):			
1.3 (i)	Knowledge of Independent Directors	√		
1.3 (ii)	Background of Independent Directors	√		
1.3 (iii)	Special cases for qualifications	√		ID has possessed requisite qualifications.
1.4	Individual Chairman of the Board and CEO:	√		
1.5	The Directors' Report to Shareholders:			
1.5 (i)	Industry outlook and possible future developments in the industry	√		
1.5 (ii)	Segment-wise or Product wise performance	√		
1.5 (iii)	Risks and concerns	√		



Condition No	Titles	Compliance Status		Remarks (If Any)
		Complied	Not Complied	
1.5 (iv)	Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	√		
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss	√		
1.5 (vi)	Basis for related party transactions	√		
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through any others	√		
1.5 (viii)	Explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing.	√		
1.5 (ix)	Explanation about significant variance occurs between Quarterly Financial performance and Annual Financial Statements	√		No significant variance occurred.
1.5 (x)	Remuneration to directors including independent directors	√		
1.5 (xi)	Fairness of Financial Statement	√		
1.5 (xii)	Maintenance of proper books of accounts	√		
1.5 (xiii)	Adoption of appropriate accounting policies and estimates	√		
1.5 (xiv)	Followed IAS, BAS, IFRS and BFRS in preparation of financial statements	√		
1.5 (xv)	Soundness of internal control system	√		
1.5 (xvi)	Ability to continue as a going concern	√		
1.5 (xvii)	Significant deviations from the last year's operating results.	√		
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years	√		
1.5 (xix)	Reasons for not declared dividend	√		Dividend has been declared.
1.5 (xx)	Number of board meetings held during the year and attendance	√		
1.5 (xxi)	Pattern of shareholding:			
1.5 (xxi) a)	Parent/Subsidiary/Associated Companies and other related parties	√		There was no Parent, Subsidiary or Associated company.
1.5 (xxi) b)	Directors, CEO,CS,CFO,HIA and their spouses and minor children	√		
1.5 (xxi) c)	Executives	√		
1.5 (xxi) d)	10% or more voting interest	√		
1.5 (xxii)	Appointment/re-appointment of director:			
1.5 (xxii) a)	Resume of the director	√		
1.5 (xxii) b)	Expertise in specific functional areas	√		
1.5 (xxii) c)	Holding of directorship and membership of committees of the board other than this Company.	√		
2.	Chief Financial Officer (CFO), Head of Internal Audit (HIA) and Company Secretary (CS):			
2.1	Appointment	√		
2.2	Attendance of CFO and CS at the meeting of the Board of Directors	√		
3.	Audit Committee:			
3 (i)	Constitution of Audit Committee	√		
3 (ii)	Assistance of the Audit Committee to Board of	√		



Condition No	Titles	Compliance Status		Remarks (If Any)
		Complied	Not Complied	
	Directors			
3 (iii)	Responsibility of the Audit Committee	√		
3.1	Constitution of the Audit Committee:			
3.1 (i)	At least 3 (three) members	√		
3.1 (ii)	Appointment of members of the Audit Committee	√		
3.1 (iii)	Qualification of Audit Committee members	√		
3.1 (iv)	Term of Service of Audit Committee members	√		
3.1 (v)	Secretary of the Audit Committee	√		
3.1 (vi)	Quorum of the Audit Committee	√		
3.2	Chairman of the Audit Committee:			
3.2 (i)	Board of Directors shall select the Chairman.	√		
3.2 (ii)	Chairman of the audit committee shall remain present in the AGM.	√		
3.3	Role of Audit Committee:			
3.3 (i)	Oversee the financial reporting process	√		
3.3 (ii)	Monitor choice of accounting policies and principles	√		
3.3 (iii)	Monitor Internal Control Risk management Process	√		
3.3 (iv)	Oversee hiring and performance of external Auditors	√		
3.3 (v)	Review the annual financial statements before submission to the board for approval	√		
3.3 (vi)	Review the quarterly and half yearly financial statements before submission to the board for approval	√		
3.3 (vii)	Review the adequacy of internal audit Function	√		
3.3 (viii)	Review statement of significant related party transactions	√		
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors	√		
3.3 (x)	Disclosure about the uses/applications of funds raised by IPO/RPO/Right issue	√		
3.4	Reporting of the Audit Committee:			
3.4.1	Reporting to the Board of Directors:			
3.4.1 (i)	Activities of Audit Committee	√		
3.4.1 (ii) a)	Conflicts of interests	√		No such matter has arisen.
3.4.1 (ii) b)	Material defect in the internal control system	√		No such matter has arisen.
3.4.1 (ii) c)	Infringement of laws, rules and regulations	√		No such matter has arisen.
3.4.1 (ii) d)	Any other matter	√		No such matter has arisen.
3.4.2	Reporting to the Authorities	√		No such matter has arisen.
3.5	Reporting to the Shareholders and General Investors	√		
4.	Engagement of External/Statutory Auditors:			
4 (i)	Appraisal or valuation services or Fairness Opinions	√		
4 (ii)	Financial information systems design and	√		



Condition No	Titles	Compliance Status		Remarks (If Any)
		Complied	Not Complied	
	Implementation			
4 (iii)	Book-keeping	√		
4 (iv)	Broker-dealer services	√		
4 (v)	Actuarial services	√		
4 (vi)	Internal audit services	√		
4 (vii)	Services that the Audit Committee determines	√		
4 (viii)	Audit firms shall not hold any share of the company they audit.	√		
4 (ix)	Audit/certification services on compliance of corporate governance.	√		
5.	Subsidiary Company :			
5 (i)	Composition of the Board of Directors	√		There was no Subsidiary Company.
5 (ii)	At least 1 (one) independent director to the subsidiary company	√		There was no Subsidiary Company.
5 (iii)	Submission of Minutes to the holding company	√		There was no Subsidiary Company.
5 (iv)	Review of Minutes by the holding company	√		There was no Subsidiary Company.
5 (v)	Review of Financial Statement by the holding company	√		There was no Subsidiary Company.
6.	Duties of Chief Executive Officer and Chief Financial Officer:			
6 (i) a)	Reviewed the materially untrue of the financial statement	√		
6 (i) b)	Reviewed about compliance of the accounting standard	√		
6 (ii)	Reviewed about fraudulent, illegal or violation of the company's code of conduct	√		
7.	Reporting and Compliance of Corporate Governance:			
7 (i)	Obtain certificate about compliance of conditions of Corporate Governance Guidelines	√		
7 (ii)	Annexure attached in the directors' report	√		

