

STOCK CODE : 5827
COMPANY NAME : ORIENTAL INTEREST BERHAD
FINANCIAL YEAR : June 30, 2018

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 of Directors ("the Board") takes full responsibilities for the overall corporate governance and strategic direction of Oriental Interest Berhad ("OIB" or "the Company") and its subsidiaries (collectively referred to as "OIB Group" or "the Group"). In discharging its fiduciary duties within a framework founded on transparency, integrity and accountability, the Board ensures that it aligns the interests of the Board and Management with that of shareholders and all stakeholders.</p> <p>The Board provides thought leadership and advice in fine-tuning corporate strategies and business model, championing good corporate governance practices, overseeing risk management and internal control system to ensure an optimum balance of a sound and sustainable business operation. The Board also ensures that the necessary resources are in place for the Company to meet its objectives and review management performance.</p> <p>The Board is assisted by three (3) Board Committees, namely, Audit and Risk Management Committee ("ARMC"), Nominating Committee ("NC") and Remuneration Committee ("RC") to ensure appropriate checks and balances in discharging its oversight function. Each Committee operates under clearly defined Terms of Reference ("TOR") as approved by the Board to oversee and deliberate matters within their purviews. The ultimate responsibility for the final decision on all matters, however, lies with the Board.</p> <p>The ARMC and the Board met with representatives from Management on a quarterly basis where Management reported on the performance and results of the business of the Company and the Group which are benchmarked against the previous reporting period / year, as applicable.</p> <p>During financial year ended 30 June 2018 ("FY2018"), the Board also discussed sustainability topics such as business expansion and development as well as leadership particularly female Director. In accepting updated report on enterprise risk management, the Board noted management's efforts in identification, evaluation and monitoring of key risks which focussed on strategic, operational and financial aspects as well as mitigation of the same.</p> <p>The drive for excellence throughout the Group is driven by tone from the top as enshrined in the Group's Vision and Mission Statements. The Board has also established clear functions reserved for the Board, Board Committees, Directors and those delegated to Management. The Board is responsible for the overall business framework within which the Group operates.</p>

	<p>This is formalised into a schedule of events that is reserved for the Board and these may include determining overall group strategy and direction to approve acquisitions and divestments, business plan, budgets, capital expenditures, quarterly and annual financial results as well as monitoring financial and operational performance. Management is responsible for the execution of activities to meet corporate plans as well as instituting various measures to ensure due compliance with various governing legislations.</p>	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

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 Board is led by Dato' Wira Lim Teong Kiat, an Independent Non-Executive Chairman. His profile is outlined under the Profile of Directors in the Annual Report 2018.</p> <p>The Chairman leads the governance activities on the Board, creates a conducive environment geared towards building and enhancing the Board's effectiveness and ensures that all strategic and critical issues are discussed by the Board in a timely manner.</p> <p>The Chairman also acts as a facilitator at Board meetings to ensure that no Board member dominates discussion for healthy discussion to take place by fostering free expression of views and constructive debate on all issues pertinent to the welfare and future of the Group to achieve optimum decision-making by the Board.</p> <p>The roles and responsibilities of the Chairman of the Board are stated in the Board Charter, which is available on the Company's website at www.oibgroup.com.</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	:	<p>The Board has always made the distinction that the position of the Chairman and the Chief Executive Officer ("CEO") does not reside with the same person to ensure organisational check and balance for better governance. The CEO is Mr Low Kok Shen. Their respective roles and responsibilities are clearly segregated to engender accountability and avoid unfettered powers in decision-making.</p> <p>The CEO is responsible for the executive management of the Group's business covering, inter alia, the development of a long-term strategic and short-term profit plans, annual operating plan and budget, to ensure that the Group's requirements for growth, profitability and return on capital are achieved. He is supported by the Executive Directors and Management team in implementing the Group's strategic plans and overseeing the operations and business development of the Group,</p> <p>The CEO also ensures that the Group's corporate identity, products and services are of high standard and reflective of market environment, business practices are in compliance with governmental regulations.</p> <p>During scheduled Board meetings, the CEO briefed on the performance of the Group, business ecosystem and plans going forward.</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 1.4

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 professionally qualified and competent Company Secretaries. Both Company Secretaries of the Company are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016 as they are the members of the MAICSA (Malaysian Institute of Chartered Secretaries & Administrators).</p> <p>The Company Secretaries play an advisory role to the Board, particularly with regard to the Board policies and procedures, corporate disclosure obligations, compliance with statutory and regulatory requirements and adoption of corporate governance best practices.</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 notice of Board and Board Committees meeting together with Board papers are circulated to the Directors at least seven (7) days prior to each meeting. This is to accord sufficient time for the Directors to study and evaluate the matters to be discussed and obtain further information and/or clarification from the Management or the Company Secretaries, where necessary, prior to meeting to expedite decision-making process.</p> <p>The Company Secretaries always ensure proper minutes of all proceedings of the meetings such as the issues raised, deliberations and decisions of the Board and Board Committees, including matters where Directors abstained from voting or deliberation. The minutes of the meetings will be circulated to the Directors and confirmed by the respective Chairman at the subsequent meetings.</p> <p>The Directors, whether as full Board or in their personal capacity, may upon approval from the Board, seek independent professional advice if required, in furtherance of their duty, at the Group’s expense.</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	:	<p>There is a Board Charter which serves as the primary guiding literature to the Board in the fulfilment of its fiduciary and leadership functions. The Board Charter clearly delineates the respective roles and responsibilities of the Board, Board Committees and Management as well as a schedule of matters reserved for collective decision of the Board.</p> <p>On 17 August 2018, the Board had reviewed and approved amendments to the Board Charter to enhance governance practices on the Board in line with the principles of good corporate governance in the Malaysian Code on Corporate Governance (“MCCG”) and the requirements of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).</p> <p>The updated Board Charter is published on the Company’s website at www.oibgroup.com.</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 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 Group is committed to maintaining high standards of ethics, professionalism and integrity in all business dealings. As such, the Group has, in place, a Code of Conduct for Directors, Management and employees as well as a Code of Ethics for Directors.</p> <p>Reading together, these reflect the Board's commitment and underscore tone from the top for proper ethical behaviour expected of the Directors and employees. These documents provide guidance to Directors and employees in their decision-making in that these are correct and comply with high ethical standards particularly those work-related decisions which are highly judgmental.</p> <p>The Board has reviewed and amended both Codes on 17 August 2018 to align with the recommendations of the MCCG. Both Codes are available on the Company's corporate website at www.oibgroup.com.</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 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 has formalised a Whistle Blower Policy that are applicable to all stakeholders of the Group. The Whistle Blower Policy provides an avenue to raise genuine concerns relating to potential breaches of business conduct, non-compliance with legal and regulatory requirements as well as other malpractices without fear of retribution or detrimental action. The Board vide the Whistle Blower Policy emphasises good faith in reporting, protection from reprisal as well as anonymity of the whistle blower's identity.</p> <p>The Whistle Blower Policy is available on the Company's website at www.oibgroup.com.</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 4.1

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	:	<p>The current Board comprised of seven (7) members with two (2) being Independent Non-Executive Directors (“INEDs”).</p> <table border="1"> <thead> <tr> <th>Directorate</th> <th>Director(s)</th> </tr> </thead> <tbody> <tr> <td>Executive</td> <td>Low Kok Shen, CEO Low Kok Aun Low Kok Kean Low Ping Kun</td> </tr> <tr> <td>Independent Non-Executive</td> <td>Dato’ Wira Lim Teong Kiat Tunku Mohamad Zulkifli Bin Osman</td> </tr> <tr> <td>Non-Executive Non-Independent</td> <td>Low Kok Horng</td> </tr> </tbody> </table> <p>The Board is in compliance with paragraph 15.02 of the MMLR of Bursa Securities, which requires that at least two (2) Directors or one-third of the Board of the Company, whichever is the higher, are Independent Directors.</p> <p>The Board is mindful that the Board does not comprise at least half of INEDs and is of the view that the present INEDs, with the breadth of professional background, have enabled the Board to exercise objective judgement on various issues and decisions are made through their sharing of impartial, objective and unbiased opinion and viewpoints.</p> <p>As a safeguard measure, the Board has in place the ARMC, NC and RC to assist the Board with oversight functions in selected responsibility areas.</p> <p>The current composition of the Board Committees, made up of a majority of INEDs affirmed the Board’s commitment towards independence in Board leadership and provide strong check and balance in the Board’s governance function. There is no individual Director or group of Directors who has unfettered powers or assumes a dominant position in the Board’s decision making process.</p> <p>At every meeting, all Directors are required to disclose their interest or any possible conflicts of interest on any matter put forth in the meeting. Such interested Director shall abstain from participation in discussions and/or voting to allow unbiased and free discussion and decision making.</p> <p>The independence of each INED is reviewed by the NC on an annual basis. Thus far, both INEDs have satisfied the independence criteria as defined under paragraph 1.01 of the MMLR of Bursa Securities and they are able to continue exercise objective judgment in the Board’s decision making process.</p>	Directorate	Director(s)	Executive	Low Kok Shen, CEO Low Kok Aun Low Kok Kean Low Ping Kun	Independent Non-Executive	Dato’ Wira Lim Teong Kiat Tunku Mohamad Zulkifli Bin Osman	Non-Executive Non-Independent	Low Kok Horng
Directorate	Director(s)									
Executive	Low Kok Shen, CEO Low Kok Aun Low Kok Kean Low Ping Kun									
Independent Non-Executive	Dato’ Wira Lim Teong Kiat Tunku Mohamad Zulkifli Bin Osman									
Non-Executive Non-Independent	Low Kok Horng									

	<p>Therefore, the lack of the necessary number of INEDs does not jeopardise the independence of Board deliberations and all decisions have been made in the best interest of the Company and the Group. Nonetheless the Board will address Board succession planning in the near future to ensure that INEDs form 50% of Board composition.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

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	:	Not applicable - No independent director(s) serving beyond 9 years	
Explanation on application of the practice	:		
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	:	Adopted
Explanation on adoption of the practice	:	<p>The Board Charter limits the tenure of its INEDs to nine (9) years with a view to enable the Board's continuous refreshment and maintenance of its effectiveness.</p> <p>In the event the Board intends to retain a Director as INED after the latter has served a cumulative/consecutive term of nine (9) years, the Board must justify the decision and seek shareholders' approval at AGM (annual general meeting).</p>

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	:	<p>Diversity at the Board and Senior Management level is one of the essential elements in supporting sustainable and balanced development towards achieving the Group's strategic objectives. All appointments of Board member and Senior Management have been and will be based on objective criteria, merit and also due regard for diversity in experience, skills set, age and cultural background.</p> <p>The current Board reflects a mix of suitably qualified and experienced professionals in the fields of architecture, engineering, general management, banking, sales and marketing, finance and accounting, tax and legal. The combination of different professions and skills enables effective deliberation among Board members with fresh insights and objective assessment.</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 4.5

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The Board is supportive and acknowledges the need for gender diversity on the Board and in Senior Management. Currently, the Board does not comprise of any female Director. However, the issue of gender diversity has been discussed and given prominence during deliberations by the NC and the Board.</p> <p>Whilst acknowledging the recommendation of the MCCG on gender diversity, the Board is of the collective opinion that there was no necessity to adopt a formal gender diversity policy as the Group is committed to provide fair and equal opportunities and nurturing diversity within the Group.</p>	
	:	<p>Notwithstanding the absence of a female Board member, female gender made up 50% of total staff at Senior Management level. Total percentage of female staff throughout the Group stood at 49%.</p>	
	:	<p>The NC is actively searching for a woman candidate to join the Board to address the gender imbalance in composition of Board. Nevertheless, it will take some time for the Board and the NC to identify and select a suitably well qualified female director.</p>	
	:	<p>In addition, the Board affirmed that in the event of any Board vacancy in future, gender diversity shall be one of the criteria to be considered by the NC during their evaluation and selection process.</p>	
<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 4.6

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	:	<p>There was no new appointment to the Board during the year under review.</p> <p>The NC has leveraged on the Directors' wide network of professional and business contacts in their current search for new female Director. The NC is also open to utilise a variety of approaches and independent sources to identify suitably qualified candidate(s) for consideration as Director and will ensure that the procedures for evaluating and selecting new Director are transparent and formal with the appointment made on merit basis.</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 4.7

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

Application	:	Applied
Explanation on application of the practice	:	The NC comprised solely of Non-Executive Directors (“NEDs”) with a majority independent. Its present composition is as follows:
		Chairman Dato’ Wira Lim Teong Kiat
		Members Tunku Mohamad Zulkifli Bin Osman Low Kok Horng
		The Chairman of NC, Dato’ Wira Lim Teong Kiat, is an INED. The NC’s key activities during FY2018 are as disclosed in the Annual Report 2018. The TOR of NC is accessible for reference on the corporate website at www.oibgroup.com.my .
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 Board has adopted a Directors’ Assessment Policy which sets out the criteria and procedures for Board performance assessment. The NC is entrusted by the Board to conduct an annual review of the effectiveness of the Board and Board Committees as well as the performance of each individual Director. The Board regards the evaluation exercise as a platform to surface any areas of concern and bring about constructive changes.</p> <p>The evaluation is conducted internally via customised questionnaires, using a self and peer-rating model. All Directors are provided with the same set of assessment forms for their completion. The results of all assessments and comments by Directors are summarised and tabled for review and discussion at the NC meeting. Thereafter, the Chairman of the NC will report on the results and deliberations to the Board. All assessments and evaluations carried out by the NC in the discharge of all its functions are documented.</p> <p>Annual assessment on effectiveness of the Board and Board Committees as a whole has been conducted based on specific criteria, covering areas such as Board mix and composition, quality of information and decision making, participation in Boardroom activities and relationship with the management as well as overall effectiveness and efficiency in discharging their function. The criteria used in the annual evaluation of individual Director revolved around personality, experience, integrity, competence, contribution and time commitment. All assessments and evaluations carried out by the NC in the discharge of all its functions are documented.</p> <p>The Director who is subject to re-election at next AGM is assessed by the NC before recommendation is made to the Board and shareholders for re-election. Appropriate assessment and recommendation by the NC is based on the annual assessment conducted.</p> <p>The Board was satisfied with the outcome of the evaluation and was of the view that the internal evaluation was adequate to determine the overall effectiveness of the Board, Board Committees and individual Directors.</p> <p>The results of all assessments and comments by Directors are summarised and tabled at the NC meeting. The Chairman of the NC will report the results and deliberation to the Board.</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 6.1

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 Company has in place a formal and transparent Directors’ Remuneration Policy to attract, retain, motivate and reward Directors of the calibre needed to lead the Group towards success.</p> <p>The Executive Directors played no part in deciding their own remuneration and the respective Board members shall abstain from all discussion pertaining to their remuneration.</p> <p>The remuneration package of the executive Board members is structured to ensure that compensation and benefits commensurate with the level of responsibilities, experience, contribution, ethical values as well as taking into consideration performance-related elements such as the Group’s growth and profitability.</p> <p>As for Non-Executive Directors, the level of remuneration is reflective of their experience, expertise, contribution, level of responsibilities and the onerous challenges in discharging their fiduciary duties.</p> <p>The Remuneration Policy is available for reference on the Company’s website at www.oibgroup.com.</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

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 fees and benefits payable for the Directors are endorsed by the Board of Directors for approval by the shareholders at the AGM prior to payment.</p> <p>The remuneration received / receivable by the Directors of the Group and the Company for FY2018 is as tabulated:</p> <p>Group level</p> <table border="1"> <thead> <tr> <th>Directors</th> <th>Salaries and other emoluments¹ RM'000</th> <th>Fees RM'000</th> <th>Benefits-in-kind RM'000</th> <th>Allowance and Other Benefits RM'000</th> <th>Total RM'000</th> </tr> </thead> <tbody> <tr> <td>Dato' Wira Lim Teong Kiat</td> <td>-</td> <td>50</td> <td>-</td> <td>11</td> <td>61</td> </tr> <tr> <td>Tunku Mohamad Zulkifli Bin Osman</td> <td>-</td> <td>50</td> <td>-</td> <td>11</td> <td>61</td> </tr> <tr> <td>Low Kok Shen</td> <td>864</td> <td>50</td> <td>4</td> <td>108</td> <td>1,026</td> </tr> <tr> <td>Low Kok Aun</td> <td>804</td> <td>50</td> <td>5</td> <td>100</td> <td>959</td> </tr> <tr> <td>Low Kok Kean</td> <td>804</td> <td>50</td> <td>-</td> <td>101</td> <td>955</td> </tr> <tr> <td>Low Ping Kun</td> <td>804</td> <td>50</td> <td>3</td> <td>101</td> <td>958</td> </tr> <tr> <td>Low Kok Horng</td> <td>-</td> <td>50</td> <td>-</td> <td>10</td> <td>60</td> </tr> <tr> <td>Total</td> <td>3,276</td> <td>350</td> <td>12</td> <td>442</td> <td>4,080</td> </tr> </tbody> </table> <p>Company level</p> <table border="1"> <thead> <tr> <th>Directors</th> <th>Salaries and other emoluments¹ RM'000</th> <th>Fees RM'000</th> <th>Benefits-in-kind RM'000</th> <th>Allowance and Other Benefits RM'000</th> <th>Total RM'000</th> </tr> </thead> <tbody> <tr> <td>Dato' Wira Lim Teong Kiat</td> <td>-</td> <td>50</td> <td>-</td> <td>11</td> <td>61</td> </tr> <tr> <td>Tunku Mohamad Zulkifli Bin Osman</td> <td>-</td> <td>50</td> <td>-</td> <td>11</td> <td>61</td> </tr> <tr> <td>Low Kok Shen</td> <td>-</td> <td>50</td> <td>-</td> <td>4</td> <td>54</td> </tr> <tr> <td>Low Kok Aun</td> <td>-</td> <td>50</td> <td>-</td> <td>4</td> <td>54</td> </tr> <tr> <td>Low Kok Kean</td> <td>-</td> <td>50</td> <td>-</td> <td>5</td> <td>55</td> </tr> <tr> <td>Low Ping Kun</td> <td>-</td> <td>50</td> <td>-</td> <td>4</td> <td>54</td> </tr> <tr> <td>Low Kok Horng</td> <td>-</td> <td>50</td> <td>-</td> <td>10</td> <td>60</td> </tr> <tr> <td>Total</td> <td>-</td> <td>350</td> <td>-</td> <td>49</td> <td>399</td> </tr> </tbody> </table> <p>Note: ¹ This includes bonus as well as statutory contributions.</p>	Directors	Salaries and other emoluments ¹ RM'000	Fees RM'000	Benefits-in-kind RM'000	Allowance and Other Benefits RM'000	Total RM'000	Dato' Wira Lim Teong Kiat	-	50	-	11	61	Tunku Mohamad Zulkifli Bin Osman	-	50	-	11	61	Low Kok Shen	864	50	4	108	1,026	Low Kok Aun	804	50	5	100	959	Low Kok Kean	804	50	-	101	955	Low Ping Kun	804	50	3	101	958	Low Kok Horng	-	50	-	10	60	Total	3,276	350	12	442	4,080	Directors	Salaries and other emoluments ¹ RM'000	Fees RM'000	Benefits-in-kind RM'000	Allowance and Other Benefits RM'000	Total RM'000	Dato' Wira Lim Teong Kiat	-	50	-	11	61	Tunku Mohamad Zulkifli Bin Osman	-	50	-	11	61	Low Kok Shen	-	50	-	4	54	Low Kok Aun	-	50	-	4	54	Low Kok Kean	-	50	-	5	55	Low Ping Kun	-	50	-	4	54	Low Kok Horng	-	50	-	10	60	Total	-	350	-	49	399
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Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

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 Board is aware of the need for transparency in the disclosure of the remuneration of its Senior Management. Nonetheless, it is of the view that such disclosure could be detrimental to its business interests given the highly competitive human resource environment in which the Group operates where intense headhunting for personnel with the right expertise, knowledge and relevant working experience is the norm. As such, disclosure of specific remuneration information of senior management personnel (who are not the Directors or the CEO) could give rise to recruitment and talent retention issues going forward.	
		The Board assures that the remuneration of the Senior Management commensurate with the level of responsibilities, individual performance and the overall performance of the Group. Excessive remuneration pay-out is not made to the Senior Management personnel in any instance.	
<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	:	This is Not Adopted in view that the Company does not fall within the definition of "Large Companies".

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board is mindful of the fact that the roles of the Chairman of the Board and ARMC is currently combined and held by Dato' Wira Lim Teong Kiat.</p> <p>Nonetheless, the NC and the Board were of the view that Dato' Wira Lim Teong Kiat had carried out his dual duties effectively and impartially. He has also exercised good judgement and objectivity in leading discussion at Board level with Management on issues highlighted by the ARMC.</p> <p>Details on the composition and other pertinent facts of the ARMC is outlined under the ARMC Report in the Annual Report 2018.</p> <p>The TOR of ARMC is published on the corporate website at www.oibgroup.com.my.</p> <p>The Board through the Nominating Committee will endeavour to identify candidate(s) who is/are financially literate as member(s) and or Chairman of the ARMC.</p>
<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	:	Applied
Explanation on application of the practice	:	<p>None of the members of the Board were former key audit partners. Hence, no former key audit partner is appointed to the ARMC.</p> <p>The recently amended TOR of the ARMC has a clause for the ARMC to ensure that a cooling-off period of at least two (2) years is observed in the event any potential candidate to be appointed as a member of the ARMC was a former key audit partner.</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 8.3

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 ARMC undertakes an annual assessment of the suitability and independence of the external auditors and is satisfied with the level of independent and performance of the external auditors including quality of audit review procedures, adequacy of audit firm’s expertise, its resources to carry out the audit work according to the audit plan.</p> <p>The ARMC has considered the non-audit services provided by the external auditors during financial year under review and concluded that the provision of these services did not compromise the external auditors’ independence and objectivity.</p> <p>The external auditors have confirmed to the ARMC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with professional and regulatory requirements.</p> <p>A summary of activities of the ARMC during the financial year under review is set out in the ARMC Report in the Annual Report 2018.</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	:	<p>This is Not Adopted in view that the Company does not fall within the definition of "Large Companies".</p> <p>The present composition of the ARMC comprises wholly of Non-Executive Directors, majority of whom being independent. The Board would revisit the composition in due course.</p>

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	:	<p>The ARMC currently comprised of members with professional experience in audit, taxation, corporate finance, legal and business environment. All members are financially literate and are able to read, interpret and understand the financial statements. The diversity in skills set coupled with their financial literacy gave the ARMC the ability to effectively discharge their roles and responsibilities.</p> <p>The Chairman of the ARMC is a Fellow member of Institute of Chartered Accountants in England and Wales and a member of Malaysian Institute of Accountants.</p> <p>The members of the ARMC will continue to undergo training programmes from time to time to address any skills or knowledge gaps according to their needs.</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 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its overall responsibility for maintaining a sound risk management framework and internal control system. The Board is accountable for reviewing and monitoring the Group's risk management and internal control system which provides reasonable assurance of an effective and efficient operation, compliance with laws and regulations and to safeguard shareholders' investment and the Group's assets.</p> <p>The Board has formalised a Risk Management Framework ("RMF") in place to identify, evaluate, control, monitor and report the principal business risks faced by the Group on an ongoing basis.</p> <p>In line with the MMLR of Bursa Securities and the MCCG, the Group has also established its internal audit function which is carried out internally its by Internal Audit Department.</p> <p>The Statement on Risk Management and Internal Control in Annual Report 2018 provides an overview on the state of internal controls and risk management within the Group.</p> <p>Continuous reviews are carried out by the Group's internal audit function and management to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place. The findings of the internal audit function are reported to the ARMC regularly.</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>The Board recognises that identification, evaluation and management of significant risks faced by the Group is an ongoing process. The Board reviews internal control and risk management issues identified by the management and internal auditors and evaluates the adequacy and effectiveness of the Group’s risk management and internal control system.</p> <p>The Board has received assurance in writing from the CEO and the Chief Financial Officer that the Group’s risk management and internal control systems have been operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of this Statement. Based on this assurance, the input from relevant assurance providers, as well as its review, the Board is of the view that the Group’s risk management and internal control system is satisfactory to meet the Group’s needs and has not resulted in any material losses, contingencies or uncertainties that require disclosure in the Group’s annual report.</p> <p>The Statement on Risk Management and Internal Control in the Annual Report 2018 provides an overview on the state of internal controls and risk management within 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

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	:	Not Adopted
Explanation on adoption of the practice	:	<p>This is Not Adopted in view that the Company does not fall within the definition of "Large Companies".</p> <p>The ARMC was renamed on 25 February 2013 concurrent with the broadening of its scope of duties and responsibilities to encompass risk management of the various businesses of the Group in addition to internal control, financial reporting and corporate governance.</p>

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’s internal audit function is handled independently by its in-house Internal Audit Department which is independent of the activities and operations it audits.</p> <p>The internal audit function reports directly to the ARMC on a quarterly basis. The principal role of the internal audit function is to undertake independent, regular and systematic reviews of the internal control system to provide reasonable assurance on the adequacy and integrity of the risk management system, internal control and governance of the Group to safeguard the Group’s assets and resources.</p> <p>The activities of the internal auditors during the financial period are set out in the ARMC Report in the Annual Report 2018.</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 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 Group’s internal audit function is carried out by its in-house Internal Audit & Compliance Department which is led by a Senior Internal Audit Executive. The team lead holds a Bachelor of Business (Accounting) and is a member of Institute of Internal Auditors Malaysia.</p> <p>The total expenses incurred for internal audit amounted to RM81,100 for FY2018.</p> <p>The ARMC is satisfied that the internal audit function has sufficient resources and is able to access information to undertake its duties effectively. The internal audit personnel are independent from the operational activities of the Group and do not hold management authority and responsibility over the operations that internal audit covers in its scope of works, which could impair their objectivity and independence.</p> <p>The internal audit is carried out in accordance with the Internal Audit Plan as approved by the ARMC and all audit findings arising therefrom are reported directly to the ARMC. The internal audit team adopts a risk-based approach towards the planning and conduct of their audits, and this is consistent with the Group’s approach in designing, implementing and monitoring its internal control system.</p> <p>The activities of the internal auditors during the financial period are set out in the ARMC Report in the Annual Report 2018.</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 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises and values the importance of timely and equal dissemination of material information to the shareholders, investors and public at large. The Board strives to maintain an open and transparent channel of communication with its various groups of stakeholders with the objective of providing clear and complete picture of the Group's performance and financial position to allow them to make decisions in an informed manner.</p> <p>The shareholders and other stakeholders are kept informed of all major corporate developments and activities of the Group through the Annual Reports, quarterly results, circulars to shareholders and various announcements.</p> <p>The Board has designated a dedicated section for "Investors" on the Company's website where updates on the corporate information, Group structure, Directors' Profile, announcement and corporate governance can be accessed. The contact details of designated persons to address any queries are also published on the corporate website at www.oibgroup.com.</p> <p>Another key avenue of communication with its shareholders is the Company's AGM, which serves as the principal forum for dialogue with shareholders where they may raise question or seek clarification on the Company's performance and business operations.</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	:	This is Not Applicable to the Company in view that the Company does not fall within the definition of "Large Companies".	
<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	:	The notice for the upcoming 25 th AGM on 22 November 2018 has been provided more than twenty-eight (28) days in advance to enable shareholders to make adequate preparation.	
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	:	<p>The Board acknowledges its responsibility to engage shareholders' participation at the general meetings and provide meaningful responses to their concerns and queries.</p> <p>As a testament to this commitment, all the Directors had attended the 24th AGM and Extraordinary General Meeting held on 26 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

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	:	<p>Based on an analysis of the investors, the Company does not have a large number of shareholders. Also, a large majority of investors are Malaysians. Further, all general meetings are held at the Royal Kedah Club, which is easily accessible to all shareholders. As such, there is no concern over voting in absentia and/or remote shareholders' participation at AGM.</p> <p>As of now, the Company encourages participation of shareholders through the issuance of proxies when there is indication that shareholders are unable to attend and vote in person at general meetings and maintain the same location for the AGM for the past years.</p>	
<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.

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