

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 0153  
**COMPANY NAME** : Oversea Enterprise Berhad  
**FINANCIAL YEAR** : March 31, 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.

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Board is responsible for the business affairs and overall performance of the Company and its subsidiary companies. The Board plays an important role in determining the long term and strategic direction of the Group for the purpose of enhancing shareholders' value and to ensure long term sustainability of the Group.</p> <p>Certain responsibilities of the Board are delegated to other Board Committees, which operate within clearly defined Terms of Reference. Standing committees of the Board include the Audit Committee ("<b>AC</b>"), Nominating Committee ("<b>NC</b>"), Remuneration Committee ("<b>RC</b>"), Risk Management Committee ("<b>RMC</b>") and Steering Committee.</p> <p>Although specific powers are delegated to the Board Committees, the Board keeps itself abreast of the key issues and/or decisions made by each Board Committee through the reports made by Chairman or representative of each Committee and the tabling of Board Committee Minutes of the applicable period for notation by the Board.</p> <p>It is the general policy of the Company that all major decisions be considered by the Board as a whole.</p> <p>To ensure the effective discharge of its function and duties, the primary duties and responsibilities of the Board include (but are not limited to) the following:-</p> <p>(i) Review and adopt the Group's strategic plans</p> <p>The Directors play an active role in formulating, reviewing and adopting the strategic plans for the Group. The Executive Directors and the Key Senior Management team work together to formulate the yearly strategies and plans for the Group for approval by the Directors.</p> <p>The formulation of the business plans and budget setting for the financial year ended 31 March 2018 ("<b>FYE 2018</b>") commenced three (3) months before the beginning of the financial year. During the process of strategic planning, the Executive Directors met the Key Senior Management team several times to discuss important issues and concerns in order to deliver the best outcomes. Previous year's</p>

business performance, economic factors, change in market conditions and government regulations that may affect the performance of the businesses were taken into consideration in formulating the business plans and setting the Group budget.

For the FYE 2018, the Board has discharged of the following principal duties and responsibilities on the affairs of the Company and its subsidiary companies of the Group:-

(a) Strategic Planning – New Investments

- Opened a dim sum and steamboat outlet at Jalan Imbi, Kuala Lumpur, managed by Restoran Oversea Hong Kong Dim Sum Sdn. Bhd. (formerly known as Restoran Oversea Hong Kong Cafe Sdn. Bhd.)
- Prepare for opening of a new outlet in Genting Highlands, managed by Restoran Oversea (Skyplaza GH) Sdn. Bhd. (formerly known as Rich Tastes (Centrepont) Sdn. Bhd.)

(ii) Overseen the Group’s business operations and financial performance against the approved business plans.

The Board has a collective responsibility and accountability in overseeing the businesses of the Group.

The Independent Non-Executive Directors bring independent judgment and objective views to decisions taken by the Board. The Group Managing Director, on the other hand, is supported by the Executive Directors and the Key Senior Management team for the day-to-day management of the business and operations of the Group by ensuring that effective systems, controls and resources are in place to execute business strategies and plans entrusted to them. The Key Senior Management team highlights to the Executive Directors the significant operational issues and concerns arisen from the normal business operation and the progress of the key initiatives undertaken by them.

During the FYE 2018, the Executive Directors conducted quarterly Group performance and budget reviews together with the Key Senior Management team before AC and Board meetings. The Board monitors the performance of Key Senior Management team on a regular basis vide the insertion of the following agenda items in the Board Meetings:-

- “To review the financial performance for the quarterly financial period”; and
- “To receive the Progress Report on the Group for the quarterly financial period”.

The Key Senior Management team analysed the financial results and discussed on various operational issues and factors that affecting the businesses. Instructions were given by the Board to the Key Senior Management team to take necessary actions to rectify problems faced and preventive actions were taken to avoid recurrence of similar problems in future. Any enquiries/concerns raised by the Board members in relation to the abovementioned agenda items would be clarified by a member of the Key Senior Management Team.

(iii) Identify principal risks and ensuring the implementation of appropriate internal control system to manage these risks

The Board recognises the importance of managing risks and maintaining a sound system of internal controls which cover financial, operational and statutory compliance and appropriate actions shall be taken to mitigate risks.

The RMC, which is led by an Independent Director to assist the Board to oversee the risk management aspects of the Group. The Chairman of the RMC reports to the Board on a periodical basis regarding the Group's risk exposures and the adequacy of compliance and control throughout the Group.

A Steering Committee which was set up on 4 November 2016, comprising of the management team from various departments. The Steering Committee is responsible to submit its risk management review to the RMC on a half-yearly basis and the Steering Committee has conducted the following during the FYE 2018:

- reviewed the identified risks and the effectiveness of current controls in placed in mitigating the identified risks;
- presented and discussed high risks identified to RMC during meeting; and
- followed up on queries and suggestions raised by RMC.

During the FYE 2018, the Board, through the RMC has adopted the following measurements:-

#### **Finance**

Due to the nature of the business, cash collections is a potentially high risk factor where cash misappropriation could occur. The Group monitors closely on the daily cash and deposits bank in of all restaurants with proper segregation of duties and implemented controls over all cash handling procedures including limits of authorities and periodic internal inspection to ensure strict adherence to the Group's cash handling policy.

#### **Information Technology**

As a preventive measure to protect the list of financial and non-financial data, the Group practices external data back up in two (2) different locations and maintain a periodic data back up recovery schedule to ensure completeness of the back up.

Notwithstanding with the delegation to the RCM, the Board as a whole remains responsible for all the actions of the RCM with regards to the execution of the delegated role and this includes the outcome of the review and disclosure on key risks and internal control in the Company's annual report.

- (iv) Establish and oversee a succession planning programme for Board and senior management of the Group including the remuneration and compensation policy thereof

The Board is mindful that succession planning is an integral part of the business continuity plan of the Company in ensuring the Company continues to achieve its long-term objectives. The Board, through the NC, is responsible for the succession planning of the Directors of the Company and Group. The NC has been entrusted by the Board to

identify and assess potential candidates for the position in the Board and Key Senior Management team. The NC seeks to ensure that an appropriate succession planning framework, including the formulation of the nomination, selection and succession policies and procedures for the succession planning are in place.

The NC will continue to perform its duty to identify potential candidates to ensure orderly succession of the position of the Board and Key Senior Management team.

- (v) Review the adequacy and integrity of the internal control system and management information of the Group

The Board is committed to establish and maintain an adequate internal control system in all its business functions to provide reasonable assurance of effective and efficient operations, comply with the applicable laws and regulations as well as the internal policies and procedures of the Group.

The AC has been delegated by the Board to review the adequacy and integrity of the Group's internal control systems and management information systems. The AC has in turn entrusted the outsourced Internal Auditors, to carry out such tasks and the same be incorporated as part of the Internal Audit Plan of the year to be adopted. The Internal Auditors are required to report to the AC with their findings and recommendations on the status of the internal control system of the Group on a quarterly basis.

Details pertaining to the Group's internal control system and its effectiveness are set out in the Statement on Risk Management and Internal Control in the Annual Report 2018.

- (vi) Oversee the development and implementation of various Board policies

The Board had established the following Board policies, serves as a guide to strengthen the governance of the Company:-

- Board Charter;
- Whistle Blowing Policy;
- Internal Audit Charter;
- Shareholder Communication Policy; and
- Policies and procedures to assess the suitability and independence of External Auditors.

The abovementioned policies are to be regularly reviewed by the Board as and when required.

- (vii) Avoiding conflicts of interest and ensuring disclosure of possible conflicts of interest

The Board has in placed Code of Ethics and Code as a guide for all individual directors, their personal interests or the interest of any associated person is not allow to conflict with the interests of the Company and report to the Board on any potential conflict.

In addition, all individual Directors shall abstain from making decisions in respect of his own remuneration and re-election.

- (viii) Undertake various functions and responsibilities as specified in the

	<p>guidelines and directives issued by the regulatory authorities from time to time.</p> <p>The Board take note on the functions and responsibilities as specified in the regulatory requirements i.e. ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and Companies Act 2016 on a regular basis.</p> <p>During the FYE 2018, the Board has attended the training in relation to the Companies Act 2016, to help the Board keep abreast of such developments in order to discharge their functions and responsibilities as Directors.</p> <p>The Board has adopted a formal schedule of matters specifically reserved to the Board for decision-making, which include but not limited to the followings:-</p> <ul style="list-style-type: none"> <li>i. Approval of business strategies and plans;</li> <li>ii. Approval of Group annual budget;</li> <li>iii. Acquisitions and disposals that are material to the business;</li> <li>iv. Declaration of interim dividend and make recommendation of final dividend for approval by shareholders, if any;</li> <li>v. Material corporate exercise, if any;</li> <li>vi. Approval of financial statements;</li> <li>vii. Investment in projects above a pre-determined limit;</li> <li>viii. Appointment of new Directors, Chief Executive Officer and other senior management positions based on recommendation of the NC; and</li> <li>ix. Related party transactions.</li> </ul>
<p><b>Explanation :</b> <b>for</b> <b>departure</b></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><b>Measure :</b></p>	
<p><b>Timeframe :</b></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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Being the founder of the "Oversea Restaurant (海外天)", Mr. Yu Soo Chye @ Yee Soo Chye has become as synonymous as the brand name itself which protrude confidence and good quality of Cantonese cuisine. Therefore, the Board has resolved to maintain Mr. Yu Soo Chye @ Yee Soo Chye as Chairman of the Board to continue in his role as the unofficial "Oversea's brand ambassador" for the essential survival and business continuation of the Group.</p> <p>The responsibilities of the Chairman, among others, include but not limited to the following:-</p> <ul style="list-style-type: none"> <li>(i) Lead the Board and ensure its effectiveness of all aspects;</li> <li>(ii) Preside at Board and shareholders meetings and ensuring the proceedings thereof comply with good conduct and practices;</li> <li>(iii) Facilitate the deliberation and discussion to enable the Board to arrive at clear and quality decisions on issues discussed; and</li> <li>(iv) Ensure constructive relations between Directors, and between the Board and the management team; and</li> <li>(v) Ensure effective communication with shareholders and relevant stakeholders.</li> </ul>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>With approximately fifty-six (56) years of industry experience under his belt, Mr. Yu Soo Chye @ Yee Soo Chye has extensive experience in the operation and management of food services outlets, the Board has resolved to maintain Mr. Yu Soo Chye @ Yee Soo Chye, the Group Managing Director and Chairman to report to the Board, notwithstanding the non-adherence to the Practice 1.3 of the new MCCG but to the essential survival and business continuation of the Group.</p> <p>As the alternate practice, the Board undertakes the following effort to ensure there is a balance of power and authority on the Board:-</p> <p>(a) The decision of the Board shall always be agreed upon by at least majority of the Directors present at the Meeting, therefore, no individual Director can dominate the decision-making of the Board.</p> <p>(b) A clear division of responsibilities for the role of Chairperson of the Board has been outlined in the Board Charter, which are distinct and separate from his roles and responsibilities as Group Managing Director through a separate employment contract.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board is supported by two (2) suitably qualified and competent Company Secretaries as follows:-</p> <ul style="list-style-type: none"><li>• Ms. Chua Siew Chuan, FCIS</li><li>• Mr. Cheng Chia Ping, ACIS</li></ul> <p>Both the Company Secretaries are members of the Malaysian Institute of Chartered Secretaries and Administrators ("<b>MAICSA</b>") and are qualified to act as company secretary under Section 235(2) of the Companies Act 2016 ("<b>CA 2016</b>").</p> <p>The brief profile of the company secretaries are as follows:-</p> <p><b>Ms. Chua Siew Chuan, FCIS</b></p> <p>Ms. Chua has been elected as a Fellow Member of the MAICSA since 1997. She has more than thirty-five (35) years of experience in handling corporate secretarial matters, with working knowledge of many industries and government services. She is the Immediate Past President of MAICSA and currently is the Chairman of the Technical &amp; Professional Practice Committee and Deputy Chairman of the Membership Committee of MAICSA.</p> <p>Ms. Chua is a Chartered Secretary by profession. She is the Managing Director of Securities Services (Holdings) Sdn. Bhd., a prominent corporate secretarial service provider in Malaysia. Ms. Chua is also the named company secretary for a number of public listed companies, public companies, private limited companies and societies.</p> <p>Ms. Chua has been appointed as company secretary of the Company with effect from 1 November 2016.</p> <p><b>Mr. Cheng Chia Ping, ACIS</b></p> <p>Mr. Cheng has been elected as an Associate Member of the MAICSA since 2012. He has more than ten (10) years of experience in handling corporate secretarial matters, with working knowledge of many industries and non-profit organisations.</p> <p>Mr. Cheng is a Chartered Secretary by profession. He is a Manager (Corporate Secretarial) of Securities Services (Holdings) Sdn. Bhd., a prominent corporate secretarial service provider in Malaysia. Mr. Cheng is also the named company secretary for a number of public</p>

listed companies, public companies, private limited companies and societies.

Mr. Cheng has been appointed as company secretary of the Company with effect from 1 November 2016.

For the FYE 2018, the Company Secretaries had attended the relevant continuous professional development programmes as required by MAICSA for practising company secretaries. Both the Company Secretaries possessed a valid Practising Certificate issued by MAICSA for FYE 2018.

All Directors have unrestricted access to the advice and support of the company secretaries in relation to Board policies and procedures, compliance of applicable rules and regulations by the Group and corporate governance related practices.

The main roles and responsibilities of the Company Secretaries, include but not limited to the following:-

- (a) Co-ordinate with Management on the logistics of all Board and Committee Meetings, attend the Board and Committee Meetings and record the Minutes of the Meetings accordingly.
- (b) Ensure timely communication of the decision of the Board or Committee to be conveyed to the relevant parties and whether any follow-up actions are required.
- (c) Advise the Board on its roles and responsibilities, particularly the additional or changes in obligations arising from the implementation of the new laws and regulations or any amendments thereof.
- (d) Provide advisory assistance to the new Director(s) appointed to the Board.
- (e) Identify relevant training and development programmes for the Directors, based on the training needs determined by the Nominating Committee ("**NC**") for the particular financial year.
- (f) Advise the Board on the requirements of corporate disclosures in accordance with the ACE Market Listing Requirements ("**ACE LR**") for various corporate proposal, as well as compliance with the ACE LR, Capital Market and Services Act 2007 and the Companies Act 2016.
- (g) Ensure that all the proceedings of the general meetings are in order and the general meetings are properly called and convened, record the Minutes of the general meetings, as well as the discussion during the Questions and Answers session.
- (h) Identify the corporate governance initiatives which are applicable to the Group and highlighted the same to the Board for consideration. Monitor the corporate governance practices, by proposing relevant agenda items to be included as recurring meeting agenda.
- (i) Advise the Board on corporate governance related matters.
- (j) Facilitate the conduct of the assessments to be undertaken by the Board and/or Board Committees as well as to compile the results of the assessments for the Board and/or Board Committee's review.

The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging its functions for the FYE 2018.

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

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>During the FYE 2018, for each meeting, the meeting papers detailing the matters to be transacted at the meeting, had been circulated to all Directors at least seven (7) days in advance of the meetings, so that the Directors have ample time to review and consider the relevant information.</p> <p>All proceedings of the Board meetings are duly minuted and circulated to all Directors for their perusal prior to the confirmation of the minutes by the Chairman as a correct record. The Company Secretaries record the proceedings of all meetings include pertinent issues, the substance of inquiries, if any, and responses thereto, members' suggestion and the decision made, as well as the rationale for those decisions. By doing so, the Company Secretaries keep the Board updated on the follow-up actions arising from the Board's decisions and/or requests at subsequent meetings. The Board is therefore able to perform its fiduciary duties and fulfil its oversight role towards instituting a culture of transparency and accountability in the Company.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board Charter serves as a guide to the Board members of their roles and responsibilities in discharging their duties as Directors. The principles of good corporate governance are set out in the Malaysian Code on Corporate Governance ("MCCG") and ACE Market Listing Requirements ("ACE LR") were taken into consideration during the process of formalising the Board Charter.</p> <p>The Board Charter is subject to review by the Board as and when necessary to ensure it complies with all applicable laws, rules and regulations of the regulators and remain consistent with the policies and procedures of the Board. The Board Charter was reviewed and approved by the Board on 30 June 2016.</p> <p>The Board Charter entails the following:</p> <ol style="list-style-type: none"><li>i. The Board;</li><li>ii. Duties and responsibilities of the Board;</li><li>iii. Schedule of matters specifically reserved to the Board;</li><li>iv. Roles of the Chairman of the board;</li><li>v. Roles of the Chief Executive Officer/Group Managing Director;</li><li>vi. Board Committees;</li><li>vii. Code of ethics and conduct;</li><li>viii. Board meeting;</li><li>ix. Access to information and advice;</li><li>x. Appointment, re-appointment and re-election of Directors;</li><li>xi. Directors' training;</li><li>xii. Directors' remuneration;</li><li>xiii. Board and Board members assessment; and</li><li>xiv. Endorsement and review of the Board Charter.</li></ol> <p>The Board Charter is to be regularly reviewed by the Board as and when required. As at the date of the Annual Report 2018, the Board Charter has not been reviewed by the Board since its establishment as the Board viewed that the Board Charter is suffice for the Board, Board Committees and the Management to carry out their roles and responsibilities.</p> <p>A full copy of the Board Charter is available for viewing at the Group's corporate website at <a href="http://www.oversea.com.my">www.oversea.com.my</a>.</p>

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

## 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.

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Directors and the employees of the Group are expected to behave ethically and professionally for or on behalf of the Company comply with the Code of Ethics and Conduct of the Company.</p> <p>The Code of Ethics and Conduct for Directors covers, among others, the aspects of the business operations, including compliance with the applicable laws, duties and responsibilities, conflict of interest, confidential information, workplace environment, working behaviour, discipline and conduct, use of resources, protecting Company's assets, dealing with external parties and dealings in securities. The Code of Ethics and Conduct also prohibits expressly improper activities such as insider trading, bribery and corruption, and any competing or conflicting actions against the Company's well-being.</p> <p>The Code of Ethics and Conduct will be communicated to new Director upon his/her appointment. All Directors are required to understand and accept the terms of the Code of Ethics and Conduct and it forms part of the Company's induction programme for newly appointed Directors. The contents of the Code of Ethic and Conduct as set out in the Board Charter are as follow:-</p> <p><b>(a) Corporate Governance</b></p> <ol style="list-style-type: none"><li>i. Compliance with legal and regulatory requirements and Board policies at all times;</li><li>ii. Recognise the primary responsibilities to the shareholders as a whole, having regard for the interest for all the stakeholders of the Group and to ensure that the business of the Group is properly managed and effectively controlled;</li><li>iii. Act in the best interest of the Company and its Shareholders with integrity and in good faith, with due diligence and care;</li><li>iv. To be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions of the Board;</li><li>v. Devote time and effort to attend meetings and to discharge those functions;</li><li>vi. Must not allow personal interests or the interest of any associated person, to conflict with the interests of the</li></ol>

	<p>Company and report to the Board on any potential conflict;</p> <p>vii. Must not take improper advantage and not to make improper use of information of the position as Director;</p> <p>viii. Must not use price sensitive non-public information, which can affect the prices of the securities of the Company or make any gain from such information until and unless it becomes publicly known;</p> <p>ix. Keep confidential of the board's discussions and deliberations; and</p> <p>x. Notify the Chairman before accepting any new directorship outside the Group and limit the directorship in listed issuers.</p> <p><b>(b) Relationship with Shareholders, Employees, Customers, Supplies and Visitors</b></p> <p>i. Promote professionalism and improve the competency of management and employees at all times; and</p> <p>ii. Ensure adequate safety measures and provide proper protection to employees, customers, supplies and visitors at workplace.</p> <p><b>(c) Social Responsibilities</b></p> <p>i. Ensure the effective use of natural resources and consider the environment impact before disposal of waste;</p> <p>ii. Ensure the activities and the operations of the Company do not harm the interest and well-being of the society; and</p> <p>iii. Care and proactive to the needs of the community and to assist in society-related programmes.</p> <p>The Code of Ethic and Conduct as set out in the Board Charter is available for viewing at the Group's corporate website at <a href="http://www.oversea.com.my">www.oversea.com.my</a>.</p>
<p><b>Explanation for departure</b> :</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><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

## 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.

<b>Application</b> :	Applied
<b>Explanation</b> : <b>on application of the practice</b>	<p>The Whistle Blowing Policy is established to provide employees or stakeholders (shareholders, customers and suppliers) with proper internal reporting channels and guidance to raise genuine concerns on any wrongdoing or improper/unlawful conduct, inappropriate behaviour or malpractices within the Group or any action that could be harmful to the reputation of the Group or compromise the interests of the shareholders, stakeholders and the public.</p> <p><b>(a) Reporting procedure</b></p> <p>Employees of the Group who wish to report concerns for malpractice, illegal act or omission of work by any employee of the Group should be communicated to the immediate superior. If for any reason, it is believed that this is not possible or appropriate to do so, the concern should be reported to the Group General Manager as follow:-</p> <p>Name : Mr. Yap Teck Beng Email : tbyap@oversea.com.my Mail : Oversea Enterprise Berhad D-3-1 &amp; D-3A-1, Seri Gembira Avenue, Jalan Senang Ria, Taman Gembira, 58200 Kuala Lumpur, Wilayah Persekutuan (Please mark "Strictly Confidential")</p> <p>In case where reporting to the management is a concern, the report should be made directly to the Chairman of the Audit Committee ("<b>AC</b>"). The channel of reporting is as follow:-</p> <p>Name : Mr. Koong Lin Loong Email : lkoong@llkg.com.my Mail : Oversea Enterprise Berhad D-3-1 &amp; D-3A-1, Seri Gembira Avenue, Jalan Senang Ria, Taman Gembira, 58200 Kuala Lumpur, Wilayah Persekutuan (Please mark "Strictly Confidential")</p> <p><b>(b) Action(s) to be taken upon received the report</b></p> <p>i. All reports will be investigated promptly by the authorised person receiving the report. If required, he/she may seek assistance from the legal adviser or the Human Resource</p>

	<p>Department. He/She may also co-opt with any other employees from time to time to assist on investigation;</p> <ul style="list-style-type: none"> <li>ii. All reports received anonymously will be treated with confidentiality;</li> <li>iii.. The person making anonymous report will be advised that maintaining anonymity may hinder an investigation. Irrespective of this, anonymity will be maintained as long as it's permitted by law or the person making the report indicates that he no longer wishes to remain anonymous.</li> <li>iv. All matters reported will be reviewed and if required, investigated by the authorised person within reasonable timeframe.</li> <li>v. Upon completion of investigation, the authorised person will prepare and endorse the investigation report and give recommendation to the AC and Board of Directors for their deliberation. Decision taken by the Board will be implemented immediately; and</li> <li>vi. Where possible, proper steps will also be implemented to prevent similar situation arising.</li> </ul> <p><b>(c) Investigation</b></p> <p>Upon receipt of concerns raised under the Whistle Blowing Policy, investigation shall be carried out as soon as it is practicable. The objectives of conducting investigation are as follows:</p> <ul style="list-style-type: none"> <li>i. To collate information relating to the allegation. This may involve taking steps to protect or preserve documents or materials;</li> <li>ii. To consider the information collected and draw conclusions objectively and impartially;</li> <li>iii. To maintain procedural fairness in the treatment of witnesses and the person who is the subject of the disclosure; and</li> <li>vi. To make recommendations to the relevant approving authority arising from the conclusions drawn concerning remedial or other appropriate actions.</li> </ul> <p>At the conclusion of the investigation, the authorised investigator will submit his findings to the Group General Manager or the Chairman of the AC, as appropriate.</p> <p>For the FYE 2018, neither the Group General Manager nor the Chairman of the AC has received any report(s) of concern.</p> <p>A copy of the Whistle Blowing Policy is available for viewing at the Group's corporate website at <a href="http://www.oversea.com.my">www.oversea.com.my</a>.</p>
<p><b>Explanation :</b> <b>for</b> <b>departure</b></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><b>Measure :</b></p>	

<b>Timeframe</b> :		
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## 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>For the FYE 2018, the Board comprises eight (8) members and one (1) Alternate Director. Amongst the eight (8) members, there are five (5) Executive Directors and three (3) Independent Non-Executive Directors. The Board is in compliance with the Rule 15.02(1) of the ACE LR with the requirement for one-third (1/3) being Independent Directors in the Board.</p> <p>The role of the Independent Directors are particularly important in ensuring that the strategies proposed by the Executive Directors and Management are deliberated on and have taken into account the interest, not only of the Company, but also that of the shareholders, employees, customers, suppliers and the community.</p> <p>The Board noted of the requirement of Practice 4.1 of the MCCG which requires at least half of the Board comprises Independent Directors, nonetheless, the Board is of the view that the current composition of the Board facilitates effective decision making and independent judgement where no individual shall dominate the Board's decision making.</p> <p>The composition of the Board provides an effective blend of entrepreneurship, business and professional expertise in general management, finance, corporate affairs, legal and technical areas of the industry in which the Group operates. The individuality and vast experience of the Directors in arriving at collective decisions at board level will ensure impartiality.</p> <p>As the alternate practice, the Board undertakes the decision of the Board shall always be agreed upon by at least majority of the Independent Directors present at the Meeting, therefore, no individual Director can dominate the decision-making of the Board.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	: Applied - Annual shareholders' approval for independent directors serving beyond nine (9) years
<b>Explanation on application of the practice</b>	<p>The Company will be seeking shareholders' approval at the forthcoming Annual General Meeting ("<b>AGM</b>") for the retention of Mr. Koong Lin Loong and Mr. Chiam Soon Hock, the Independent Non-Executive Director of the Company, both of whom will reach the nine (9) years term limit on 1 April 2019.</p> <p>The Board through the Nominating Committee has undertaken relevant assessments and recommended for Mr. Koong Lin Loong and Mr. Chiam Soon Hock to continue to serve as Independent Non-Executive Directors based on the following justifications:-</p> <ul style="list-style-type: none"> <li>• They have fulfilled the definition of an Independent Director as set out under Rule 1.01 of the ACE Market Listing Requirements ("<b>ACE LR</b>") of Bursa Malaysia Securities Berhad ("<b>Bursa Securities</b>");</li> <li>• They are not involved in any business or other relationship which could hinder the exercise of independent judgement, objectivity or the ability to act in the best interests of the Company;</li> <li>• They have no potential conflict of interest, whether business or non-business related, that the directors could have with the Company;</li> <li>• They have not established or maintained any significant personal or social relationship, whether direct or indirect, with the Managing Director/Chief Executive Officer and Executive Directors, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent with their duties and expected of them to carry out their duties as Independent Directors; and</li> <li>• They did not derive any remuneration and other benefits apart from Directors' fees that are approved by shareholders.</li> </ul>
<b>Explanation for departure</b>	:

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		

**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 (9) years.

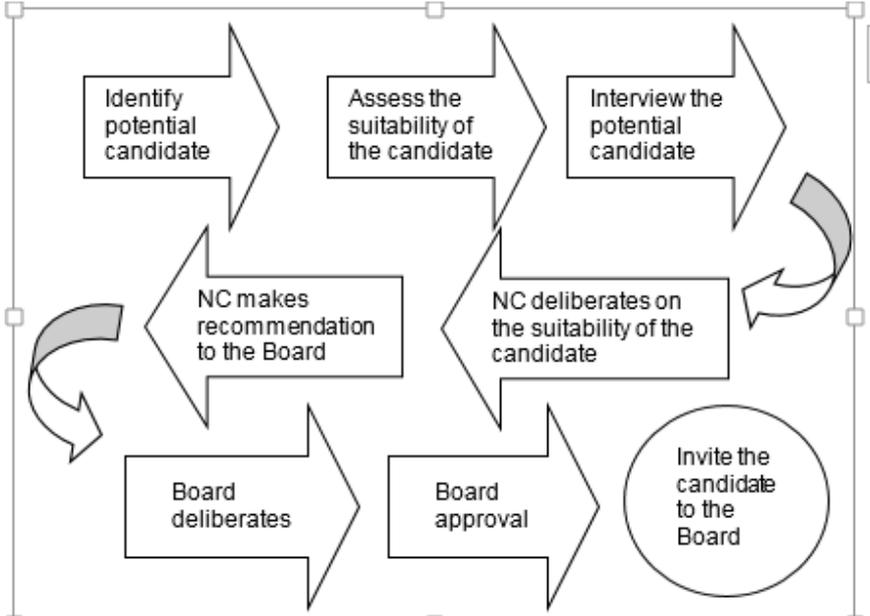
<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

## 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Nominating Committee (“<b>NC</b>”) is entrusted to develop the policies and procedures in formalising the approach in the recruitment process and annual assessment of Directors, which serve as guides for the NC in discharging its duties in the aspects of nomination, evaluation, selection and appointment process of new Directors.</p> <p><b><u>Appointment of Directors</u></b></p> <p>In recommending to the Board of any appointment of Director, the NC considers the criteria, namely the composition requirements for the Board, skills, knowledge, expertise, experience, professionalism, integrity, capability, time commitment, character, competence and such other relevant criteria of the proposed candidate.</p> <p>The NC will assess the independence of the candidate in the case of appointment of an Independent Non-Executive Director.</p> <p>The process for the recruitment of new Director is summarised as follows:-</p>  <pre> graph TD     A[Identify potential candidate] --&gt; B[Assess the suitability of the candidate]     B --&gt; C[Interview the potential candidate]     C --&gt; D[NC deliberates on the suitability of the candidate]     D --&gt; E[NC makes recommendation to the Board]     E --&gt; F[Board deliberates]     F --&gt; G[Board approval]     G --&gt; H((Invite the candidate to the Board))     C --&gt; B     G --&gt; E   </pre> <p>During the financial year ended 31 March 2018 (“<b>FYE 2018</b>”), the Board, has taken into account of the assessment by the NC, is satisfied with the mix of skills and board composition level, therefore, no new Director is sourced and appointed to the Board.</p>

	<p>In the event that candidate is required for the appointment of Director, the NC would use variety of approaches and sources to ensure that it identifies the most suitable candidates and will not limit themselves by solely rely on the recommendations from existing Board members, management or major shareholders.</p> <p><b><u>Appointments to Board Committees</u></b></p> <p>The review is conducted on an annual basis, and as and when the need arises, such as when a new Director is appointed. In determining the candidates for appointment to the Board Committees, various factors are considered by the NC, including but not limited to the following factors:-</p> <ul style="list-style-type: none"> <li>• the needs of the particular Board Committees;</li> <li>• the results of the Board Effectiveness Evaluation for the Board Committees;</li> <li>• time commitment and availability;</li> <li>• regulatory requirements; and</li> <li>• best practices or governance practices.</li> </ul> <p><b><u>Appointments to Senior Management</u></b></p> <p>The Human Resources Department is responsible for selection and appointment of candidates for senior management position based on selection criteria which best matches the requirements of the open position. The selection criteria includes (but not limited to) diversity in skills, experience, age, cultural background and gender.</p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>For the financial year ended 31 March 2018 ("<b>FYE 2018</b>"), the Board comprises two (2) female Directors, equivalent to 25% women representation on Board.</p> <p>At the juncture, the Board affirmed that in the event any Board seat becomes available, gender diversity shall be one of the criteria to be considered by the Nominating Committee during their evaluation process on potential candidate(s) for Board's membership.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nominating Committee ("<b>NC</b>") is responsible to identify and select potential new Directors and to make recommendations to the Board for the appointment of Directors.</p> <p>During the financial year ended 31 March 2018 ("<b>FYE 2018</b>"), the Board, has taken into account of the assessment by the NC, is satisfied with the mix of skills and board composition level, therefore, no new Director is sourced and appointed to the Board.</p> <p>In the event that candidate is required for the appointment of Director, the NC would use variety of approaches and sources to ensure that it identifies the most suitable candidates and will not limit themselves by solely rely on the recommendations from existing Board members, management or major shareholders.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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 (“**NC**”) is chaired by an Independent Director or the Senior Independent Director.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairperson of the NC, Ms. Chui Mee Chuen is the Independent Non-Executive Director of the Company.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>Assessment of the effectiveness of the Directors, the Board as a whole and the Board Committees are being carried out annually. The objective is to improve the Board's effectiveness by identifying gaps, maximise strengths and address weaknesses. The Chairman of the Board oversees the overall evaluation process and responses are analysed by the Nominating Committee ("<b>NC</b>"), before being tabled and discussed at the Board.</p> <p>For the financial year ended 31 March 2018 ("<b>FYE 2018</b>"), the Board through the NC conducted the following annual assessments:-</p> <p>(i) Directors' self-assessment</p> <p>In conducting the assessment, the following main criteria were adopted by the NC:-</p> <ul style="list-style-type: none"><li>• Fit and proper;</li><li>• Contribution and performance; and</li><li>• Caliber and personality.</li></ul> <p>Based on the assessment conducted for the FYE 2018, the NC was satisfied with the performance of the individual Board of Directors.</p> <p>(ii) Evaluation on the effectiveness of the Board and Board Committees</p> <p>In conducting the Evaluation, the following main criteria were adopted by the NC:-</p> <ul style="list-style-type: none"><li>• Board mix and composition;</li><li>• Quality of information and decision making;</li><li>• Boardroom activities; and</li><li>• Board Committees' Performance</li></ul> <p>Based on the Evaluation conducted for the FYE 2018, the NC was satisfied with the performance of the Board and Board Committees.</p>

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

## 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board has yet to formalise a policy and procedures to determine the remuneration of Directors and senior management.</p> <p>As alternative practice, the Board is mindful that fair remuneration for Directors is important in attracting, retaining and motivating knowledgeable and experienced individuals of the calibre needed to manage the business of the Company. The Remuneration Committee should benchmark the remuneration of the Directors against the remuneration levels for similar positions in other public listed companies in order to ensure that the Board's remuneration packages are competitive.</p> <p>The Remuneration Committee is responsible for recommending to the Board for approval the remuneration packages of the Executive Directors, taking into consideration individual Director's performance, time commitment, experience, level of responsibilities, as well as the performance of the Group and market conditions.</p> <p>As for Non-Executive Directors, the level of fee should reflect the experience and level of responsibilities undertaken by the said Non-Executive Directors. With the recommendation from the Nominating Committee, the Board as a whole determines the fee for the Non-Executive Directors and seek approval from the Shareholders at the Annual General Meeting.</p> <p>All individual Directors shall abstain from making decisions in respect of his own remuneration. Currently there is no fee or allowance payable to the Board Committee members.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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## 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.

<b>Application</b>	: Applied												
<b>Explanation on application of the practice</b>	: <p>The Remuneration Committee ("<b>RC</b>") was set up on 19 August 2011 with current Terms of Reference ("<b>TOR</b>") revised on 30 June 2016. The RC comprises two (2) Non-Executive Directors and one (1) Group Managing Director and the composition of the RC is as follows:-</p> <table border="1"> <thead> <tr> <th><b>NC</b></th> <th><b>Designation</b></th> <th><b>Directorate</b></th> </tr> </thead> <tbody> <tr> <td>Chiam Soon Hock</td> <td>Chairman</td> <td>Independent Non-Executive Director</td> </tr> <tr> <td>Yu Soo Chye @ Yee Soo Chye</td> <td>Member</td> <td>Executive Director</td> </tr> <tr> <td>Chui Mee Chuen</td> <td>Member</td> <td>Independent Non-Executive Director</td> </tr> </tbody> </table> <p>The RC is governed by its TOR of RC which outlines its remit, duties and responsibilities. The principal duties and responsibilities of the RC as defined in the TOR, including but not limited to the following:-</p> <ol style="list-style-type: none"> <li>i. To ensure that remuneration for Directors is set at a competitive level to recruit, attract, retain and motivate high calibre individuals;</li> <li>ii. To recommend to the Board the remuneration packages for the Executive Directors and to review and assess the remuneration packages of the Executive Directors in all forms, with or without other independent professional advice or other outside advice to reflect the Board's responsibilities, expertise and complexity of the Company's activities;</li> <li>iii. To determine and agree with the Board an appropriate performance framework, assessing Directors' performance against targets and determine resultant annual remuneration levels; and</li> <li>iv. To determine the policy for and scope of service agreements for Directors, termination payment and compensation commitments.</li> <li>v. To determine and recommend to the Board any performance</li> </ol>	<b>NC</b>	<b>Designation</b>	<b>Directorate</b>	Chiam Soon Hock	Chairman	Independent Non-Executive Director	Yu Soo Chye @ Yee Soo Chye	Member	Executive Director	Chui Mee Chuen	Member	Independent Non-Executive Director
<b>NC</b>	<b>Designation</b>	<b>Directorate</b>											
Chiam Soon Hock	Chairman	Independent Non-Executive Director											
Yu Soo Chye @ Yee Soo Chye	Member	Executive Director											
Chui Mee Chuen	Member	Independent Non-Executive Director											

	<p>related pay schemes for the Executive Directors and/or any other persons as the RC is designated to consider by the Board; and</p> <p>vi. Review and recommend to the Board a formal and transparent remuneration policy and framework for Non-Executive Directors.</p> <p>A copy of the TOR of the RC is available for viewing at the Group's corporate website at <a href="http://www.oversea.com.my">www.oversea.com.my</a>.</p> <p><b>Summary of Works</b></p> <p>The following works were undertaken by the RC during the financial year ended 31 March 2018 ("<b>FYE 2018</b>"):-</p> <ul style="list-style-type: none"> <li>i. Reviewed and confirmed the minutes of the RC Meeting held in financial year ended 31 March 2017;</li> <li>ii. Deliberated on the remuneration packages of the Executive Directors of the Company for the FYE 2018 and recommended the same to the Board for approval; and</li> <li>iii. Reviewed the Directors' fees payable to the Directors of the Company for the financial year ended 31 March 2017 and recommended the same to the Board of Directors for approval; and</li> <li>iv. Reviewed the benefits payable to the Directors of the Company for the period from 1 February 2017 to Twenty-Third Annual General Meeting of the Company and recommended the estimated quantum to the Board of Directors for approval.</li> </ul>	
<p><b>Explanation for departure</b> :</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><b>Measure</b> :</p>		
<p><b>Timeframe</b> :</p>		

## 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.

<b>Application</b> :	Applied																																																																																																
<b>Explanation on application of the practice</b> :	<p>For the financial year ended 31 March 2018 ("<b>FYE 2018</b>"), the aggregate remuneration received/receivable by the Directors of the Company from the Company and the Group categorised into appropriate components are as follows:-</p> <p><b>Received/Receivable from the Company</b></p> <table border="1"> <thead> <tr> <th>Directors' Remuneration</th> <th>Fees* (RM'000)</th> <th>Salaries and Other emoluments (RM'000)</th> <th>Bonus (RM'000)</th> <th>Benefits-in-kind (RM'000)</th> <th>Others (RM'000)</th> <th>Total (RM'000)</th> </tr> </thead> <tbody> <tr> <td colspan="7"><b>Executive Directors</b></td> </tr> <tr> <td>Yu Soo Chye @ Yee Soo Chye</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Lee Pek Yoke</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Lee Seng Fan</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Khong Yik Kam</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Yu Tack Tein</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Yu Suat Yin (Alternate Director to Lee Pek Yoke)</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td colspan="7"><b>Non-Executive Directors</b></td> </tr> <tr> <td>Koong Lin Loong</td> <td>36,000</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>36,000</td> </tr> <tr> <td>Chiam Soon Hock</td> <td>36,000</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>36,000</td> </tr> <tr> <td>Chui Mee Chuen</td> <td>36,000</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>36,000</td> </tr> </tbody> </table> <p>* Subject to the approval by shareholders at the Twenty-Third Annual General Meeting</p> <p><b>Received on the Group Basis</b></p> <table border="1"> <thead> <tr> <th>Directors' Remuneration</th> <th>Fees (RM'000)</th> <th>Salaries and Other emoluments (RM'000)</th> <th>Bonus (RM'000)</th> <th>Benefits-in-kind (RM'000)</th> <th>Others (RM'000)</th> <th>Total (RM'000)</th> </tr> </thead> <tbody> </tbody> </table>						Directors' Remuneration	Fees* (RM'000)	Salaries and Other emoluments (RM'000)	Bonus (RM'000)	Benefits-in-kind (RM'000)	Others (RM'000)	Total (RM'000)	<b>Executive Directors</b>							Yu Soo Chye @ Yee Soo Chye	-	-	-	-	-	-	Lee Pek Yoke	-	-	-	-	-	-	Lee Seng Fan	-	-	-	-	-	-	Khong Yik Kam	-	-	-	-	-	-	Yu Tack Tein	-	-	-	-	-	-	Yu Suat Yin (Alternate Director to Lee Pek Yoke)	-	-	-	-	-	-	<b>Non-Executive Directors</b>							Koong Lin Loong	36,000	-	-	-	-	36,000	Chiam Soon Hock	36,000	-	-	-	-	36,000	Chui Mee Chuen	36,000	-	-	-	-	36,000	Directors' Remuneration	Fees (RM'000)	Salaries and Other emoluments (RM'000)	Bonus (RM'000)	Benefits-in-kind (RM'000)	Others (RM'000)	Total (RM'000)
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Koong Lin Loong	36,000	-	-	-	-	36,000																																																																																											
Chiam Soon Hock	36,000	-	-	-	-	36,000																																																																																											
Chui Mee Chuen	36,000	-	-	-	-	36,000																																																																																											
Directors' Remuneration	Fees (RM'000)	Salaries and Other emoluments (RM'000)	Bonus (RM'000)	Benefits-in-kind (RM'000)	Others (RM'000)	Total (RM'000)																																																																																											

	<b>Executive Directors</b>						
	Yu Soo Chye @ Yee Soo Chye	-	588,000	162,500	28,000	166,290	944,790
	Lee Pek Yoke	-	204,000	59,750	-	120,960	384,700
	Lee Seng Fan	-	192,000	84,000		44,480	320,480
	Khong Yik Kam	-	114,000	22,700	5,300	33,260	175,260
	Yu Tack Tein	-	120,000	12,000	-	60,650	192,650
	Yu Suat Yin (Alternate Director to Lee Pek Yoke)	-	114,000	9,500	9,630	60,770	193,900
	<b>Non-Executive Directors</b>						
	Koong Lin Loong	-	-	-	-	-	-
	Chiam Soon Hock	-	-	-	-	-	-
	Chui Mee Chuen	-	-	-	-	-	-
<b>Explanation :</b> <b>for</b> <b>departure</b>							
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>							
<b>Measure :</b>							
<b>Timeframe :</b>							

## 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board is of the view that the disclosure of the Senior Management's remuneration would be unfavourable to the Group as talent poaching is prevalent in the industry and the Group would like to ensure its senior employee retention efforts be safeguarded to ensure the success of the Group.</p> <p>The Board further believes that the interest of the shareholders will not be prejudiced as a result of such non-disclosure of the identity and remuneration of the Company's top five (5) Senior Management personnel who are not Directors of the Company.</p> <p>The successful retention of key senior management personnel shall ensure the Group's corporate strategy be carried out / implemented, which would be in the best interest of the Company / Group and shareholders.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### **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.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The AC is chaired by Mr. Koong Lin Loong, which is a separate person from the chair of the Board, Mr. Yu Soo Chye @ Yee Soo Chye.</p> <p>The composition of the AC is set out in the <b>AC Report</b> of the Annual Report 2018.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee ("<b>AC</b>") has institute a policy by way of inclusion in the Terms of Reference of the AC that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC. The Terms of Reference of the AC has been updated accordingly in order for the AC to formalise such policy.</p> <p>As a matter of practice, the AC has recommended to the Nominating Committee not to consider any key audit partner as a potential candidate for Board Directorship/Audit Committeeship to affirm the AC's stand on such policy.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>For the financial year ended 31 March 2018 ("<b>FYE 2018</b>"), the Audit Committee ("<b>AC</b>") has formalised the procedures to assess the suitability and independence of External Auditors vide an annual assessment of the suitability and independence of the External Auditors, namely Messrs. Crowe Malaysia (formerly known as Crowe Horwath).</p> <p>The External Auditors Suitability and Independence Assessment Policy has been established as at the date of this annual report. The salient terms in the External Auditors Suitability and Independence Assessment Policy are as follows:-</p> <p><b>(a) Selection and appointment</b></p> <p>The AC shall observe the following procedures for selection and appointment of new External Auditors, should the need to change the External Auditors is arises:</p> <ol style="list-style-type: none"><li>i. To identify the audit firms that meet the criteria for appointment and to request for their proposals of engagement for consideration;</li><li>ii. To assess the proposals and fee and shortlist the suitable audit firms;</li><li>iii. To interview the shortlisted audit firms;</li><li>iv. To recommend to the Board the appointment of the appropriate audit firm as External Auditors; and</li><li>v. Upon the Board endorsed the recommendation, to seek Shareholders' approval for the appointment of the new External Auditors and resignation/removal of the existing External Auditors at the general meeting.</li></ol> <p><b>(b) Independence</b></p> <ol style="list-style-type: none"><li>i. The External Auditors are precluded from providing any services that may impair their independence or conflict with their role as External Auditors; and</li><li>ii. The External Auditors shall provide a written assurance to the AC confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</li></ol> <p><b>(c) Non-audit engagement</b></p>

External Auditors can be engaged to perform non-audit services that are not, and are not perceived to be, in conflict with the role of the external auditors. This excludes audit related work in compliance with statutory requirements.

The prohibition of non-audit services are guided by the below-mentioned principles:

- i. Not to function as Management;
- ii. Not to audit their own work; and
- iii. Not to serve in an advocacy role of the Company and its subsidiaries.

External Auditors shall observe and comply with the By-Laws of the Malaysian Institute of Accountants in relation to the provision of non-audit engagement.

A copy of the External Auditors Suitability and Independence Assessment Policy is available for viewing at the Group's corporate website at [www.oversea.com.my](http://www.oversea.com.my).

During the FYE 2018, the AC has carried out the annual assessment and in its assessment, the AC considered, inter alia, the following factors:-

For "**suitability**" assessment:-

- The external auditors have the adequate resources, skills, knowledge and experience to perform their duties with professional competence and due care in accordance with approved professional auditing standards and applicable regulatory and legal requirements;
- To the knowledge of the AC, the external auditors do not have any record of disciplinary actions taken against them for unprofessional conduct by the Malaysian Institute of Accountants ("MIA") which has not been reserved by the Disciplinary Board of MIA;
- The external auditors firm has the geographical coverage required to audit the Group;
- The external auditors firm advises the AC on significant issues and new developments pertaining to risk management, corporate governance, financial reporting standards and internal controls on a timely basis;
- The external auditors firm consistently meets the deadlines set by the Group;
- The level of quality control procedures in the external audit firm, including the audit review procedures; and
- The external auditors' scope is adequate to cover the key financial and operational risks of the Group.

For "**objectivity**" assessment:-

- The nature and extent of the non-audit services rendered and the appropriateness of the level of fees.

For "**independence**" assessment:-

- The engagement partner has not served for a continuous period of more than five (5) years with the Company;
- The AC receives written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant

	<p>professional and regulatory requirements; and</p> <ul style="list-style-type: none"> <li>• Tenure of the current auditors.</li> </ul> <p>The External Auditors provided a written statement that they will continuously complied with the relevant ethical requirements regarding independence throughout the audit of the Group, in accordance with the International Federation of Accountants' Code of Ethics for Professional Accountants and the Malaysian Institute of Accountants' By-Laws (On Professional Ethics, Conduct and Practice). They are not aware of any relationship between Messrs. Crowe Horwath and the Group that, in their professional judgment, may reasonably be thought to impair their independence. They have reviewed the non-audit services provided to the Company during the FYE 2018 and are not aware of any non-audit services that have compromised our independence as External Auditors of the Company.</p> <p>Upon completion of its assessment, the AC was satisfied with Messrs. Crowe Horwath's technical competency and audit independence d recommended to the Board the re-appointment of Messrs. Crowe Horwath as External Auditors for the FYE 2018. The Board has in turn, has recommended the same for shareholders' approval at the forthcoming Twenty-Third Annual General Meeting of the Company.</p>
<p><b>Explanation :</b> <b>for</b> <b>departure</b></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><b>Measure :</b></p>	
<p><b>Timeframe :</b></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 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Audit Committee of the Company is comprising solely of Independent Directors.

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee ("<b>AC</b>") conducts self and peer evaluation annually to assess the performance and skillsets of the individual AC members and their peers.</p> <p>During the financial year ended 31 March 2018 ("<b>FYE 2018</b>"), the AC members had completed the assessment on individual basis and the results were compiled by the company secretaries and tabled for the Nominating Committee's review.</p> <p>Based on the results of the assessment, the AC members are financially literate and understand the Group's business. The AC as a whole, has necessary skills and knowledge to discharge their duties. The AC members had also given feedback to their peers on areas of focus for enhancement.</p> <p>The members of the AC have attended various continuous trainings and development programmes as detailed in <b>Principle A, Section II, Continuing Education and Training of Directors</b> in the Corporate Governance Overview Statement in the Annual Report 2018.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b> :	Applied																										
<b>Explanation on application of the practice</b>	<p>The Board assumes its overall responsibility in establishing a risk management framework and maintaining a sound system of risk management and internal control throughout the Group which provides reasonable assurance in ensuring the effectiveness and efficiency of the Group's operations that not limiting to financial aspects of the business but also operational and regulatory compliance. The AC has been entrusted by the Board to ensure effectiveness of the Group's internal control systems. The ultimate objectives are to protect the Group's assets and safeguard shareholders' investments.</p> <p>The Risk Management Committee ("RMC") leads by an Independent Non-Executive Director to assist the Board to oversee the risk management framework of the Group. The Chairman of the RMC reports to the Board on areas of high risk and the adequacy of compliance and control throughout the Group. A Steering Committee comprises of the Management staff from various departments was formed on 4 November 2016 to govern the risk management aspects of the respective departments. The Steering Committee is responsible to report to the RMC on key risks identified and action plans to mitigate such risks. As a result of the increased level of challenge, the RMC continues to devote additional effort, time and resources in managing risk.</p> <p>The composition of the RMC and Steering Committee are as follows:-</p> <p><u>RMC</u></p> <table border="1"> <thead> <tr> <th>Office</th> <th>Name and Designation</th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>Chiam Soon Hock (Independent Non-Executive Director)</td> </tr> <tr> <td>Member</td> <td>Yu Suat Yin (Vice President, Group Operation)</td> </tr> <tr> <td>Member</td> <td>Yap Teck Beng (Group General Manager)</td> </tr> <tr> <td>Member</td> <td>Soh Jin Yiat (Deputy Group General Manager)</td> </tr> </tbody> </table> <p><u>Steering Committee</u></p> <table border="1"> <thead> <tr> <th>Office</th> <th>Name and Designation</th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>Yap Teck Beng (Group General Manager)</td> </tr> <tr> <td>Member</td> <td>Yu Suat Yin (Vice President, Group Operation)</td> </tr> <tr> <td>Member</td> <td>Soh Jin Yiat (Deputy Group General Manager)</td> </tr> <tr> <td>Member</td> <td>Chow Way Keong (Group Admin Manager)</td> </tr> <tr> <td>Member</td> <td>Lee Pek Chan (Group Purchasing Manager)</td> </tr> <tr> <td>Member</td> <td>Lee Fui Meng (Group Finance Manager)</td> </tr> <tr> <td>Member</td> <td>Raymond Ng Mun Loong (Group MIS Manager)</td> </tr> </tbody> </table>	Office	Name and Designation	Chairman	Chiam Soon Hock (Independent Non-Executive Director)	Member	Yu Suat Yin (Vice President, Group Operation)	Member	Yap Teck Beng (Group General Manager)	Member	Soh Jin Yiat (Deputy Group General Manager)	Office	Name and Designation	Chairman	Yap Teck Beng (Group General Manager)	Member	Yu Suat Yin (Vice President, Group Operation)	Member	Soh Jin Yiat (Deputy Group General Manager)	Member	Chow Way Keong (Group Admin Manager)	Member	Lee Pek Chan (Group Purchasing Manager)	Member	Lee Fui Meng (Group Finance Manager)	Member	Raymond Ng Mun Loong (Group MIS Manager)
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Member	Raymond Ng Mun Loong (Group MIS Manager)																										

	Member	Lee Ying Hoe (Group Marketing Manager)
	Member	Wong Mee Ling (Group Human Resource Manager)
	<p><b>The Statement on Risk Management and Internal Control</b> as set out in this Annual Report provides an overview of the state of risk management and internal controls within the Group.</p>	
<b>Explanation :</b> <b>for</b> <b>departure</b>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure :</b>		
<b>Timeframe :</b>		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<b>The Statement on Risk Management and Internal Control</b> as set out in this Annual Report provides an overview of the state of risk management and internal controls within the Group.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### **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.

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

## 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Directors are responsible for the Group's system of internal controls and its effectiveness. The principal aim of the system of internal controls is the management of financial and business risks that are significant to the fulfilment of the Company's business objectives, which is to enhance the value of shareholders' investment and safeguarding the Group's assets.</p> <p>The Company outsourced its internal audit function to an independent internal audit service provider, namely Pro Credential Services Sdn. Bhd., who reports directly to the Audit Committee ("<b>AC</b>"). The functions of the Internal Auditors is to assist the AC in providing independent assessment and review on the adequacy, efficiency and effectiveness of the key controls and processes in the operating units, as well as the governance aspect of the Group and to ensure compliance with the established policies and procedures of the Group.</p> <p>Upon the adoption of the Internal Audit Charter on 23 November 2017 which impose a maximum tenure of service for the Internal Audit service provider, the Audit Committee has obtained fresh quotation from several Internal Audit service providers. Upon review and careful selection by the Audit Committee, Sterling Business Alignment Consulting Sdn. Bhd. has been appointed as the new outsourced Internal Audit service provider of the Company on 29 January 2018.</p> <p>The internal controls are tested for effectiveness and efficiency by the Internal Auditors. The report of the internal audit is tabled for AC's review and comments, and the audit findings will then be communicated to the Board. The outsourced internal auditor's representatives met up four (4) times with the AC for the financial year ended 31 March 2018 ("<b>FYE 2018</b>").</p> <p>During the FYE 2018, the summary of activities carried by the Internal Auditors are as follows:-</p> <ol style="list-style-type: none"><li>i. Mystery Shopper, Menu Costing and Final Stock Count for Mooncake 2016 for Restaurant outlet and Mooncake division;</li><li>ii. Restaurant process flow, kitchen control process, purchasing control and inventory control for Restoran Oversea (Imbi) Sdn. Bhd.; and</li><li>iii. Sales internal control, inventory control and cash management for Haewaytian Food Industries Sdn. Bhd.</li></ol> <p>During the FYE 2018, the AC had reviewed and assessed the adequacy of the scope, functions, competency, resources and</p>

	<p>independence of the Pro Credential Services Sdn. Bhd., the outsourced internal auditors for the financial year period ended 31 December 2018 and that they have the necessary authority to carry out their work. However, the term of service of Pro Credential Services Sdn. Bhd. as the Internal Auditors of the Company have ceased on 31 December 2017 to be in line with the newly adopted Internal Audit Charter.</p> <p>The <b>AC Report</b> as set out in Annual Report 2018 provides further details of the Internal Audit Function.</p>	
<p><b>Explanation for departure</b> :</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><b>Measure</b> :</p>		
<p><b>Timeframe</b> :</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 10.2

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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Company outsourced its internal audit function to an independent internal audit service provider, namely Pro Credential Services Sdn. Bhd., who reports directly to the Audit Committee (“<b>AC</b>”). The functions of the Internal Auditors are to assist the AC in providing independent assessment and review on the adequacy, efficiency and effectiveness of the key controls and processes in the operating units, as well as the governance aspect of the Group and to ensure compliance with the established policies and procedures of the Group.</p> <p>Upon the adoption of the Internal Audit Charter on 23 November 2017 which impose a maximum tenure of service for the Internal Audit service provider, the AC has obtained fresh quotation from several Internal Audit service providers. Upon review and careful selection by the Audit Committee, Sterling Business Alignment Consulting Sdn. Bhd. (“<b>Sterling</b>”) has been appointed as the new outsourced Internal Audit service provider of the Company on 29 January 2018.</p> <p>Sterling is led by an Internal Auditors, who is a certified Internal Control Professional from Internal Control Institute and possess more than twenty (20) years of experience in corporate planning, business process improvement, risk management, internal audit and internal control review.</p> <p>The number of resources of Sterling deployed for each internal audit review ranges from three (3) to four (4) staff per visit.</p> <p>Sterling is a corporate member of the Institute of Internal Auditors Malaysia (“<b>IIAM</b>”).</p> <p>The Internal Auditors use the Committee of Sponsoring Organisations of the Treadway Commission (“<b>COSO</b>”) Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the internal control systems.</p> <p>Sterling Business Alignment Consulting Sdn. Bhd.’s engagement team personnel have affirmed to the AC that in relation to the Company/Group, they were free from any relationships or conflicts of interest, which could impair their objectivity and independency.</p>

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

## 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.

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Board recognises the importance of an effective communication channel between the Board, Shareholders and the general public and shall inform in a timely manner to its Shareholders of its latest business and corporate developments in enhancing value to its shareholders.</p> <p>In consequence thereto, the Board had a Shareholders' Communication Policy in place to provide guidance as well as ensuring a consistent approach towards the Company's communication with the Shareholders.</p> <p>A copy of the Shareholders' Communication Policy is available for viewing at the Group's corporate website at <a href="http://www.oversea.com.my">www.oversea.com.my</a>.</p> <p>During the financial year ended 31 March 2018, the Company has implemented the following manners to communicate with its Shareholders:-</p> <ol style="list-style-type: none"><li>i. General meeting  The Twenty-Second Annual General Meeting ("<b>AGM</b>") was held on 24 August 2017. The Chairman of the AGM allowed reasonable time for questions and answers session in the AGM to ensure that all subject matters tabled are thoroughly considered and debated. The summary of the key matters discussed at the AGM of the company was uploaded onto the company's website after the AGM.</li><li>ii. Announcements made to Bursa Malaysia Securities Berhad  Annual Report, quarterly financial results and various announcements made to Bursa Securities in accordance with the ACE LR of Bursa Securities.</li><li>iii. Annual Report and Circular to Shareholders  The Annual Report for year 2017 and Circular to Shareholder in relation to the proposed renewal of and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature, together with the notice of AGM were distributed to Shareholders on 31 July 2017.</li><li>iv. Company's website</li></ol>

	<p>All announcements released to Bursa Securities are also appear in the Company’s website at <a href="http://www.oversea.com.my">www.oversea.com.my</a>. Shareholders and the general public may also access to the said website for information such as stock price, corporate information, financial information, Board Charter, TOR of the Board Committees, Annual Reports, outcome of the general meetings and other information.</p> <p>v. Media release</p> <p>Two (2) write-ups about the business of the Group were published on local newspapers in the months of December 2017 and March 2018, respectively and the clippings have been uploaded to the Company’s website.</p> <p>vi. Facebook presence</p> <p>The Company has also created a social network channel via the Company’s Facebook account, which allows stakeholders to put up any enquiries with regards to the Group.</p>	
<p><b>Explanation for departure</b> :</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><b>Measure</b> :</p>		
<p><b>Timeframe</b> :</p>		

## 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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Not adopted as the Company is not a large company.	
	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:	.	

## 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 twenty-eight (28) days prior to the meeting.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The notice of Twenty-Second Annual General Meeting ("<b>AGM</b>") together with the Annual Report is dispatched to shareholders at least twenty-one (21) days prior to the meeting date. Full explanation of the effects of a proposed resolution of any special business will accompany the notice of the AGM. The Board took note of the requirement of Notice of the AGM to be sent out at least twenty-eight (28) days before the date of the meeting.</p> <p>The Board endeavours to send out Notice of the AGM at least twenty-eight (28) days before the date of the meeting so as to enable the shareholders to have full information about the AGM and to facilitate informed decision-making moving forward.</p> <p>The notice of the Twenty-Second AGM was advertised in local newspapers and dispatched to the shareholders on 31 July 2017. Prior to the issuance date, announcement in relation to the notice of Twenty-Second AGM has been made to Bursa Malaysia Securities Berhad.</p> <p>The shareholders and the general public able to access easily to the notice of Twenty-Second AGM via the abovementioned channel.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All the Directors were present at the Twenty-Second Annual General Meeting ("AGM") of the Company held in year 2017 to engage with the shareholders personally and proactively.</p> <p>The proceedings of the AGM included the presentation of financial statements to the shareholders, and a question and answer session in which the Chairman of the AGM would invite shareholders to raise questions on the Company's financial statements and other items for adoption at the AGM, before putting a resolution to vote.</p> <p>The Board ensure that sufficient opportunities are given to shareholders to raise issues relating to the affairs of the Company and that adequate responses are given.</p> <p>The Chairmen of the Board Committees are also readily available to address the questions posted by the shareholders at the general meetings.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Prior to implementing the voting in absentia and remote shareholders' participation at general meeting(s), the Board noted several factors/ conditions need to be fulfilled prior to making such consideration:-</p> <ul style="list-style-type: none"> <li>• Relevant amendments to the Articles of Association/ Constitution of the Company to outline the procedures for enabling such Voting/ Participation;</li> <li>• Availability of technology and infrastructure;</li> <li>• Affordability of the technology and infrastructure;</li> <li>• Sufficient number of shareholders residing/locating at particular remote location(s); and</li> <li>• Age profile of the shareholders.</li> </ul> <p>In view thereof, the Board will not be recommending the adoption such Voting/ Participation at the forthcoming Annual General Meeting of the Company.</p> <p>For shareholders who are not able to make the journey to the general meeting(s) venue, they are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his stead at the general meeting(s).</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT  
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.*

N/A
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