CORPORATE GOVERNANCE REPORT

STOCK CODE : 0153
COMPANY NAME : Oversea Enterprise Berhad
FINANCIAL YEAR : March 31, 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE
Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA
Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application :	Applied
Explanation on application of the practice :	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. Certain responsibilities of the Board are delegated to other Board Committees, which operate within clearly defined Terms of Reference ("**TOR**"). Standing committees of the Board include the Audit Committee ("**AC**"), Nominating Committee ("**NC**"), Remuneration Committee ("**RC**"), Risk Management Committee ("**RMC**") and Investment Committee ("**IC**"). 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/Chairperson or representative of each Committee and the tabling of Board Committee Minutes of the applicable period for notation by the Board. It is the general policy of the Company that all major decisions be considered by the Board as a whole. 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:- (i) Review and adopt the Group's strategic plans 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. The Board monitors the

		implementation of the strategic initiatives regularly, through reporting progress updates by the Deputy Group General Manager, to ensure the Group is aligned with its objectives set. The formulation of the business plans and budget setting for the FYE 2020 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 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 2020, 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 • Closure of non-profit making outlets in Chin Swee Temple managed by Restoran Oversea (CST) Sdn. Bhd. and Restoran Oversea Hong Kong Dim Sum Sdn. Bhd. (ii) Oversee 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 ("**INEDs**") 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 2020, 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 affectied 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 and to manage these risks The Board recognises the importance of risk management and maintaining a sound and adequate system of internal controls which covers financial, operational and statutory compliance 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 identify the business risks and report to the RMC on a half-yearly basis and the Steering Committee has conducted the following during FYE 2020:- (i) reviewed the identified risks and the effectiveness of current controls in placed in mitigating the identified risks; (ii) Presented and discussed high risks identified to RMC during meeting; and (iii) Followed up on queries and suggestions raised by RMC. The Board, through the RMC has adopted the following measurements:- Investment The Group is consolidating its investment profile. Those underperformed investment will be discontinued in order to strengthen the Group financial performance. The Group's Investment decision might lead to a potentially high risk factor since it has a direct implication to the Group financial performance. The Board has requested RMC and Internal Auditors to review all investment profile and recommend appropriate measurement to mitigate investment risk. 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, periodic internal inspection and sufficient insurance coverage on potential mishandling risk to ensure strict adherences to the Group's cash handling policy. The above measurement will be reviewed as and when necessary. 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, and also to report on the status of implementation of previous quarters internal audit reports. The follow up of internal audit reports are done on the half yearly 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 this Annual Report.

	(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; • Policies and procedures to assess the suitability, objectivity and independence of External Auditors; • Related Party Transactions Policy; and • Risk Management Policies and Procedures. • Anti-Corruption Policy 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 instituted Code of Ethics and Code by way of inclusion in the Board Charter 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 guidelines and directives issued by the regulatory authorities from time to time. The Board take note on the functions and responsibilities as specified in the regulatory requirements i.e. ACE LR of Bursa Securities and Companies Act 2016 on a regular basis. FYE 2020, the Board has attended the training titled "Managing Related Party Transactions ("**RPT**") & Recurrent RPT", to help the Board keep abreast of such developments in order to discharge their functions and responsibilities as Board of Director. 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:- i. Approval of business strategies and plans; ii. Approval of Group annual budget; iii. Acquisitions and disposals that are material to the business; iv. Declaration of interim dividend and make recommendation of final dividend for approval by shareholders, if any; v. Material corporate exercise, if any; vi. Approval of financial statements; vii. Investment in projects above a pre-determined limit; viii. Appointment of new Directors, Managing Director and other senior

	management positions based on recommendation of the NC; and ix. Related party transactions.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.2

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

Application :	Applied	
Explanation on application of the practice :	Being the founder of the "Oversea Restaurant (海外天)", Mr. Yu Soo Chye @ Yee Soo Chye has became 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. The responsibilities of the Chairman, among others, include but not limited to the following:- (i) Lead the Board and ensure its effectiveness of all aspects; (ii) Preside at Board and shareholders meetings and ensuring the proceedings thereof comply with good conduct and practices; (iii) Facilitate the deliberation and discussion to enable the Board to arrive at clear and quality decisions on issues discussed; (iv) Ensure constructive relations between Directors, and between the Board and the management team; and (v) Ensure effective communication with shareholders and relevant stakeholders.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.3

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

Application :	Departure	
Explanation on application of the practice :		
Explanation for departure :	With approximately fifty-eight (58) 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. As the alternate practice, the Board undertakes the following effort to ensure there is a balance of power and authority on the Board:- (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. (b) A clear division of responsibilities for the role of Chairman 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.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe :	Choose an item.	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	The Board is supported by two (2) suitably qualified and competent Company Secretaries as follows:- • Ms. Ho Mun Yee, ACIS • Ms. Tam Fong Ying, ACIS Both the Company Secretaries are members of the Malaysian Institute of Chartered Secretaries and Administrators ("**MAICSA**") and are qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016. The brief profile of the Company Secretaries are as follows:- **Ms. Ho Mun Yee, ACIS** Ms. Ho has been elected as an Associate Member of the MAICSA since 1992. She has more than thirty (30) years of experience in handling corporate secretarial matters for both public and private companies, including charitable organisations. Ms. Ho is a Chartered Secretary by profession. She is the Managing Director of Esprit Management Services Sdn. Bhd., a corporate secretarial service provider in Malaysia. Ms. Ho is also the named company secretary for public listed companies, public companies and private limited companies. Ms. Ho has been appointed as company secretary of the Company with effect from 31 August 2019. **Ms. Tam Fong Ying, ACIS** Ms. Tam has been elected as an Associate Member of the MAICSA since 2000. She has more than twenty (20) years of experience in handling corporate secretarial matters for both public and private companies. Ms. Tam is a Chartered Secretary by profession. She is the Manager of Esprit Management Services Sdn. Bhd., a corporate secretarial service provider in Malaysia. Ms. Tam is also the named company secretary for public listed

	companies, public companies and private limited companies. Ms. Tam has been appointed as company secretary of the Company with effect from 31 August 2019. For the FYE 2020, 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 SSM and MAICSA. 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) Advise the Board on the requirements of corporate disclosures in accordance with the ACE LR for various corporate proposal, as well as compliance with the ACE LR and the Companies Act 2016. (f) 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. (g) 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. (h) Advise the Board on corporate governance related matters. (i) Compilation of the results of the assessments for the Board and/or Board Committee's review. For the FYE 2020, the Board is satisfied with the performance and support rendered to the Company Secretaries to the Board in discharging its functions.

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

Intended Outcome

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

Practice 1.5

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

Application :	Applied	
Explanation on application of the practice :	During the FYE 2020, for each meetings, 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. 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.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 2.1

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

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

Application :	Applied
Explanation on application of the practice :	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 MCCG and ACE LR were taken into consideration during the process of formalising the Board Charter. 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. The Board Charter entails the following: i. The Board; ii. Duties and responsibilities of the Board; iii. Schedule of matters specifically reserved to the Board; iv. Roles of the Chairman of the board; v. Roles of the Chief Executive Officer/Group Managing Director; vi. Board Committees; vii. Code of ethics and conduct; viii. Board meeting; ix. Access to information and advice; x. Appointment, re-appointment and re-election of Directors; xi. Directors' training; xii. Directors' remuneration; xiii. Board and Board members assessment; and xiv. Endorsement and review of the Board Charter. The Board Charter is to be regularly reviewed by the Board as and when required. As at the date of the Annual Report 2019, 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. A full copy of the Board Charter is available for viewing at the Group's corporate website at www.oversea.com.my.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 3.1

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

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

Application :	Applied
Explanation on application of the practice :	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. 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 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:- **(a) Corporate Governance** i. Compliance with legal and regulatory requirements and Board policies at all times; 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; iii. Act in the best interest of the Company and its Shareholders with integrity and in good faith, with due diligence and care; 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;

	v. Devote time and effort to attend meetings and to discharge those functions; vi. Must not allow personal interests or the interest of any associated person, to conflict with the interests of the Company and report to the Board on any potential conflict; vii. Must not take improper advantage and not to make improper use of information of the position as Director; 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; ix. Keep confidential of the board's discussions and deliberations; and x. Notify the Chairman before accepting any new directorship outside the Group and limit the directorship in listed issuers. **(b) Relationship with Shareholders, Employees, Customers, Supplies and Visitors** i. Promote professionalism and improve the competency of management and employees at all times; and ii. Ensure adequate safety measures and provide proper protection to employees, customers, supplies and visitors at workplace. **(c) Social Responsibilities** i. Ensure the effective use of natural resources and consider the environment impact before disposal of waste; ii. Ensure the activities and the operations of the Company do not harm the interest and well-being of the society; and iii. Care and proactive to the needs of the community and to assist in society-related programmes. The Code of Ethic and Conduct as set out in the Board Charter is available for viewing at the Group's corporate website at www.oversea.com.my.
Explanation for departure :	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.	
Measure :	
Timeframe :	

Intended Outcome

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

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

Practice 3.2

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

Application :	Applied
Explanation on application of the practice :	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. **(a) Reporting procedure** 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:- Name : Mr. Yap Teck Beng Email : tbyap@oversea.com.my Mail : Oversea Enterprise Berhad D-3-1 & D-3A-1, Seri Gembira Avenue, Jalan Senang Ria, Taman Gembira, 58200 Kuala Lumpur, Wilayah Persekutuan (Please mark "Strictly Confidential") In case where reporting to the management is a concern, the report should be made directly to the Chairman of the AC. The channel of reporting is as follow:- Name : Mr. Koong Lin Loong Email : llkoong@llkg.com.my Mail : Oversea Enterprise Berhad D-3-1 & D-3A-1, Seri Gembira Avenue, Jalan Senang Ria, Taman Gembira, 58200 Kuala Lumpur, Wilayah Persekutuan (Please mark "Strictly Confidential") **(b) Action(s) to be taken upon received the report** i. All reports will be investigated promptly by the authorised

	person receiving the report. If required, he may seek assistance from the legal adviser or the Human Resource Department. He may also co-opt with any other employees from time to time to assist on investigation; ii. Upon completion of investigation, the authorised person will prepare and endorse the investigation report and give recommendation to the Audit Committee and Board of Directors for their deliberation. Decision taken by the Board will be implemented immediately; and iii.. Where possible, proper steps will also be implemented to prevent similar situation arising. **(c) Investigation** 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: i. To collate information relating to the allegation. This may involve taking steps to protect or preserve documents or materials; ii. To consider the information collected and draw conclusions objectively and impartially; iii. To maintain procedural fairness in the treatment of witnesses and the person who is the subject of the disclosure; and vi. To make recommendations to the relevant approving authority arising from the conclusions drawn concerning remedial or other appropriate actions. 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. For the FYE 2020, neither the Group General Manager nor the Chairman of the AC has received any report(s) of concern. A copy of the Whistle Blowing Policy is available for viewing at the Group's corporate website at www.oversea.com.my.
Explanation for departure :	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 4.1

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	For the FYE 2020, the Board comprises seven (7) members, three (3) of whom are INEDs and is in compliance with the Rule 15.02(1) of the ACE LR, three (3) Executive Directors and one (1) Chairman/Group Managing Director. 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. The Board took note of the requirement of Practice 4.1 of the MCCG which requires at least half (1/2) 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. 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. 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.
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.

Timeframe :	Choose an item.	

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

Practice 4.2
The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

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

Application :	Applied - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice :	The Company will be seeking shareholders' approval at the forthcoming Twenty-Fifth Annual General Meeting ("**AGM**") for the retention of Mr. Koong Lin Loong and Mr. Chiam Soon Hock, the INEDs of the Company, both of whom have served the Board for a cumulative term of more than nine (9) years. The Board through the NC has undertaken relevant assessments and recommended for Mr. Koong Lin Loong and Mr. Chiam Soon Hock to continue to serve as INEDs based on the following justifications:- • They have fulfilled the definition of an Independent Director as set out under Rule 1.01 of the ACE LR of Bursa Securities; • 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; • They have no potential conflict of interest, whether business or non-business related, that the directors could have with the Company; • 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 • They did not derive any remuneration and other benefits apart from Directors' fees that are approved by shareholders.

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

Intended Outcome

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

Practice 4.3 - Step Up

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

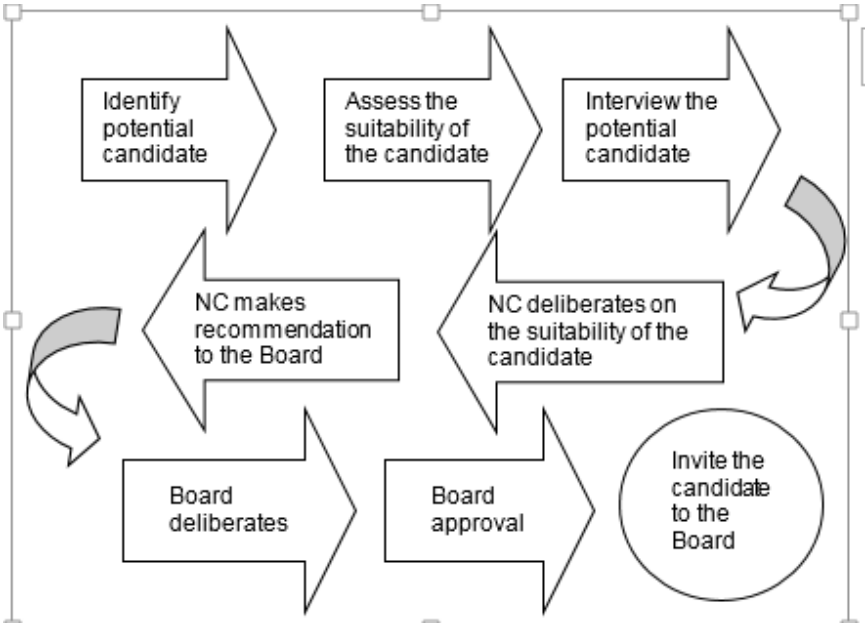
Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	The NC 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. **<u>Appointment of Directors</u>** 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. The NC will assess the independence of the candidate in the case of appointment of an Independent Non-Executive Director. The process for the recruitment of new Director is summarised as follows:-  The NC is responsible to identify and select potential new

	Directors and to make recommendations to the Board for the appointment of Directors. During FYE 2020, 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. 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. **<u>Appointments to Board Committees</u>** 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:- • the needs of the particular Board Committees; • the results of the Board Effectiveness Evaluation for the Board Committees; • time commitment and availability; • regulatory requirements; and • best practices or governance practices. **<u>Appointments to Senior Management</u>** 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.
Explanation for departure :	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 4.5

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

Application :	Applied	
Explanation on application of the practice :	For the FYE 2020, the Board comprises one (1) female Director, equivalent to 14% women representation on Board. The Board affirmed that gender diversity shall be one of the criteria to be considered by the NC during their evaluation process on potential candidate(s) for Board's membership to fill the above vacancy.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 4.6

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

Application :	Applied	
Explanation on application of the practice :	The NC is responsible to identify and select potential new Directors and to make recommendations to the Board for the appointment of Directors. During FYE 2020, 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. 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.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 4.7

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

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

Intended Outcome
Stakeholders are able to 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.

<table>
<tr><td>Application :</td><td>Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td>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 NC, before being tabled and discussed at the Board.

FYE 2020, the Board through the NC conducted the following annual assessments:-
<table>
<tr><td>Evaluation</td><td>Assessment criteria</td></tr>
<tr><td>Individual Directors</td><td>• Fit and proper;
• Contribution and performance; and
• caliber and personality.</td></tr>
<tr><td>Board and Board Committee</td><td>• Board mix and composition;
• Quality of information and decision making;
• Boardroom activities; and
• Board Committees’ Performance</td></tr>
<tr><td>Audit Committee</td><td>• Quality and composition
• Skills and Competencies
• Meeting Administration and Conduct
• Duties and Responsibilities</td></tr>
</table>
Based on the assessments conducted for the FYE 2020, the NC was satisfied with the performance of the Board as a whole, the Board Committees and each individual Director.</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td></td></tr>
<tr><td></td></tr>
</table>

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

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	The Board had on 1 July 2019 adopted a Directors and Senior Management's Remuneration Policy and Procedure to set out the criterias for remunerating its Director and/or Senior Management. The objective of the Directors and Senior Management's Remuneration Policy and Procedure are as follows:- • Determine the level of remuneration package of Directors and senior management; • Attract, develop and retain high performing and motivated Directors and senior management with a competitive remuneration package; • Provide a remuneration such that the Directors and senior management are paid a remuneration commensurate with the responsibilities of their position; and • Encourage value creation for the Company and its stakeholders. The RC, when recommending the remuneration package of the Directors and Senior Management, shall be guided by the main components and procedures provided in the Directors and Senior Management's Remuneration Policy and Procedure. The Directors and Senior Management's Remuneration Policy and Procedure is to be regularly reviewed by the Board as and when required. A copy of the Directors and Senior Management's Remuneration Policy is available for viewing at the Group's corporate website at www.oversea.com.my.
Explanation for departure	:	

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

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

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

Practice 6.2
The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

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

<table>
<tr><td>Application :</td><td>Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td>The RC was set up on 19 August 2011 with current TOR revised on 30 June 2016. The RC comprises two (2) Non-Executive Director and one (1) Group Managing Director and the composition of the RC is as follows:-
<table>
<tr><th>NC</th><th>Designation</th><th>Directorate</th></tr>
<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>Group Managing Director</td></tr>
<tr><td>Chui Mee Chuen</td><td>Member</td><td>Independent Non-Executive Director</td></tr>
</table>
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:-

i. To ensure that remuneration for Directors is set at a competitive level to recruit, attract, retain and motivate high calibre individuals;
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;
iii. To determine and agree with the Board an appropriate</td></tr>
</table>

	performance framework, assessing Directors' performance against targets and determine resultant annual remuneration levels; and iv. To determine the policy for and scope of service agreements for Directors, termination payment and compensation commitments. v. To determine and recommend to the Board any performance related pay schemes for the Executive Directors and/or any other persons as the RC is designated to consider by the Board; and vi. Review and recommend to the Board a formal and transparent remuneration policy and framework for Non-Executive Directors. A copy of the TOR of the RC is available for viewing at the Group's corporate website at www.oversea.com.my. The RC, when recommending the remuneration package of the Directors and Senior Management, shall be guided by the main components and procedures provided in the Directors and Senior Management's Remuneration Policy and Procedure.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 7.1

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

Application :	Applied
Explanation on application of the practice :	For the FYE 2020, the aggregate remuneration received/receivable by the Directors of the Company from the Company and the Group categorised into appropriate components are as follows:-

Received from the Company

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)**
Executive Directors						
Yu Soo Chye @ Yee Soo Chye	-	-	-	-	-	-
Lee Pek Yoke (Deceased: 12 May 2019)	-	-	-	-	-	-
Lee Seng Fan	-	-	-	-	-	-
Khong Yik Kam	-	-	-	-	-	-
Yu Tack Tein	-	-	-	-	-	-
Non-Executive Directors						
Koong Lin Loong	36	-	-	-	-	36
Chiam Soon Hock	36	-	-	-	-	36
Chui Mee Chuen	36	-	-	-	-	36

Received on the Group Basis

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)
Executive Directors						
Yu Soo Chye @ Yee Soo Chye	-	650	337	22	89	1,098
Lee Pek Yoke (Deceased : 12 May 2019)	-	67	70	-	5	142
Lee Seng Fan	-	206	16	-	25	247
Khong Yik Kam	-	122	23	5	19	169
Yu Tack Tein	-	182	12		20	214
Non-Executive Directors						
Koong Lin Loong	36	-	-	-	-	36
Chiam Soon Hock	36	-	-	-	-	36
Chui Mee Chuen	36	-	-	-	-	36

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

Intended Outcome

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

Practice 7.2

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

Application :	Departure	
Explanation on application of the practice :		
Explanation for departure :	The Board is of the view that, given that the disclosure of the remuneration of the top five (5) senior management will give rise to recruitment and talent retention issues and may lead to the performing senior management staff being lured away by the competitors and hence, the Group may lose high calibre personnel who have been contributing to the Group's performance. The Board will ensure that the remuneration for the senior management personnel is commensurate with their performance in order to attract, retain and motivate them to contribute positively to the Group's performance.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe :	Choose an item.	

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome
There is an effective and independent Audit Committee.

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

Practice 8.1
The Chairman of the Audit Committee is not the Chairman of the board.

Application :	Applied	
Explanation on application of the practice :	The 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. The composition of the AC is set out in the **AC Report** of the Annual Report 2020.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
There is an effective and independent Audit Committee.

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

Practice 8.2
The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application :	Applied	
Explanation on application of the practice :	The AC has instituted a policy by way of inclusion in the TOR 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 TOR of the AC has been updated accordingly in order for the AC to formalise such policy. As a matter of practice, the AC has recommended to the NC 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.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
There is an effective and independent Audit Committee.

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

Practice 8.3
The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application :	Applied
Explanation on application of the practice :	The AC has policies and procedures to assess the suitability, objectivity and independence of External Auditors vide annual assessment of the suitability, objectivity and independence of the External Auditors. The salient terms are as follows:- **ASSESSMENT CRITERIA** (i) Fees The External Auditors must provide a fee quotation for its audit services. However, price will not be the sole determining factor of suitability. (ii) Competence, audit quality and resource capacity Audit quality typically increases with audit firm size because of experience and functional industry knowledge. Typically, large or global companies have expansive resources, in terms of personnel, expertise and worldwide availability. The Committee shall consider the audit firm's reputation and the qualifications of its professionals, including the breadth and depth of resources, expertise and experience of the team members. Their networking ability and competency to address any complex issues, are equally important to assess its suitability. (iii) Non-audit work All engagements of the External Auditors to provide non-audit services are subject to the necessary approvals outlined in the Policy. (iv) Independence The External Auditors must satisfy the Committee that it is independent and outline the procedures it has in place to

	maintain its independence. The independence of the External Auditors is integral to the role of auditors and the Committee shall give due consideration to this requirement when putting forward a recommendation to the Board. The External Auditors are precluded from providing any services that may impair their independence or conflict with their role as External Auditors. A 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 professional and regulatory requirements is to be given to the Company. A former key audit partner has to observe a cooling-off period of at least two (2) years before being appointed as a member of the Committee to safeguard the independence of the audit by avoiding the potential threats which may arise when a key audit partner is in a position to exert significant influence over the audit and preparation of the Company's financial statements. Former key partner includes the engagement partner, the individual responsible for the engagement of quality control review, and other audit partners, if any, on the engagement team who make key decisions or judgement on significant matters with respect to the audit of the financial statements on which the auditor will express an opinion. (v) Material matters The External Auditors must outline its proposed procedures to address the issue of material significance or matter of disagreement with the Management. The External Auditors is required to disclose to the Committee all issues of material significance and all matters of disagreement with the Management, whether resolved or unresolved, and to assist the Committee to review such matters. A copy of the Policies and Procedures to assess the Suitability, Objectivity and Independence of External Auditors is available for viewing at the Group's corporate website at www.oversea.com.my. During FYE 2020, 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 professional and regulatory requirements; and • Tenure of the current auditors. 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 Malaysia PLT 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 2020 and are not aware of any non-audit services that have compromised our independence as External Auditors of the Company. Upon completion of its assessment, the AC was satisfied with Messrs. Crowe Malaysia PLT's technical competency and audit independence and recommended to the Board the re-appointment of Messrs. Crowe Malaysia PLT as External Auditors for the financial year ending 31 March 2021. The Board has in turn, has recommended the same for shareholders' approval at the forthcoming Twenty-Fifth AGM of the Company.
Explanation for departure :	

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

Intended Outcome
There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up
The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The AC 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.

Application :	Applied	
Explanation on application of the practice :	The AC conducts self and peer evaluation annually to assess the performance and skillsets of the individual AC members and their peers. During the FYE 2020, the AC members had completed the assessment on individual basis and the results were compiled by the Company Secretaries and tabled for the NC's review. 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. The members of the AC have attended various continuous trainings and development programmes as detailed in **Principle A, Section II, Continuing Education and Training of Directors** in the Annual Report 2020.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 9.1

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

<table>
<tr><td>Application :</td><td>Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td>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.

The RMC leads by an Independent Non-Executive Director to assists 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 assist on 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.

The composition of the RMC and Steering Committee are as follows:-

<u>RMC</u>
<table>
<tr><th>Office</th><th>Name and Designation</th></tr>
<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>
</table>

<u>Steering Committee</u>
<table>
<tr><th>Office</th><th>Name and Designation</th></tr>
<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>
</table></td></tr>
</table>

	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)
	Member	Lee Ying Hoe (Group Marketing Manager)

The Statement on Risk Management and Internal Control as set out in the Annual Report 2020 provides an overview of the state of risk management and internal controls within the Group.

Explanation for departure :	

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

Measure :		
Timeframe :		

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

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

Practice 9.2
The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application :	Applied	
Explanation on application of the practice :	**The Statement on Risk Management and Internal Control** as set out in the Annual Report 2020 provides an overview of the state of risk management and internal controls within the Group.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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

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

Practice 9.3 - Step Up
The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	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. The Company outsourced its internal audit function to an independent internal audit service provider, namely Sterling Business Alignment Consulting Sdn. Bhd., who reports directly to the AC. 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. 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 FYE 2020. During the FYE 2020, the AC had reviewed and assessed the adequacy of the scope, functions, competency, resources and independence of the Sterling Business Alignment Consulting Sdn. Bhd., the outsourced Internal Auditors for the FYE 2020 and that they have the necessary authority to carry out their work. The **AC Report** as set out in the Annual Report 2020 provides further details of the Internal Audit Function.
Explanation for departure	:	

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

Intended Outcome

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

Practice 10.2

The board should disclose–

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

<table>
<tr><td>Application :</td><td>Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td>The Company outsourced its internal audit function to an independent internal audit service provider, namely Sterling Business Alignment Consulting Sdn. Bhd., who reports directly to the AC. 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.

The profile of Sterling is set out as follows:-
<table>
<tr><td>Principal Engagement Lead</td><td>:</td><td>So Hsien Ying</td></tr>
<tr><td>Qualifications</td><td>:</td><td>Certified Internal Control Professional from Internal Control Institute</td></tr>
<tr><td>Experiences</td><td>:</td><td>more than twenty (20) years of experience in corporate planning, business process improvement, risk management, internal audit and internal control review</td></tr>
<tr><td>Number of resources</td><td>:</td><td>each internal audit review ranges from three (3) to four (4) staff per visit</td></tr>
</table>
Sterling is a corporate member of the Institute of Internal Auditors Malaysia (“IIAM”). Sterling use the Committee of Sponsoring Organisations of the Treadway Commission (“COSO”) Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the internal control systems.</td></tr>
</table>

	FYE 2020, Sterling'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.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	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. In consequence thereto, the Board had a Shareholders' Communication Policy in placed to provide guidance as well as ensuring a consistent approach towards the Company's communication with the Shareholders. A copy of the Shareholders' Communication Policy is available for viewing at the Group's corporate website at www.oversea.com.my. During the FYE 2020, the Company has implemented the following manners to communicate with its Shareholders:- i. General meeting The Twenty-Fourth AGM was held on 28 August 2019. 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. ii. Announcements made to Bursa Securities Annual Report, quarterly financial results and various announcements made to Bursa Securities in accordance with the ACE LR of Bursa Securities. iii. Annual Report and Circular to Shareholders The Annual Report for year 2019 and Circular to Shareholder in relation to the proposed renewal of shareholders' mandate for recurrent related party

	transactions of a revenue or trading nature, together with the notice of AGM were distributed to Shareholders on 29 July 2019. iv. Company's website All announcements released to Bursa Securities are also appear in the Company's website at www.oversea.com.my. 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. v. Media release Write-ups about the business of the Group were published on local newspapers and the clippings have been uploaded to the Company's website.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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

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

Practice 11.2
Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Not adopted as the Company is not a large company.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 12.1

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

Application :	Applied	
Explanation on application of the practice :	The notice of Twenty-Fourth AGM together with the Annual Report and Circular is dispatched to shareholders at least twenty-eight (28) 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.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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

Practice 12.2
All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application :	Applied	
Explanation on application of the practice :	All the Directors were present at the Twenty-Fourth AGM of the Company held in year 2019 to engage with the shareholders personally and proactively. 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. 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. The Chairmen of the Board Committees are also readily available to address the questions posted by the shareholders at the general meetings.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	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:- • Affordability of the technology and infrastructure; • Sufficient number of shareholders residing/locating at particular remote location(s); • Age profile of the shareholders. In view thereof, the Board will not be recommending the adoption such Voting/ Participation at the forthcoming Twenty-Fifth AGM of the Company. Noting majority of Shareholders of the Company are located in the Klang Valley, the venue for the Twenty-Fifh AGM has been arranged at the Company's Sri Petaling outlet. Instead of conducting the Twenty-Fifth AGM at various remote locations with no/hardly transportation link, the Company has adopted an alternate practice of selecting a AGM venue with easy access and good public transportation link. The recommended Practice 12.3 does not correlate with the nature of business of the Company which require physical turnout and/or personal sample tasting experience. The holding of AGM at remote location with less-than-desire facilities will devoid Shareholders of the abovementioned sampling opportunities and experience.
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.

Timeframe :	Choose an item.	

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.

N/A