

## **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 4006  
**COMPANY NAME** : Oriental Holdings Berhad  
**FINANCIAL YEAR** : December 31, 2019

### **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 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.*

## 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 governing and directing the affairs of Oriental Holdings Berhad ("OHB") and its subsidiaries (collectively referred to as the "Group"). The Board focuses on enhancing long term shareholders' value whilst safeguarding the interests of other stakeholders. Premised on high standards of transparency, accountability and integrity, the Board strives to ensure that its obligations to stakeholders are met. In fulfilling its role as stewards of the Company, the Board is dedicated to discharging its duties with unfettered objectivity, due care and skill in the best interest of the Company.</p> <p>In order to assist in the discharge of its stewardship role, the Board has established Board Committees, namely, the Executive Committee ("EXCO"), Audit Committee ("AC"), Remuneration Committee ("RC"), Nominating Committee ("NC") and Risk Management Committee ("RMC"), to oversee matters within their purviews approved by the Board and to report to the Board on key issues deliberated at their respective meetings. The ultimate responsibility for decision making, however, resides with the Board.</p> <p>Salient activities conducted by the Board during the year are as below:</p> <ul style="list-style-type: none"><li>• receive and discuss reports from EXCO, AC, RC, NC and RMC;</li><li>• review the Group's ethical standards and framework; and</li><li>• review report on related party transaction and recurrent related party transactions of revenue or trading nature.</li></ul> <p>The EXCO assists the Board by overseeing the implementation of Board policies. The Board reserves to itself the overall responsibility for establishing business objectives and targets for the Group.</p> <p>The group annual budget for financial year 2019 was reviewed and approved by the EXCO during its first meeting in 2019 and circulated to the Non-Executive Directors. The Group Chief Financial Officer ("GCFO") was invited to the meeting to present the budget overview and capital expenditure of each segment. Management representatives from respective segments then tabled the detailed segment budget to the EXCO.</p> <p>At the quarterly meetings, the Performance Coordinating Team ("PCT") of selected segment present the performance and Key Performance Indicators to the EXCO. The EXCO reports the results to the Board subsequently.</p> <p>The AC assists and supports the Board to oversee the Group's processes for preparation of financial information, its internal control system and independence of the Group's external and internal auditors.</p> <p>The RC is primarily responsible for recommending to the Board the remuneration of Executive Directors, drawing from outside advice, if necessary.</p> <p>The NC oversees the nomination and election of new directors, the conduct of Directors' assessment and the facilitation of Directors' induction, training and succession programmes.</p> <p>The RMC is tasked for reviewing and recommending the risk management policies and strategies for the Group. It assists the Board to fulfil its oversight responsibility on risk management to manage the overall risk exposure of the Group.</p>

		<p>Refer to the Corporate Governance Overview Statement in the Annual Report 2019 for the details of board meetings attended by the Directors during the year.</p> <p>The Board has also set the tone to commit towards corporate social responsibility and sustainable development activities which stem from the fundamental principles of good corporate governance and striking a harmonious synergy between corporate pursuits and social obligations. The Group is committed to ensure that economic, environment and social considerations are integrated into business activities.</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

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>The Board of OHB is helmed by an Executive Chairman, Datuk Loh Kian Chong. He was appointed as Chairman on 1 January 2015.</p> <p>As outlined in the Board Charter, the responsibilities of the Chairman, amongst others, are as follows:</p> <ul style="list-style-type: none"><li>• acting as chief spokesperson and representative of the Board and Company;</li><li>• ensuring that the Board is aware of its statutory obligations to the Company, its shareholders, employees and other stakeholders;</li><li>• presiding at Board and shareholder meetings and ensuring the proceedings thereof comply with good conduct and practices;</li><li>• establishing frequency and timing of Board meetings as well as reviewing such practice from time to time, as considered appropriate, or as requested by the Board;</li><li>• functioning as facilitator at Board meetings and ensuring that no member, whether executive or otherwise, dominates discussion. The Chairman shall also encourage Board members to participate in discussions and that relevant opinions amongst members are forthcoming, resulting in logical and understandable outcomes;</li><li>• ensuring that all Directors are enabled and encouraged to participate at Board meetings. This includes ensuring that all relevant issues are on the agenda and that all Directors receive timely and relevant information tailored to their needs and that they are properly briefed on issues arising at Board meetings;</li><li>• ensuring Executive Directors accept their share of responsibilities of governance and provide regular updates on all issues pertinent to the welfare and future of the Group to the Board;</li><li>• liaising and co-ordinating input from all Directors, especially Board Committees' Chairman, to optimise the effectiveness of the Board and its Committees;</li><li>• ensuring the adequacy and integrity of the Board governance processes; and</li><li>• performing other responsibilities assigned by the Board from time to time.</li></ul>
<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 1.3

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

<b>Application</b>	:	Applied																										
<b>Explanation on application of the practice</b>	:	<p>The positions of Chairman and CEO of OHB are held by different individuals, i.e. Datuk Loh Kian Chong as the Chairman whilst Dato' Robert Wong Lum Kong, DSSA, JP and Dato' Seri Lim Su Tong are the joint Group Managing Directors. Ms. Tan Kheng Hwee and Dato' Sri Datuk Wira Tan Hui Jing serve as Executive Directors.</p> <p>The Board believes that segregation of positions of the Chairman and CEO allows OHB to promote accountability and facilitate division of responsibilities as well as ensure a balance power between Chairman and the CEO.</p> <p>Additionally, The Board has established an EXCO comprising all five Executive Directors (as shown below) to assist the Board in overseeing the execution of day to day activities of the Company with a view of achieving long term business sustainability.</p> <table border="1"> <thead> <tr> <th>No</th> <th>Directors</th> <th>Directorship</th> <th>Business Operations</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Datuk Loh Kian Chong</td> <td>Executive Chairman</td> <td>Plantation, Investment properties &amp; trading of building material products and Investment holding segments (co-joint with Dato' Seri Lim Su Tong)</td> </tr> <tr> <td>2</td> <td>Dato' Robert Wong Lum Kong, DSSA, JP</td> <td>Group Managing Director</td> <td>Automotive segment for Honda and Mitsubishi in Malaysia as well as the automotive plastic segment and industrial and commercial property segment (Malaysia)</td> </tr> <tr> <td>3</td> <td>Dato' Seri Lim Su Tong</td> <td>Group Managing Director</td> <td>Plantation, Investment properties &amp; trading of building material products and Investment holding segments</td> </tr> <tr> <td>4</td> <td>Ms. Tan Kheng Hwee</td> <td>Executive Director</td> <td>Honda automobile business in Singapore as well as Hotels &amp; Resorts segment</td> </tr> <tr> <td>5</td> <td>Dato' Sri Datuk Wira Tan Hui Jing</td> <td>Executive Director</td> <td>Armstrong Auto Parts Group and Healthcare segment</td> </tr> </tbody> </table> <p>In order to foster greater objectivity and strengthen collective oversight over Management, the Board has designated Dato' Ghazi bin Ishak as the Senior Independent Director, to whom concerns may be conveyed by stockholders and other stakeholders.</p>			No	Directors	Directorship	Business Operations	1	Datuk Loh Kian Chong	Executive Chairman	Plantation, Investment properties & trading of building material products and Investment holding segments (co-joint with Dato' Seri Lim Su Tong)	2	Dato' Robert Wong Lum Kong, DSSA, JP	Group Managing Director	Automotive segment for Honda and Mitsubishi in Malaysia as well as the automotive plastic segment and industrial and commercial property segment (Malaysia)	3	Dato' Seri Lim Su Tong	Group Managing Director	Plantation, Investment properties & trading of building material products and Investment holding segments	4	Ms. Tan Kheng Hwee	Executive Director	Honda automobile business in Singapore as well as Hotels & Resorts segment	5	Dato' Sri Datuk Wira Tan Hui Jing	Executive Director	Armstrong Auto Parts Group and Healthcare segment
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**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>Ms. Ong Tze-En (MAICSA 7026537) and Ms. Tai Yit Chan (MAICSA 7009143) were appointed as the joint Company Secretaries of OHB on 31 December 2012. They are Chartered Secretaries by profession and their qualifications are in accordance with Section 235(2)(a) of Companies Act 2016. Being members of Chartered Secretaries Malaysia (MAICSA), Company Secretaries have taken the steps to keep themselves apprised on changes to legislative promulgations, particularly those relevant to corporate governance.</p> <p>The Board is regularly updated and advised by the Company Secretaries on statutory and regulatory requirements to guide the Board in adopting the best practices in the realm of corporate governance. The Company Secretaries also oversee the adherence with Board policies and procedures and brief the Board on the content and timing of announcements to Bursa Malaysia Securities Berhad.</p> <p>The right to appoint and remove the Company Secretaries in accordance with Sections 236 and 239 of Companies Act 2016 is enshrined in the Company's Constitution.</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

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>The Company Secretaries circulate the meeting pack including the meeting agenda and meeting materials to all directors at least seven (7) calendar days prior to the meeting to ensure Directors have sufficient time to review meeting materials and facilitate an effective meeting. The said practice is in line with Guidance to Practice 1.5 of the Malaysian Code on Corporate Governance ("MCCG") which states that the "the meeting materials should be circulated at least five business days in advance of the board meeting".</p> <p>Exception is made by OHB for ad-hoc and urgent agenda items whereby the meeting materials will be circulated less than 7 calendar days prior to the meeting. The meeting notices are circulated 7 calendar days before the Board and Board Committees meetings and include the date, time and place of the meeting as well as the matters to be discussed in accordance with Paragraph 3 of the Third Schedule of Companies Act 2016.</p> <p>Company Secretaries record decisions of the Board and Board Committees, including key deliberations, rationale of each decision made and any significant concerns or dissenting views during the meeting. The minutes also indicate whether any Director abstained from voting or excused himself or herself from deliberating on particular matters.</p> <p>The draft minutes of meeting are targeted to circulate within fourteen (14) calendar days of each Board and Board Committee meeting. The draft minutes will be re-circulated with the Board and Board Committee papers for signing at the subsequent meeting to ensure the completeness and accuracy of the minutes.</p> <p>As stated in the Board Charter, every Director has the right to the resources, whenever necessary and reasonable for the performance of his duties, at the cost of OHB, including but not limited to:</p> <ul style="list-style-type: none"><li>• obtaining full and unrestricted access to any information pertaining to the OHB;</li><li>• obtaining full and unrestricted access to the advice and services of the company secretaries; and</li><li>• obtaining independent professional or other advice.</li></ul> <p>This is in line with the Paragraph 15.04 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").</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 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>As the primary source of guiding document for the Directors, the Board Charter of OHB which is published on the Company’s website outlines the following:</p> <ul style="list-style-type: none"> <li>• OHB Group’s vision, mission and values;</li> <li>• Board processes (meeting frequency, quorum, role of Company Secretary);</li> <li>• Roles and responsibilities of the Board, Chairman, Executive Directors and Non-Executive Directors (e.g. Chairman acts as chief spokesperson, EXCO oversees the implementation of Board policies and Non-Executive Directors contribute to the development of strategy);</li> <li>• Matters reserved for the decision of the Board (e.g. business plan, strategic and financial matters);</li> <li>• Delegation of authority to Board Committees (e.g. EXCO, AC, RC, NC and RMC);</li> <li>• Restriction on the tenure of Independent Directors; and</li> <li>• Directors’ Code of Ethics.</li> </ul> <p>The Board Charter and relevant Group policies are reviewed by the Board periodically (at least once every three years) or whenever there are changes in the regulations and also upon request from the Board.</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**

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>OHB has formalised the Code of Ethics which serves to provide guidance for employees on how ethical matters are to be dealt with. The Code of Ethics covers the issues related to:</p> <ul style="list-style-type: none"> <li>• External environment;</li> <li>• Work environment;</li> <li>• Safe and healthy environment;</li> <li>• Usage of OHB’s property;</li> <li>• Compliance with laws;</li> <li>• Fair dealing with others, illegal or questionable gifts or favours;</li> <li>• Gifts and entertainment;</li> <li>• Travel and hospitality;</li> <li>• Donations and sponsorships;</li> <li>• Employment outside OHB Group;</li> <li>• Foreign transactions;</li> <li>• Political contribution and activities;</li> <li>• Opportunities;</li> <li>• Conflicts of interests;</li> <li>• Fraud and actions constituting fraud;</li> <li>• Insider trading;</li> <li>• Abuse of power;</li> <li>• Money laundering;</li> <li>• Gratification, Bribery and Corruption;</li> <li>• Facilitation payment; and</li> <li>• Sexual harassment.</li> </ul> <p>The Directors’ Code of Ethics is incorporated in the Board Charter. It guides the conduct of Directors so as to act in the best interest of the OHB and its stakeholders. The content of the Directors’ Code of Ethics also covers aspects such as prohibition on insider trading and declaration on conflict of interest.</p> <p>The Code of Ethics has been reviewed during the year in conjunction with the Group’s exercise to enhance the ethical standards and framework. The Code of Ethics is subjected to periodic reviews to ensure it is kept contemporaneous. A summary of OHB’s Code of Ethics is available on the Company’s website.</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 3.2**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>OHB has formalised its Whistleblowing Policy and it is made available on the Company's website.</p> <p>As outlined in the policy, stakeholders, employees and members of the public can raise legitimate concerns, unethical or questionable practice in confidence without the risk of reprisal to the designated recipients of OHB, i.e. the Chairman of the AC and the Head of Internal Audit. Whistleblowers may report the suspected wrongdoing through alternative channels such as phone, electronic mail ("email"), and in writing.</p> <p>The Internal Audit function oversees the implementation of whistleblowing policies and procedures in OHB as well as assists the AC to investigate the reports made. Whistleblowing reports will be escalated and discussed with the AC, prior to channelling them to the Board of Directors of OHB based on the gravity of the suspected wrongdoings. The Board reserves the right to make final decision on whistleblowing reports.</p> <p>The Whistleblowing Policy has been reviewed during the year in conjunction with the Group's exercise to enhance the ethical standards and framework. The policy is subjected to periodic reviews by the AC and Board.</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 4.1

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>The Board does not comprise a majority of Independent Directors with the composition as shown below:</p> <table border="1"> <thead> <tr> <th>No</th> <th>Directorship</th> <th>Number of Directors</th> <th>Name</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Executive Director</td> <td>5</td> <td> <ul style="list-style-type: none"> <li>Datuk Loh Kian Chong</li> <li>Dato' Robert Wong Lum Kong, DSSA, JP</li> <li>Dato' Seri Lim Su Tong</li> <li>Ms. Tan Kheng Hwee</li> <li>Dato' Sri Datuk Wira Tan Hui Jing</li> </ul> </td> </tr> <tr> <td>2</td> <td>Senior Independent Non-Executive Director</td> <td>1</td> <td> <ul style="list-style-type: none"> <li>Dato' Ghazi bin Ishak</li> </ul> </td> </tr> <tr> <td>3</td> <td>Independent Non-Executive Director</td> <td>2</td> <td> <ul style="list-style-type: none"> <li>Ms. Mary Geraldine Phipps</li> <li>Mr. Lee Kean Teong</li> </ul> </td> </tr> <tr> <td>4</td> <td>Non-Independent Non-Executive Director</td> <td>2</td> <td> <ul style="list-style-type: none"> <li>Pn. Sharifah Intan binti S. M. Aidid</li> <li>Mr. Yoshitaka Nakamura</li> </ul> </td> </tr> <tr> <td></td> <td>Total</td> <td>10</td> <td></td> </tr> </tbody> </table> <p>On 1 April 2020, the Board has appointed Mr. Yoshitaka Nakamura as the Non-Independent Non-Executive Director after the resignation of Mr. Keiichi Yasuda.</p> <p>The composition, however, is in line with Paragraph 15.02(1) of the Listing Requirements which requires at least one third of the Board members to be independent.</p> <p>Although the Board does not have a majority of Independent Directors, there is an even balance of Executive Directors and Non-Executive Directors in the boardroom.</p> <p>The roles of the 5 Non-Executive Directors encompass the monitoring of the Group's performance as well as constructively challenge and contributing to the development of the Group's strategy. The Non-Executive Directors provide the relevant checks and balances, focusing on stockholders' and other stakeholders' interests by contributing diverse perspectives and insights to the Board.</p> <p>Additionally, Dato' Ghazi bin Ishak was designated as the Senior Independent Director in order to foster greater objectivity and strengthen collective oversight over Management.</p> <p>Based on the annual Board performance assessment carried out, the Board is satisfied with the current Board composition and believe the decisions were made objectively in the best interests of the Company, taking into account diverse perspectives and insights.</p>			No	Directorship	Number of Directors	Name	1	Executive Director	5	<ul style="list-style-type: none"> <li>Datuk Loh Kian Chong</li> <li>Dato' Robert Wong Lum Kong, DSSA, JP</li> <li>Dato' Seri Lim Su Tong</li> <li>Ms. Tan Kheng Hwee</li> <li>Dato' Sri Datuk Wira Tan Hui Jing</li> </ul>	2	Senior Independent Non-Executive Director	1	<ul style="list-style-type: none"> <li>Dato' Ghazi bin Ishak</li> </ul>	3	Independent Non-Executive Director	2	<ul style="list-style-type: none"> <li>Ms. Mary Geraldine Phipps</li> <li>Mr. Lee Kean Teong</li> </ul>	4	Non-Independent Non-Executive Director	2	<ul style="list-style-type: none"> <li>Pn. Sharifah Intan binti S. M. Aidid</li> <li>Mr. Yoshitaka Nakamura</li> </ul>		Total	10	
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<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>																												
<b>Measure</b>	:	The NC and the Board will continue to assess the effectiveness and objectivity of the Board's performance based on current composition. OHB will consider to appoint higher number of Independent Directors without undue disruption or making unwieldy changes to its composition.																										
<b>Timeframe</b>	:	Others	5 Years																									

### 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 stockholders' approval for independent directors serving beyond 9 years																		
<b>Explanation on application of the practice</b>	:	<p>As outlined in the Board Charter, the Board has restricted the tenure of Independent Director to a consecutive or cumulative term of nine (9) years. The Independent Director may continue to serve on the Board beyond the 9 years tenure in the capacity of a Non-Independent Director. Nonetheless, the Board reserves the right to retain the Independent Director beyond the 9 years tenure by obtaining annual stockholders' approval.</p> <p>To enhance the accountability of corporate governance framework, the Board has incorporated two-tier voting in the Board Charter for the Independent Directors beyond 12 years tenure. It is consistent with the Guidance 4.2 as stipulated in MCGG.</p> <p>The summary of years of service is tabulated as below:</p> <table border="1"> <thead> <tr> <th>No</th> <th>Independent Directors</th> <th>Joined Date</th> <th>Years of Service</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Ms. Mary Geraldine Phipps</td> <td>14 August 2009</td> <td>10 years and 4 months</td> </tr> <tr> <td>2</td> <td>Dato' Ghazi bin Ishak</td> <td>22 September 2010</td> <td>9 years and 3 months</td> </tr> <tr> <td>3</td> <td>Mr. Lee Kean Teong</td> <td>31 March 2015</td> <td>4 years and 8 months</td> </tr> </tbody> </table> <p>The Board has obtained stockholders' approval to retain Ms. Mary Geraldine Phipps as the Independent Director beyond 9 years tenure in 57<sup>th</sup> AGM. In addition, the Group also wish to remain Dato' Ghazi bin Ishak as Senior Independent Non-Executive Director as his tenure has exceeded 9 years by 31 December 2019. Key justifications for his/ her recommended continuance as an Independent Non-Executive Director are stipulated in the Corporate Governance ("CG") Overview Statement in the Annual Report 2019.</p>			No	Independent Directors	Joined Date	Years of Service	1	Ms. Mary Geraldine Phipps	14 August 2009	10 years and 4 months	2	Dato' Ghazi bin Ishak	22 September 2010	9 years and 3 months	3	Mr. Lee Kean Teong	31 March 2015	4 years and 8 months
No	Independent Directors	Joined Date	Years of Service																	
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<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 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>In line with Paragraph 15.08A (3) of the Main Market Listing Requirements, the criteria in appointing Directors were indicated in the Board Charter to endorse the Board diversity.</p> <p>The Board strives to ensure that there is no discrimination on the basis of, but not limited to, race, age, ethnicity, gender, nationality, political affiliation, religious affiliation, sexual orientation, marital status, education, physical ability or geographic region when deciding the composition of the Board.</p> <p>The NC is responsible to review and assess the Board and Key Senior Management’s composition and mix and make recommendations on the appointment of new directors and Key Senior Management (where relevant).</p> <p>As stated in the Terms of Reference of NC, the suitability of the candidate will be assessed based on the criteria as outlined below:</p> <ul style="list-style-type: none"> <li>• Skills, knowledge, expertise and experience;</li> <li>• Professionalism;</li> <li>• Diversity;</li> <li>• Level of integrity;</li> <li>• Commitment;</li> <li>• Competence;</li> <li>• Character;</li> <li>• Contribution and performance;</li> <li>• Time commitment and value contribution (number of directorships and other external obligations held); and</li> <li>• Independence.</li> </ul> <p>The appointment of and promotion to Key Senior Management positions are mainly merit-driven and with due regard to the above criteria.</p> <p>In respect of the workforce diversity, the female employees made up 28% of the total workforce of the Group.</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 4.5**

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>Benchmarked against the gender diversity policy pronouncement espoused by the Government to have at least 30% women representation on the boards of public listed companies, OHB's Board comprises three (3) women directors out of ten (10) Directors since 2009.</p> <p>The Board strives to ensure that there is no discrimination on the basis of, but not limited to, race, age, ethnicity, gender, nationality, political affiliation, religious affiliation, sexual orientation, marital status, education, physical ability or geographic region when deciding the composition of the Board.</p> <p>The Board and NC ensure that the recruitment and selection practices at all levels are appropriately structured so that a diverse range of candidates are considered and that there are no conscious or unconscious biases against certain candidates.</p> <p>In line with paragraph 15.08A(3) of Listing Requirements, the Board has formalised a Board Diversity Policy which sets out the approach to diversity of the Board. The policy outlines the following:</p> <ul style="list-style-type: none"> <li>• Identifying and creating the right balance of skills and industry experience, background and gender of Directors;</li> <li>• Retaining Directors based on performance and merit, in the context of skills, time commitment and experience, in order for the Board to be effective;</li> <li>• Providing a safe and healthy environment for the views of Board members to be heard, their concerns attended to and where, bias, discrimination and harassment on any matter are not tolerated; and</li> <li>• Reviewing and assessing the Board and Key Senior Management's composition and mix and make recommendations on the appointment of new Directors and Key Senior Management.</li> </ul>
<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>As stated in the NC's Terms of Reference, the said Committee is responsible for sourcing candidates for directorships in OHB and making candidature recommendations to the Board for concurrence prior to the tabling of a resolution in the general meeting for stockholders' approval.</p> <p>The selection of candidates is facilitated through recommendations from other Directors, Management and/or stockholders as well as from independent sources including Directors' registry, open advertisements and independent search firms as stipulated in the Terms of Reference of NC.</p> <p>The NC, where necessary, meets with the shortlisted candidates to assess their suitability before formally considering and recommending them for appointment to the Board.</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 4.7**

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

<b>Application</b>	:	Applied																				
<b>Explanation on application of the practice</b>	:	<p>The NC of OHB is chaired by Ms. Mary Geraldine Phipps who is an Independent Non-Executive Director. The NC comprises exclusively of Non-Executive Directors, a majority of whom are independent, as codified in Listing Requirements. The composition of NC is presented in the table below:</p> <table border="1"> <thead> <tr> <th>No</th> <th>Name of Directors</th> <th>Position</th> <th>Types/ Nature of Directors</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Ms. Mary Geraldine Phipps</td> <td>Chairman</td> <td>Independent Non-Executive Director</td> </tr> <tr> <td>2</td> <td>Dato' Ghazi bin Ishak</td> <td rowspan="3">Committee Member</td> <td>Senior Independent Non-Executive Director</td> </tr> <tr> <td>3</td> <td>Mr. Lee Kean Teong</td> <td>Independent Non-Executive Director</td> </tr> <tr> <td>4</td> <td>Pn. Sharifah Intan binti S. M. Aidid</td> <td>Non-independent Non-Executive Director</td> </tr> </tbody> </table>			No	Name of Directors	Position	Types/ Nature of Directors	1	Ms. Mary Geraldine Phipps	Chairman	Independent Non-Executive Director	2	Dato' Ghazi bin Ishak	Committee Member	Senior Independent Non-Executive Director	3	Mr. Lee Kean Teong	Independent Non-Executive Director	4	Pn. Sharifah Intan binti S. M. Aidid	Non-independent Non-Executive Director
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<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>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>The Terms of Reference of the NC has outlined the requirement of assessment on the effectiveness of the Board, as a whole, Board Committees and the contribution of each individual Director on an annual basis.</p> <p>The NC conducted an annual self-assessment and peer review – the results of which are compiled by the external consultant. The criteria of annual self-assessment are as follows:</p> <p><b><u>Effectiveness of the Board</u></b> The effectiveness of the Board is evaluated in the areas of Board size, mix and composition, conduct of Board meeting, Boardroom activities and Directors’ skill set matrix.</p> <p><b><u>Effectiveness of the Board Committees</u></b> The Board composition, skills and competencies, meeting administration, conduct as well as roles and responsibilities of Board Committee are taken into the consideration of Board Committee annual assessment.</p> <p><b><u>Effectiveness of Individual Director</u></b> For assessing the effectiveness of individual Directors, the Board has conducted self and peer review to assess their own contribution and competencies to the Board.</p> <p>The performance assessment results were presented to the Board and the Board was satisfied with the effectiveness of the Board, Board Committees and individual Directors, based on the mix and composition of the Board members which comprises wide skill set and range of experiences.</p> <p>Refer to the CG Overview Statement in the Annual Report 2019 for the details of training attended by the Directors during the year.</p> <p>Although independent expert has not been appointed to facilitate the board evaluation in financial year 2019, the objectivity and independence of the current performance assessment are to a large extent preserved as the results are compiled by an external consultant and the feedback from each Director is maintained anonymous when the results are discussed with the NC Chairman and reported to 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>	:	The NC will review the effectiveness of the current performance assessment conducted and make recommendation for the engagement of independent experts. The stipulation for independent experts to facilitate the Board evaluation, has been updated in the NC’s Terms of Reference and duly approved by the Board of Directors on 27 February 2018.	
<b>Timeframe</b>	:	Others	10 Years

### 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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board via its RC has formalised Directors' Remuneration Policy to guide the Board Committee in determining the remuneration of directors. There are two different types of remuneration packages that are established by RC to assess the suitability and reasonableness of the remuneration of Executive Directors/ Key Senior Management and Non-Executive Directors.</p> <p><b><u>Executive Director/Key Senior Management (N1)</u></b>  For Executive Directors/Key Senior Management, performance-related elements such as Company's growth and profitability are taken into the consideration of assessment in order to align the interest of the Executive Directors/Key Senior Management with long-term objectives and business strategy of the company. The Committee ensures that the remuneration is linked to the performance of the OHB.</p> <p>Remuneration for Executive Directors/Key Senior Management consists of both fixed (i.e. base salary) and variable (performance-based incentive) remuneration components. The remuneration of the Executive Director/Key Senior Management is designed to ensure the Company's continued ability to attract and retain the most qualified Executive Board members/Key Senior Management. The remuneration computation formula for Executive Directors/Key Senior Management is outlined in the Directors' Remuneration Policy.</p> <p><b>N1:</b> The EXCO members by virtue of their positions as Executive Directors of the Group forms part of the Key Senior Management of the Group that is primarily responsible for the business operations of OHB's core business and principal subsidiaries.</p> <p><b><u>Non-Executive Director</u></b>  On the other hand, the remuneration of Non-Executive Directors must reflect the experience, time commitment, scope of responsibilities and contribution to the effective functioning of the Board.</p> <p>The fees of the Non-Executive Directors are reviewed by the RC as and when necessary, taking into account the fees paid to Non-Executive Directors of comparable companies and capacity to attract and retain highly competent Non-Executive Directors. Non-Executive Directors are not entitled to receive performance-based bonuses nor participate in short-term and/or long-term incentive plans. The details of the remuneration composition is outlined in the Directors' Remuneration Policy.</p> <p>The Directors/Key Senior Management Remuneration Policy is made available on the Company's website.</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

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>	:	The Board has established a committee, namely the RC, which comprises solely of Non-Executive Directors, with a majority of whom are being independent to oversee remuneration related matters. The composition of the RC is presented in the table below:			
		<b>No</b>	<b>Name of Directors</b>	<b>Position</b>	<b>Types/ Nature of Directors</b>
		1	Dato' Ghazi bin Ishak	Chairman	Senior Independent Non-Executive Director
		2	Ms. Mary Geraldine Phipps	Committee Members	Independent Non-Executive Director
		3	Mr. Lee Kean Teong		Independent Non-Executive Director
	4	Pn. Sharifah Intan binti S. M. Aidid	Non-Independent Non-Executive Director		
		<p>In relation to the implementation of Directors' Remuneration Policy, the RC discusses and recommends to the Board regarding the remuneration packages for different types of directors (e.g. Executive Director/ Key Senior Management and Non-Executive Director).</p> <p>The RC reviews and recommends the remuneration package for Executive Directors/Key Senior Management prior to the Board.</p> <p>The Board, as a whole, approves the recommended remuneration of Non-Executive Directors with the Directors concerned abstaining from the decision in respect of his or her individual remuneration. The recommendation on Directors' fees and benefits payable is tabled for stockholders' approval at the forthcoming Annual General Meeting ("AGM").</p> <p>The Terms of Reference of RC, which deals with the roles and responsibility as well as matters reserved for the Committee is formalised in Board Charter and made available on the Company's website.</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

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>During the financial year under review, the RC reviewed and recommended to the Board, the remuneration for all Executive Directors of the Company. The Board, as a whole, approves the remuneration of Non-Executive Directors with the Directors concerned abstaining from the decision making in respect on their individual remuneration. Directors' fees and benefits payable will be tabled for approval at the forthcoming AGM.</p> <p>The remuneration <b>received / receivable</b> by the Directors of the Company for the financial year 2019 are as follows (disclosure below also serves to comply with paragraph 11 of Part A, Appendix 9C of Listing Requirements):</p> <table border="1"> <thead> <tr> <th>Received from the Group</th> <th>Directors' Fees (RM'000)</th> <th>Salary and other emoluments* (RM'000)</th> <th>Allowances^ (RM'000)</th> <th>Other Fees # (RM'000)</th> <th>Benefits in kind (RM'000)</th> <th>Total (RM'000)</th> </tr> </thead> <tbody> <tr> <td colspan="7"><b>Executive Directors / Key Senior Management</b></td> </tr> <tr> <td>Datuk Loh Kian Chong</td> <td>169</td> <td>3,683</td> <td>-</td> <td>220</td> <td>-</td> <td>4,072</td> </tr> <tr> <td>Dato' Robert Wong Lum Kong, DSSA, JP</td> <td>273</td> <td>3,724</td> <td>51</td> <td>21</td> <td>5</td> <td>4,074</td> </tr> <tr> <td>Dato' Seri Lim Su Tong</td> <td>147</td> <td>3,791</td> <td>-</td> <td>20</td> <td>-</td> <td>3,958</td> </tr> <tr> <td>Ms Tan Kheng Hwee</td> <td>121</td> <td>3,759</td> <td>5</td> <td>20</td> <td>16</td> <td>3,921</td> </tr> <tr> <td>Dato' Sri Datuk Wira Tan Hui Jing</td> <td>192</td> <td>2,085</td> <td>0.4</td> <td>20</td> <td>-</td> <td>2,297</td> </tr> <tr> <td colspan="7"><b>Non-Executive Directors</b></td> </tr> <tr> <td>Dato' Ghazi bin Ishak</td> <td>120</td> <td>-</td> <td>-</td> <td>51</td> <td>-</td> <td>171</td> </tr> <tr> <td>Mary Geraldine Phipps</td> <td>120</td> <td>-</td> <td>-</td> <td>97</td> <td>-</td> <td>217</td> </tr> <tr> <td>Lee Kean Teong</td> <td>120</td> <td>-</td> <td>-</td> <td>48</td> <td>-</td> <td>168</td> </tr> <tr> <td>Sharifah Intan binti S.M. Aidid</td> <td>120</td> <td>-</td> <td>-</td> <td>48</td> <td>-</td> <td>168</td> </tr> <tr> <td>Keiichi Yasuda @ (Resigned on 31 March 2020)</td> <td>120</td> <td>-</td> <td>-</td> <td>8</td> <td>-</td> <td>128</td> </tr> <tr> <td>Datin Loh Ean**</td> <td>-</td> <td>1,426</td> <td>-</td> <td>-</td> <td>-</td> <td>1,426</td> </tr> </tbody> </table>	Received from the Group	Directors' Fees (RM'000)	Salary and other emoluments* (RM'000)	Allowances^ (RM'000)	Other Fees # (RM'000)	Benefits in kind (RM'000)	Total (RM'000)	<b>Executive Directors / Key Senior Management</b>							Datuk Loh Kian Chong	169	3,683	-	220	-	4,072	Dato' Robert Wong Lum Kong, DSSA, JP	273	3,724	51	21	5	4,074	Dato' Seri Lim Su Tong	147	3,791	-	20	-	3,958	Ms Tan Kheng Hwee	121	3,759	5	20	16	3,921	Dato' Sri Datuk Wira Tan Hui Jing	192	2,085	0.4	20	-	2,297	<b>Non-Executive Directors</b>							Dato' Ghazi bin Ishak	120	-	-	51	-	171	Mary Geraldine Phipps	120	-	-	97	-	217	Lee Kean Teong	120	-	-	48	-	168	Sharifah Intan binti S.M. Aidid	120	-	-	48	-	168	Keiichi Yasuda @ (Resigned on 31 March 2020)	120	-	-	8	-	128	Datin Loh Ean**	-	1,426	-	-	-	1,426
Received from the Group	Directors' Fees (RM'000)	Salary and other emoluments* (RM'000)	Allowances^ (RM'000)	Other Fees # (RM'000)	Benefits in kind (RM'000)	Total (RM'000)																																																																																														
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<b>Executive Directors/ Key Senior Management</b>				
Datuk Loh Kian Chong	90	220	-	310
Dato' Robert Wong Lum Kong, DSSA, JP	90	20	-	110
Dato' Seri Lim Su Tong	90	20	-	110
Ms Tan Kheng Hwee	90	20	-	110
Dato' Sri Datuk Wira Tan Hui Jing	90	20	-	110
<b>Non-Executive Directors</b>				
Dato' Ghazi bin Ishak	120	51	-	171
Mary Geraldine Phipps	120	97	-	217
Lee Kean Teong	120	48	-	168
Sharifah Intan binti S.M. Aidid	120	48	-	168
Keiichi Yasuda @ (Resigned on 31 March 2020)	120	8	-	128
<p>* Including salary, bonus, incentive, EPF &amp; SOSCO, provision for directors' performance remuneration received from local and oversea subsidiaries Company.</p> <p>^ Including entertainment and meeting allowance</p> <p># Including meeting attendance fees, Chairman and Board Committee fees</p> <p>** Datin Loh Ean (Alternate Director to Dato' Robert Wong Lum Kong D.S.S.A., J.P.), the salary and other emoluments are received from oversea subsidiaries Company which she is the director of the Company.</p> <p>@ Keiichi Yasuda is a representative from Honda Motor Co. Ltd.. Director fee received by Honda Motor Co. Ltd. and other fees received by himself.</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**

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>	:	Applied
<b>Explanation on application of the practice</b>	:	The members of EXCO by virtue of their positions as Executive Directors of the Group are the Key Senior Management of the Group that is primarily responsible for the business operations of OHB's core business and principal subsidiaries.  Their remuneration has been disclosed under Practice 7.1.
<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 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>	:	The Chairman of the AC is Ms. Mary Geraldine Phipps, who is distinct from the Chairman of the Board. In addition, the Chairman of the AC is an Independent Non-Executive Director, as enumerated under paragraph 15.10 of Listing Requirements.  The roles and responsibilities of the AC are clearly detailed in AC Terms of Reference and AC Report, addressing the independence and objectivity of the Committee.
<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>	:	The Terms of Reference of AC has outlined that the former key audit partners shall observe a cooling-off period of at least two (2) years, before being appointed as a member of the AC.	
<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 8.3**

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>The Terms of Reference of AC has outlined the roles and responsibilities of AC in reviewing the suitability, objectivity, and independence of the external auditor.</p> <p>In early 2013, the AC has also formalised the policy and procedures on the nature of non-audit services that may be provided by the external auditor.</p> <p>The assessment on the suitability, objectivity and independence of the external auditor is conducted yearly by AC via a customised evaluation instrument. The first assessment was done in year 2017 for financial year 2016 and this year will be the fourth year in carrying out the assessment. The evaluation instrument covers quality processes/ performance, independence and objectivity, audit scope and planning as well as audit communications of external auditor.</p> <p>The Board has also received confirmation from its external auditor to ensure that the team from external audit firm has been independent throughout the conduct of audit engagement in accordance with the terms of relevant professional and regulatory requirements.</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 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<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 8.5

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>	:	Two out of the four members of the AC, namely Ms Mary Geraldine Phipps and Mr Lee Kean Teong are members of professional accountancy bodies, which is in accordance with paragraph 15.09 of Listing Requirements.															
		<table border="1"><thead><tr><th>Name</th><th>Qualification</th><th>Background</th></tr></thead><tbody><tr><td>Ms. Mary Geraldine Phipps (Chairman)</td><td>Chartered Accountant registered with the Malaysian Institute of Accountants  Certified Public Accountant under the Malaysian Institute of Certified Public Accountants  Member of the Malaysian Institute of Taxation and currently serve as a fellow of the Institute</td><td>In 1982, she was a partner of KPMG.  In 1990, she was appointed Managing Partner of the Penang practice of KPMG.  Extensive experience in taxation and tax advisory services.</td></tr><tr><td>Dato' Ghazi bin Ishak (Committee Member)</td><td>Lawyer by profession  Barrister at Law from Lincoln's Inn London</td><td>In 1971, he joined the Malaysian Government Legal Services. In 1975, he was appointed as Deputy Public Prosecutor Penang.  Having litigated in landmark Malaysian cases in fields ranging from criminal, commercial, company and banking. Currently he is the partner of Messrs Ghazi &amp; Lim.</td></tr><tr><td>Mr. Lee Kean Teong (Committee Member)</td><td>Chartered Accountant of Malaysian Institute of Accountants  Member of Malaysian Institute of Certified Public Accountants</td><td>He was a partner of KPMG Malaysia for more than 19 years.  Extensive experience in audit and management consulting.</td></tr><tr><td>Pn. Sharifah Intan binti S. M. Aidid (Committee Member)</td><td>Took up law in 1980 and called to Bar in 1985</td><td>20 years in teaching profession. Currently work as consultant in Messrs. Lim Huck Aik &amp; Co, Advocates &amp; Solicitors.</td></tr></tbody></table>	Name	Qualification	Background	Ms. Mary Geraldine Phipps (Chairman)	Chartered Accountant registered with the Malaysian Institute of Accountants  Certified Public Accountant under the Malaysian Institute of Certified Public Accountants  Member of the Malaysian Institute of Taxation and currently serve as a fellow of the Institute	In 1982, she was a partner of KPMG.  In 1990, she was appointed Managing Partner of the Penang practice of KPMG.  Extensive experience in taxation and tax advisory services.	Dato' Ghazi bin Ishak (Committee Member)	Lawyer by profession  Barrister at Law from Lincoln's Inn London	In 1971, he joined the Malaysian Government Legal Services. In 1975, he was appointed as Deputy Public Prosecutor Penang.  Having litigated in landmark Malaysian cases in fields ranging from criminal, commercial, company and banking. Currently he is the partner of Messrs Ghazi & Lim.	Mr. Lee Kean Teong (Committee Member)	Chartered Accountant of Malaysian Institute of Accountants  Member of Malaysian Institute of Certified Public Accountants	He was a partner of KPMG Malaysia for more than 19 years.  Extensive experience in audit and management consulting.	Pn. Sharifah Intan binti S. M. Aidid (Committee Member)	Took up law in 1980 and called to Bar in 1985	20 years in teaching profession. Currently work as consultant in Messrs. Lim Huck Aik & Co, Advocates & Solicitors.
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		<p>Based on the outcome of director's performance assessment conducted, the Board is satisfied with the AC performance as its Chairman and members are able to understand matters under the purview of the AC including the financial reporting process.</p> <p>All members of the AC undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.</p> <p>Refer to the CG Overview Statement in the Annual Report 2019 for the details of training attended by the Directors during the year.</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

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>	:	The Board through its RMC has established the risk management and internal control framework for the Group and respective segments to identify, evaluate and monitor the business risks.						
		The Management of respective segments is responsible to manage the business risks and report to the Corporate Office and the RMC.						
		Salient elements of OHB's Internal Control System are summarised below:						
		<table border="1"> <thead> <tr> <th>Control Mechanism</th> <th>Internal Control Activities</th> </tr> </thead> <tbody> <tr> <td>Limits of authority and responsibility</td> <td> <ul style="list-style-type: none"> <li>Formally defined and documented lines of responsibility as well as delegation of authority.</li> <li>Hierarchical reporting is in place to achieve its strategies and operational objectives as well as provide documented and auditable trail of accountability.</li> </ul> </td> </tr> <tr> <td>Planning, monitoring, reporting and safeguarding</td> <td> <ul style="list-style-type: none"> <li>Planning of annual budget and approved by EXCO.</li> <li>Performance Coordinating Team reviews the KPIs and reports to the EXCO on a quarterly basis.</li> <li>Audit Committee reviews the quarterly financial results and evaluates significant unusual variances.</li> <li>Management meetings are held regularly to identify, discuss and resolve key management issues.</li> </ul> </td> </tr> </tbody> </table>	Control Mechanism	Internal Control Activities	Limits of authority and responsibility	<ul style="list-style-type: none"> <li>Formally defined and documented lines of responsibility as well as delegation of authority.</li> <li>Hierarchical reporting is in place to achieve its strategies and operational objectives as well as provide documented and auditable trail of accountability.</li> </ul>	Planning, monitoring, reporting and safeguarding	<ul style="list-style-type: none"> <li>Planning of annual budget and approved by EXCO.</li> <li>Performance Coordinating Team reviews the KPIs and reports to the EXCO on a quarterly basis.</li> <li>Audit Committee reviews the quarterly financial results and evaluates significant unusual variances.</li> <li>Management meetings are held regularly to identify, discuss and resolve key management issues.</li> </ul>
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		Further details are available in the Statement on Risk Management and Internal Control of the Annual Report.						
<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 9.2

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>	:	<p>The Board has, through its RMC established a risk management and internal control framework that was implemented throughout the Group, which is firmly embedded in the Group's key processes. Management is to identify, evaluate, monitor and report of risks and internal control as well as provide assurance to the Board that it has done so in accordance with the policies adopted by the Board.</p> <p>The key features of the Group's risk management and internal control framework are clearly detailed in the Statement on Risk Management and Internal Control, which include:</p> <ul style="list-style-type: none"> <li>• risk management organisation;</li> <li>• risk appetite (quantitative and qualitative); and</li> <li>• risk reporting.</li> </ul> <p>In November 2019, the RMC had received the interim update on the Group risk compilation 2019 from an external consultant. In February 2020, the Group top 6 risks were identified with management controls and management action plan to manage the risks and reported to the AC and Board. In addition, the outcome of corruption risk assessment has been reviewed by the RMC.</p> <p>The Group Risk Management Policy and Procedures have been updated and approved in February 2019 with the latest risk reporting framework, e.g. risk organisation structure, frequency and risk reporting documents for the Group.</p> <p>The Board has received assurance in writing from Executive Chairman, Executive Directors and Group Chief Financial Officer that the risk management and internal control system has been operating adequately and effectively, in all material aspects. Further assurance is provided by the in-house Internal Audit function, which operates across the Group.</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**

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 roles and responsibilities of the AC are outlined in the Terms of Reference of AC. The AC assesses the performance of Internal Auditors on an annual basis to ensure that the Internal Auditors perform their functions effectively and independently throughout the course of their engagement.</p> <p>The AC ensures that Internal Audit function carry out their work according to a recognised framework (i.e. International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors).</p> <p>The activities that the AC performed for the financial year 2019 in relation to Internal Audit function include the following:</p> <ul style="list-style-type: none"> <li>• Reviewed the Internal Audit plan (considering the audit assignments, scope and the risk areas selected for review) with the head of Internal Audit department to ensure adequate scope and comprehensive coverage of the activities of the Group;</li> <li>• Reviewed the Internal Audit Report from the Head of Internal Audit and discussed the audit issues as well as Management action plan;</li> <li>• Discussion on unsatisfactory findings of Internal Audit Reports;</li> <li>• Approved the Internal Audit Operating Budget for 2019;</li> <li>• Reviewed the performance of Internal Audit function from the formal evaluation as the following: <ul style="list-style-type: none"> <li>- Internal Audit Charter and Structure;</li> <li>- Internal Auditors' skills and experience; and</li> <li>- Communication with Executive Directors and Management.</li> </ul> </li> </ul>
<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 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 Internal Audit Department is currently lead by Mr. Choo Mun Yew, a member of Malaysian Institute of Accountants (MIA), Malaysian Institute of Certified Public Accountants (MICPA) as well as a chartered member of The Institute of Internal Auditors Malaysia (CMIIA).</p> <p>The Internal Audit Department governs itself through adherence to International Professional Practices Framework (“IPPF”) promulgated by The Institution of Internal Auditors. The IPPF encompasses the Definition of Internal Auditing, Core Principles, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing.</p> <p>The Internal Audit function has engaged the Institute of Internal Auditors Malaysia (“IIAM”) to perform Quality Assurance and Improvement Program in 2014.</p> <p>All nine (9) internal audit personnel (including the Head of Internal Audit) are free from any relationships or conflicts of interest, which could impair their objectivity and independence, as disclosed in the Audit Committee Report.</p> <p>In accordance with paragraph 30 of Part A, Appendix 9C, Bursa’s Listing Requirements, disclosure of cost of internal audit function for the financial year ended 31 December 2019 was made available, amounting to RM1.73 million for the Company and RM1.88 million for the Group level.</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 facilitating a transparent, active and constructive communication with its stakeholders. Therefore, the Board has formalised "Corporate Disclosure and Communication Policy" in addressing the issue of disseminating material information. The content of the said policy includes areas such as dissemination of reports and events (Annual Report, Analyst and investors meeting and etc.), procedures on responding to market rumours, confidential information and leakage of private information.</p> <p>The summary of key matters discussed at the previous AGM has also been disclosed on its website as required by Listing Requirements.</p> <p>The contact numbers and addresses of Group Chief Financial Officer are made available on the corporate website of OHB as the primary contact person. Furthermore, OHB's investor relations' email, ir@ohb.com.my is provided on the website to facilitate effective communication from the stakeholders.</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 11.2**

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>	:	<p>OHB has published an Annual Report and a Sustainability Report which is based on the Global Reporting Initiative (GRI) Standards for the financial year ended 31 December 2019.</p> <p>However, the OHB's Annual Report as a whole is not an Integrated Report based on the parameters set out by the International Integrated Reporting Council's ("IIRC") Integrated Reporting Framework.</p> <p>OHB's Annual Report (e.g. Chairman's Statement, Management Discussion and Analysis, Corporate Governance Overview Statement, Audit Committee report, Statement on Risk Management and Internal Control) and Sustainability Report have broadly addressed certain elements of Integrated Reporting such as the organisation overview, outlook and external environment, governance policies, performance and the basis of preparation and presentation.</p> <p>In addition to the annual report and sustainability report, stakeholders are also furnished with the contacts of the Company Secretaries as well as the Group Chief Financial Officer to enquire further on relevant information for informed decision making.</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>	:	The Board will seek to undertake a readiness assessment to identify the structural changes that would be necessitated from the proposed transition to integrated reporting.
<b>Timeframe</b>	:	Others
		10 Years

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Corporate Disclosure and Communication Policy contains a policy stipulation that the notice of OHB AGM shall be given at least twenty-one (21) days prior to the AGM.</p> <p>For the 57<sup>th</sup> AGM on 12 June 2019, the notice has been circulated on 30 April 2019, 43 days prior to the AGM.</p> <p>This is in compliance with the paragraph 7.15 of Listing Requirements which requires at least 14 days of notice before the meeting for passing ordinary resolution and at least 21 days where any special resolution is to be proposed.</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**

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>	:	All directors except for Ms. Tan Kheng Hwee attended the 57 <sup>th</sup> Annual General Meeting on 12 June 2019. The Executive Chairman, Executive Directors and Group Chief Financial Officer were responsible for answering the questions relating to operations raised by stockholders. The Chair of respective Board Committees responded to the specific questions that were pertinent to their roles and responsibilities.  The Group Chief Financial Officer also shared the responses to questions submitted in advance by the Minority Shareholders Watch 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**

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>In accordance with paragraph 8.29A of Listing Requirements, all resolutions set out in the notice of the 57<sup>th</sup> AGM were put to vote by poll-voting and the voting was conducted through an electronic voting (e-voting) system. The results of the voting were validated by independent scrutineers, Boardroom Business Solution Sdn. Bhd. and announced to Bursa Malaysia on the same day.</p> <p>The Company does not have a large number of stockholders. As at 31 December 2019, the Company only has approximately 6,953 stockholders.</p> <p>The 2019 AGM was held at an easily accessible location (Bayview Hotel Georgetown Penang) to facilitate greater stockholders’ participation and productive two-way dialogue between the Company and its stockholders. Stockholders who are unable to be present may appoint a proxy to attend and vote on behalf. This is provided for in the Company’s Constitution.</p> <p>In view of the above, there was no need not leverage on technology to facilitate voting in absentia or remote stockholder participation in 2019.</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>	:	As part of the effort to enhance the quality of engagement with the stockholders going forward, the Company is considering various means of enabling remote stockholders’ participation and remote online voting by stockholders (i.e. voting in absentia) by leveraging on available technology. Once in place, stockholders who attend all upcoming AGMs via remote participation could also submit their questions during the meeting for the Company to respond.
<b>Timeframe</b>	:	Within 1 year

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

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

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