

# STATEMENT ON CORPORATE GOVERNANCE

The Securities Commission Malaysia had released the latest Malaysian Code on Corporate Governance ("the MCCG 2012") on 29 March 2012. Public listed corporations with financial year ended 31 December 2012 are expected to make their annual statement on corporate governance based on the principles and recommendation of the Code. The key focus of the MCCG 2012 is on the strengthening of the board structure and composition. There are 8 principles and 26 recommendations.

The Board of Directors ("the Board") of OCK Group Berhad has reviewed its current practices and proceedings against the principles and recommendation on the MCCG 2012. The result of this review was used as the basis of the Board in reporting its applications of the principles in the MCCG 2012 and the actions the Boards would take to strengthen its present governance practices.

## Principle 1

### Clear Roles and Responsibilities

The objective of this principle is to set out the fundamental structures for effective functioning of the Board.

The Board is responsible and is accountable to shareholders for managing the business of the Company and its subsidiaries ("the Group"). The Board retains controls of the Company and is committed to take full responsibility for the overall corporate governance of the Group, including its strategic business direction and overall well-being.

The Board has retained for itself decisions in respect of matters significant to the Group's business operations which include the approval of key corporate plans, major business transactions involving either the acquisitions or disposal of business, interests and/or assets, consideration of significant financial matters and announcements of financial results, appointments to the Board and control structure within the Group.

The Board has also delegated certain of its responsibilities to the Audit Committee, Nomination Committee and Remuneration Committee, which operates under approved terms of reference. The Chairman of the relevant Board Committees report to the Board on key issues deliberated by the Board Committees at their respective meetings.

In order to manage the Group's business effectively, the Board meets on a quarterly basis to review the Group's financial and operational results, major investments, report from various Board Committees, related party transactions, strategic decisions and the overall direction of the Group. Additional meetings may be convened when urgent and important decision needs to be taken between the scheduled meetings.

Besides board meetings, the Board also exercises control on matters that require its approval through the circulation of resolutions.

The Board met five (5) times during the financial year ended 31 December 2014 and the attendance records of each Director at the Board Meetings is set out below:-

# STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

## Principle 1 (cont'd)

### Clear Roles and Responsibilities (cont'd)

Name of Directors	No. of meetings Attended
YBhg Dato' Syed Norulzaman Bin Syed Kamarulzaman <i>(Chairman, Senior Independent Non-Executive Director)</i>	5/5
Encik Abdul Halim Bin Abdul Hamid <i>(Deputy Chairman)</i>	4/5
Mr Ooi Chin Khoon <i>(Managing Director)</i>	5/5
Mr Low Hock Keong <i>(Executive Director)</i>	5/5
Mr Chang Tan Chin <i>(Executive Director)</i>	5/5
Mr Chong Wai Yew <i>(Executive Director)</i>	5/5
Mr Fu Lit Fung <i>(Independent Non-Executive Director)</i>	5/5
Mr Lee Yow Fui <i>(Independent Non-Executive Director)</i>	4/5
Dato' Mohd Som Bin Ibrahim <i>(Non-Independent Non-Executive Director)</i>	5/5

Prior to each board meeting, members of the Board will be provided with an agenda and a set of board papers containing reports and other relevant information detailing various aspects of the Group's operations and performance to enable them to make informed decisions. The board papers may include financial, strategic and corporate proposals that require the Board's deliberation and approval. The senior management, both external and internal auditors and/or advisers may be invited to attend the board meetings, if required, to provide additional information on the relevant agenda tabled at the board meetings.

The directors in discharging their duties and responsibilities are entitled to have full and unrestricted access to all information and to management on matters relating to the Group's operations. They also have access to the advice and services of the Company Secretary and where necessary, in furtherance of their duties, are entitled to seek independent professional advice at the Company's expenses.

The Company Secretary is responsible to inform the directors on the requirements that must be complied with under the Listing Requirements of the Bursa Securities and any new statutory and regulatory requirements that are relevant to enable the Board to fulfil its role and responsibilities. The Company Secretary also ensure that deliberations at Board and Board Committee meetings are well captured and minuted, and subsequently communicated to the relevant management for necessary action.

# STATEMENT ON CORPORATE GOVERNANCE

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## Principle 1 (cont'd)

### Board Charter

The Board has established a Board Charter which is available on the corporate website. The Board Charter clearly sets out the principal role of the Board, the demarcation of the roles, functions, responsibilities and powers of the Board, the Board Committees and the management. It also defines the specific accountabilities and responsibilities of the Board to ensure smooth interaction between the Management and the Board. It also reinforces the overall accountability of the Board and Management towards the Company and stakeholders.

## Principle 2

### Strengthening Board Composition

The principle emphasizes the importance of right board composition in bringing value to the board deliberation and transparency of policies and procedures in selection and evaluation of board members.

The present Board, led by an independent non-executive Chairman is made up of nine (9) members comprising five (5) Executive Directors, four (4) other Non-Executive Directors, out of which three (3) are independent and one (1) is non-independent. This is in compliance with the Listing Requirements of Bursa Securities for Main Market which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are independent Directors.

The Executive Directors are responsible for the making of the day-to-day business and operational decisions and implementation of Board policies. There is a clear division of duties and responsibilities amongst them in order to maintain a balance of control, power and authority within the Management.

The Independent Non-Executive Directors are responsible in exercising independent judgement and to act in the best interests of the Group in ensuring that decisions made by the Board are deliberated fully and objectively with regard to the long term interest of all stakeholders.

The Independent Non-Executive Directors have declared themselves to be independent from management and free of any relationship which could interfere with the exercise of their independent judgement and objective participation and decision making process of the Board.

The Non-Independent Non-Executive Director acts as a bridge between Management and stakeholders, particularly, shareholders. He provides relevant checks and balances and ensures that high standards of Corporate Governance are applied.

Decision of the Board is done collectively without undue influence or dominance by any individual Director or group of Directors.

The Board is confident that its current size and composition is sufficient and effective in discharging the Board's responsibilities and in meeting the Group's current needs and requirements.

The profile of the Board members are set out in this annual Report on pages 8 to 16.

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## Principle 2 (cont'd)

### Strengthening Board Composition (cont'd)

The MCCG 2012 endorses a formal procedure for appointments to the Board based on the recommendation of a Nomination Committee. As such the Board has established a Nomination Committee who is responsible for reviewing and making recommendation of appointments to the Board based on size of the Board, the mix of skills and experience and other qualities director should bring to the Board. New nomination is assessed and recommended to the full Board for appointment.

When there are changes in the regulatory requirements and retirement of directors, the Board would through the Nomination Committee review the composition of the Board members in order to ensure that the current composition of its Board functions competently.

The present members of the Nomination Committee are as follows:-

Name	Designation	Directorship
YBhg Dato' Syed Norulzaman Bin Syed Kamarulzaman Bin Syed	Chairman	Senior Independent Non-Executive Director
Fu Lit Fung	Member	Independent Non-Executive Director
Lee Yow Fui	Member	Independent Non-Executive Director

The Board has identified YBhg Dato' Syed Norulzaman Bin Syed Kamarulzaman as the Senior Independent Non-Executive Director, to whom any queries, feedbacks and concerns with regards to the Company, may be conveyed. YBhg Dato' Syed Norulzaman Bin Syed Kamarulzaman is also the Chairman of the Nomination Committee in observance with recommendation 2.1 of the MCCG 2012.

The Remuneration Committee, comprised mainly of non-executive directors, is responsible for reviewing and recommending to the Board, the remuneration frameworks for directors and assists the Company in ensuring that the remuneration of the directors reflects the responsibility and commitment undertaken by the board membership. The Board as a whole determines the remuneration of each director. Directors do not participate in decisions regarding their own remuneration package. Directors' fees are approved by shareholders at the Annual General Meeting.

The present members of the Remuneration Committee are as follows:-

Name	Designation	Directorship
YBhg Dato' Syed Norulzaman Bin Syed Kamarulzaman Bin Syed	Chairman	Senior Independent Non-Executive Director
Ooi Chin Khoon	Member	Managing Director
Lee Yow Fui	Member	Independent Non-Executive Director

In general, the component parts of the remuneration for Executive Directors are structured so as to link rewards to corporate and individual performance of the executive directors. The remuneration of the Executive Director includes salaries and other emoluments, bonus, fees and benefits in kind.

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## Principle 2 (cont'd)

### Strengthening Board Composition (cont'd)

The level of remuneration for the Independent Non-Executive Directors, reflects the experience and level of responsibilities undertaken by the particular Independent Non-Executive concerned. Currently the Non-Executive Directors are paid Director's fees and attendance allowance for Board/General Meetings they attended.

The number of Directors whose income falls within the following band is set out as follows:-

Remuneration Bands	Executive Directors	Non-Executive
RM300,000 and below	2	4
RM300,001 – RM400,000	-	-
RM400,001 – RM450,000	2	-
RM450,001 – RM500,000	-	-
RM500,001 – RM550,000	1	-

The aggregate remuneration paid or payable to all Directors of the Group and Company are further categorised into the following components:-

	Salaries and other emoluments (RM)	Bonuses (RM)	Benefit-in-kind (RM)	EPF and SOCSO (RM)	Total (RM)
Executive Directors	1,785,141	239,039	127,850	270,227	1,958,918
Non-Executive Directors	167,500	-	-	-	167,500

## Principle 3

### Enforcement of Independence

Independence is important for ensuring objectivity and fairness in board's decision making. The roles and responsibilities of the Chairman and Managing Director are clearly distinct for effective balance of power and authority.

YBhg Dato' Syed Norulzaman Bin Syed Kamarulzaman, the Independent Non-Executive Chairman presides over the Meeting of the Board and is primarily responsible for ensuring Board's effectiveness and conduct. The Managing Director is responsible for the daily management of the Group's operations and implementation of the Board's policies and decisions. He is responsible for communicating matters relating to the Group's business affairs and issues to the Board for its consideration and approval, where required.

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## Principle 3 (cont'd)

### Enforcement of Independence (cont'd)

Going forward, in order to uphold independence of the independent directors, the Board has adopted the following recommendations of the MCCG 2012 as Board's policies:-

- (i) Subject to board's justification and shareholders' approval, tenure of independent directors should not exceed a cumulative term of nine (9) years; and
- (ii) Board to undertake annual assessment of its independent directors focusing on events that would affect the ability of independent directors to continue bringing independent and objective judgement to board deliberations and the regulatory definition of independent directors.

## Principle 4

### Foster Commitment

The underlying factors of Directors' commitment to the Group are devotion of time and continuous improvement of knowledge and skillsets.

The Board is satisfied with the level and time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company.

In adherence to the Bursa Securities' Main Market Listing Requirements ("MMLR"), the Board acknowledges and has set forth that each member of the Board shall not hold more than five (5) executive directorships in public listed corporations.

Effective 1st June 2013, the maximum directorships in public listed companies is reduced from 10 to 5 under the amended listing requirements. In order to further strengthening the directors' commitment, internally, the Board sets the maximum executive directorship of each members in public listed companies shall not be more than three (3).

The Board further acknowledges that continuous education is essential to broaden their perspectives and to keep abreast with the developments in the business environment as well as with any new regulatory and statutory requirements so as to maximise their effectiveness in the Board.

Directors were also kept informed of the latest regulatory developments by the Company Secretary and new accounting standards issued by International Accounting Standards Board by the External and Internal Auditors.

All the Directors who served during the financial year ended 31 December 2014, have also attended the briefing conducted by the Company Secretary on The Malaysian Code on Corporate Governance 2012.

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## Principle 4 (cont'd)

### Foster Commitment (cont'd)

Additionally, the following directors have attended external training programmes and seminars as follows:-

Name of Directors	Training Attended
YBhg Dato' Syed Norulzaman Bin Syed Kamarulzaman	<ul style="list-style-type: none"> <li>- Detecting, Preventing &amp; Reporting Financial Irregularities &amp; Fraud</li> <li>- Corporate Governance Statement Reporting Workshop</li> <li>- Appreciation &amp; Application ASEAN Corporate Governance Scorecard</li> <li>- 2014 MASB Rountable on Financial Reporting</li> </ul>
Encik Abdul Halim Bin Abdul Hamid	<ul style="list-style-type: none"> <li>- Planning Corporate Mergers &amp; Acquisitions For Execution Excellence</li> <li>- Management Conference 2D1N-Creating Performance Excellence for Growth</li> </ul>
Mr Ooi Chin Khoon	<ul style="list-style-type: none"> <li>- Planning Corporate Mergers &amp; Acquisitions For Execution Excellence</li> <li>- Management Conference 2D1N-Creating Performance Excellence for Growth</li> <li>- Leadership Training - The Power of Change</li> <li>- GST Conference 2014</li> </ul>
Mr Low Hock Keong	<ul style="list-style-type: none"> <li>- Planning Corporate Mergers &amp; Acquisitions For Execution Excellence</li> <li>- Management Conference 2D1N-Creating Performance Excellence for Growth</li> <li>- Strong Leadership In Crisis Management</li> <li>- GST Conference 2014</li> </ul>
Mr Chang Tan Chin	<ul style="list-style-type: none"> <li>- Planning Corporate Mergers &amp; Acquisitions For Execution Excellence</li> <li>- Understanding Goods And Service Tax (GST) In Malaysia</li> <li>- Management Conference 2D1N-Creating Performance Excellence for Growth</li> <li>- Strong Leadership In Crisis Management</li> </ul>
Mr Chong Wai Yew	<ul style="list-style-type: none"> <li>- Planning Corporate Mergers &amp; Acquisitions For Execution Excellence</li> <li>- Understanding Goods And Service Tax (GST) In Malaysia</li> <li>- Strong Leadership In Crisis Management</li> </ul>

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## Principle 4 (cont'd)

### Foster Commitment (cont'd)

Name of Directors	Training Attended
Mr Lee Yow Fui	<ul style="list-style-type: none"><li>- Withholding Tax on payments to Non-residents</li><li>- Understanding the basics of computing Corporate Income Tax – with Budget 2014 updates</li><li>- Workshop on Transfer Pricing – Challenges and Response</li><li>- The 2015 Budget Seminar</li></ul>
Dato' Mohd Som Bin Ibrahim	<ul style="list-style-type: none"><li>- Mandatory Accreditation Programme For Directors of Public Listed Companies</li></ul>

The Directors will continue to undergo other relevant training programmes, conferences and seminars that may further enhance their skills and knowledge.

The Nomination Committee would assist the Board to undertake an assessment of the training needs of each director in Year 2014.

## Principle 5

### Uphold of Integrity in Financial Reporting

The Board is committed to present a balanced and meaningful assessment of the Group's financial performance and prospects to the shareholders, investors and regulatory authorities. This assessment is primarily provided in the Annual Report through the Chairman's Statement, the Management's review of operations and the accompanying financial results. The Group also presents its financial results on a quarterly basis via public announcements. The quarterly results are reviewed by the Audit Committee and approved by the Board prior to release to Bursa Securities.

The Board is assisted by the Audit Committee in reviewing the appropriateness of accounting policies applied by the Group as well as the changes in these policies.

The Audit Committee has the responsibility to ensure the Group's financial statements comply with applicable financial reporting standards. In order to do so, the Audit Committee has obtained written assurance from:-

- (i) 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
- (iii) Chief Financial Officer confirming that the preparation of the financial statements, all relevant approved accounting standards and policies have been adopted, applied and followed in the financial statement with reasonable prudent judgement and estimates.



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## Principle 5 (cont'd)

### Uphold of Integrity in Financial Reporting (cont'd)

Annually, the Audit Committee also reviews the appointment, performance and remuneration of the External Auditors before recommending them to the shareholders for re-appointment in the Annual General Meeting of the Company. The Audit Committee would convene meeting with the External Auditors and Internal Auditors without the presence of the Executive Directors and employees of the Group as and when necessary.

The Audit Committee comprises three (3) Independent Non-Executive Directors. The composition of the Committee, its terms of reference, attendance record and its activities are set out in the Audit Committee Report on pages 37 to 40 of this Annual Report.

## Principle 6

### Risk Recognition and Management

The Board acknowledge that risk management is an integral part of good management practice. Risk is inherent in all business activities. But, it is not the Group's objective to eliminate risk totally. Instead, it is to provide structural means to identify, prioritize and manage the risks involved in all the Group's activities and to balance between the cost of managing and treating risks, and the anticipated benefits that will be derived.

Further details of the Group's system of risk management and internal control are reported in the Statement of Risk Management and Internal Control on pages 41 to 43 of this Annual Report.

## Principle 7

### Timely and High Quality Disclosure

The Board is advised by the Management, the Company Secretary and the External and Internal Auditors on the contents and timing of disclosure requirements of the AMLR on the financial results and various announcements. The Management is invited to attend the Board and Audit Committee meetings and to provide explanations and feedbacks to the Board on the operations of the Group.

Corporate disclosure and information are important for investors and shareholders. The Board would leverage on its corporate website to communicate, disseminate and add depth to the governance reporting. Going forward and pursuant to Para 9.25 of the MMLR, those principal and static governance information such as charter, board committees' terms of reference, policies and codes would be separately published in the website to avoid dilution of issues in the annual report.

## Principle 8

### Exercise of Shareholders' Rights

The Company's Annual General Meeting ("AGM") serves as a principal forum for dialogue with shareholders. The Annual Report together with the Notice of AGM is sent to shareholders within the prescribed period as allowed under the Company's Memorandum and Articles of Association and the MMLR, as the case may be.

# STATEMENT ON CORPORATE GOVERNANCE

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## Principle 8 (cont'd)

### Exercise of Shareholders' Rights (cont'd)

At the AGM, the shareholders are given the opportunity to seek clarification on any matters pertaining to the business activities and financial performance of the Company and of the Group. The Board and the senior management as well as the External Auditors of the Company are present to answer and provide appropriate clarifications at the meeting.

In order to encourage shareholders participation in the general meetings, the Board would:

- i. Take into consideration of the traffic condition, public, festive and school holidays, accessibility and parking facilities in selecting the location for conducting shareholders meetings;
- ii. Obtain the mobile numbers and email addresses of those shareholders who wish to receive general meeting reminders; and
- iii. Conduct thirty minutes pre-AGM social reception for shareholders and to have selected senior management personnel engage with shareholders for mutual understanding of expectations and concerns and for appreciation of the quality of the management by the shareholders.

Normally, a press conference will be held after the AGM to advise the media on the resolutions passes by shareholders, answer questions on the Group's activities and plans in the course of providing all shareholders with the latest update of the Company.

The Articles of Association of the Company does not limit the number of proxies to be appointed by an exempt authorised nominee with shares in the Company for multiple beneficial owners in one securities account to allow greater participation of beneficial owners of shares at general meetings of the Company. The Articles of Association of the Company further entitles a member to vote in person, by corporate representative, by proxy or by attorney both on a show of hands and on a poll as if they were a member of the Company. The Articles of Association of the Company have expressed provisions to disallow any restriction on a proxy's qualification and accord proxies the same rights as members to speak at general meetings of the Company.

The Board recognises that effective 1 June 2013, poll voting is mandated for related party transactions that require specific shareholders' approval. Shareholders will be reminded that they have the right to demand a poll vote at general meetings.

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors' dated 29 April 2015.