

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5260  
**COMPANY NAME** : Only World Group Holdings Berhad  
**FINANCIAL YEAR** : June 30, 2018

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

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

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

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors of Only World Group Holdings Berhad (“<b>OWG</b>” or “<b>Company</b>”) (“<b>Board</b>”) has overall responsibility for OWG and its subsidiaries’ (“<b>Group</b>”) strategic plan, overseeing the conduct of the Company’s business, risk management practices and internal controls and succession planning.</p> <p>The functions of the Board are to:</p> <ul style="list-style-type: none"><li>a) establish the organization’s values, vision, mission and strategies;</li><li>b) provide guidance to Senior Management in developing corporate strategy;</li><li>c) reviewing and set the Group’s strategic plan and direction;</li><li>d) review and agree the business (action) plans and annual budget proposed by the Executive management team;</li><li>e) monitor the achievement of the strategic and business plans and annual budget;</li><li>f) promote better investors relations and shareholder communications;</li><li>g) ensure that the Group’s core values, vision and mission and shareholders’ interests are met;</li><li>h) establish such committees, policies and procedures as appropriate which adhere to compliance obligations and that its functions are effectively discharged;</li><li>i) arrange for Directors to attend courses, seminars and participate in development programmes as the Board judges appropriate;</li><li>j) ensure that all significant systems and procedures are in place for the organization to run effectively, efficiently, and meet all legal and contractual requirements;</li><li>k) ensure that all significant risks are adequately considered and accounted for by the Executive management team;</li><li>l) ensure that organization has appropriate corporate</li></ul>

	<p>governance in place including standards of ethical behaviour and promoting a culture of corporate responsibility;</p> <p>m) approving specific items of capital expenditure and investments, acquisitions and dis-investments and any significant initiatives or opportunities that arise outside the annual planning and budgeting process;</p> <p>n) approving and monitoring major projects including corporate restructuring/re-organization;</p> <p>o) overseeing the conduct and performance of the Group to ensure that they are being properly and appropriately managed;</p> <p>p) appointing Directors to the Board;</p> <p>q) approving the quarterly, full-year financial statements and annual report;</p> <p>r) recommending the interim and final dividends to shareholders, where applicable; and</p> <p>s) reviewing and monitoring all related party transactions to identify whether consideration should be given to seeking shareholders' approval.</p> <p>The duties and responsibilities of the Board are stipulated in the Board Charter and it can be viewed on the Company's website at <a href="http://www.owg.com.my">www.owg.com.my</a></p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

### Intended Outcome

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 is led by an Independent Non-Executive Chairman, Dato' Dr. Tengku Rethwan Bin Tengku Mansor. His profile can be viewed on page 10 of the Company's Annual Report.</p> <p>The roles and responsibilities of the Chairman are clearly set out and established in the Board Charter which include, among others, the following:</p> <ul style="list-style-type: none"> <li>a) leading the Board in setting the values and standard of the Company;</li> <li>b) overseeing the effective discharge of the Board's supervisory role;</li> <li>c) facilitating the effective contribution of all directors;</li> <li>d) conducting the Board's function and meetings;</li> <li>e) briefing all the directors in relation to issues arising at meetings;</li> <li>f) ensuring effective communication with shareholders and relevant stakeholders;</li> <li>g) scheduling regular and effective evaluations of the Board's performance;</li> <li>h) ensuring the provision of accurate, timely and clear information to Directors; and</li> <li>i) promoting constructive and respectful relations between Board members and between the Board and the Management.</li> </ul>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The roles of the Chairman and Managing Director ("MD")/Group Chief Executive Officer ("CEO") are strictly separated.</p> <p>The positions of the Chairman and MD/CEO are held by two different individuals. The Chairman of the Company is Dato' Dr Tengku Rethwan Bin Tengku Mansor and his responsibilities are set out in the previous page.</p> <p>The MD/CEO of the Company is Tan Sri Dato' Sri Dato' Koh Cheng Keong and responsible for:</p> <ul style="list-style-type: none"> <li>a) the implementation of strategic business direction, plans and policies of the Group;</li> <li>b) the efficient and effective operation of the Group;</li> <li>c) the running of day-to-day management of the Group with all powers, discretions and delegations authorised, from time to time, by the Board;</li> <li>d) business assessment opportunities which are potential benefit to the Group; and</li> <li>e) bringing material matters to the attention of the Board in an accurate and timely manner.</li> </ul>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company Secretaries are qualified Chartered Secretaries and both are members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). Both are qualified to act as company secretary under Section 235 of the Companies Act 2016.</p> <p>All Directors have access to the advice and services of the Company Secretaries in carrying out their duties.</p> <p>The Company Secretaries attended all board meetings and facilitate effective functioning of the Board, effective information flow among the Board, Board Committees and senior management, as well as to facilitate overall compliance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements"), the Companies Act 2016 and the recommendations in the Malaysian Code on Corporate Governance ("Code").</p> <p>The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of its functions.</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 Secretary shall facilitate the provision of information, as may be requested by Directors from time-to-time.</p> <p>In order to ensure all Directors are supplied with all necessary information and sufficient time to consider matters to be deliberated at Board and Board Committee meetings, the Company Secretary shall circulate the meeting agenda, together with board papers to all members of the Board and Board Committees at least seven (7) days prior to the meeting. Early circulation of meeting agenda and relevant papers aims to ensure effectiveness and efficiency of meetings, by providing sufficient time for Directors to review the information provided, to make enquiries and to seek additional information and clarification. Senior management staff may be invited to attend Board meetings to provide the Board detailed explanations and clarifications on certain matters that are tabled to the Board.</p> <p>The Company Secretary is responsible to ensure timely communication of Board-level decisions to the Management who are not present at the Board meeting. The Company Secretary prepares the Board/ Board Committee meeting minutes, properly recording issues deliberated, including how decisions and conclusions are arrived at.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 2.1**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members. The Board Charter serves as a primary reference for prospective and existing Board members in the performance of their fiduciary duties.</p> <p>The Board Charter is reviewed from time to time to ensure it remains consistent with its objectives and responsibilities, existing regulatory requirements and corporate governance best practices. A copy of the Board Charter is available for reference at the Company's website at <a href="http://www.owg.com.my">www.owg.com.my</a>.</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>The Company's Code of Ethics and Conduct for Directors ("Directors' Code of Conduct") sets out the standards of ethical behaviour and values expected of Directors and serves as a guide and reference in the course of the performance of their responsibilities. The Board has implemented appropriate processes and systems to support, promote and ensure its compliance.</p> <p>The Directors' Code of Conduct is published on the Company's website, <a href="http://www.owg.com.my">www.owg.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 3.2**

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>The Board has a Whistle Blowing Policy to provide an avenue for employees and interested parties to report any misconduct, wrongdoings, corruption and instances of fraud, waste and/or abuse that may materially impact the Group and its stakeholders. Reporting individuals are provided protection from reprisal as a direct consequence of making disclosure and to safeguard the reporting individual's confidentiality.</p> <p>The Whistleblowing Policy is available for reference at the Company's website <a href="http://www.owq.com.my">www.owq.com.my</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Half of the members of the Board are Independent Directors.</p> <p>The Board consists of 6 members comprising 1 Independent Non-Executive Chairman, 3 Executive Directors and 2 Independent Non-Executive Directors.</p> <p>The Board will conduct an annual assessment on the Independent Directors to ensure their independence according to the criteria of independence as defined in the MMLR of Bursa Securities.</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 4.2**

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>	:	Not applicable – No independent director(s) serving beyond 9 years	
<b>Explanation on application of the practice</b>	:	None of the Independent Directors' tenure has exceeded a cumulative term of 9 years.	
<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 4.3 - 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>	:	<p>The Board does not have a formal policy to limit the tenure of Independent Directors.</p> <p>However, the Board takes cognisance of the Code's recommendation to designate Independent Directors whose tenure exceed a cumulative of nine years as Non-Independent Directors or if the Board intends to retain an Independent Director beyond nine years, the Board would provide justification and seek shareholders' approval at the general meeting.</p>

**Intended Outcome**

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

**Practice 4.4**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Nominating Committee, which is solely comprised of Independent Directors, is responsible for recommending to the Board suitable candidate(s) for appointment as new Directors.</p> <p>In making these recommendations, factors such as mix of skills, knowledge, experience, expertise, professionalism, integrity, gender, cultural background and contribution to the Company will be considered before recommendation for appointment of the proposed director is put forward to the Board for consideration and approval.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 4.5

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board acknowledges the recommendation of the Code pertaining to the establishment of boardroom gender diversity policy.</p> <p>The Board has no immediate plans to implement a formal gender diversity policy or target, as it is of the view that the suitability of candidates is dependent on each candidate's competency, skills, experience, character, time commitment, integrity and other qualities in meeting the needs of the Company, regardless of gender.</p> <p>However, the Board endeavours to have diversity of Board and its workforce in terms of gender, cultural background and age.</p> <p>Currently, the Board consists of one female Director out of its six members.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

### Intended Outcome

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

### Practice 4.6

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>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	In searching for suitably qualified candidates for the Group, a high regard and emphasis is placed on the ability of the candidate, who shall have the relevant skills and knowledge pertaining to the industry. In practice, upon the need to seek for a candidate for appointment of Directorship, the Nomination Committee will source for candidates via recommendations from existing Board members.
	:	Before being appointed as a director, the Board, via the Nomination Committee, assess each potential candidate regardless of the source of the recommendation, based on amongst others, the candidate's integrity, independence, diversity in terms of age, gender, cultural background and experience, leadership and ability to exercise sound judgement.  Going forward, the Board will, nonetheless, consider sourcing candidates from external sources as one of the avenue.
<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>	:	Tan Sri Foong Cheng Yuen is the Chairman of the Nominating Committee who is the Senior Independent Non-Executive Director.  The primary responsibilities of the Nominating Committee are set out in detail in its Term of Reference which is made available for reference in the Company's website, <a href="http://www.owq.com.my">www.owq.com.my</a> .
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

### Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has implemented an annual performance evaluation process, carried out by the Nominating Committee to assess the board effectiveness and performance of Board Committees based on the board mix and balance, composition, compliance and governance, conduct at meeting, business knowledge, skills and competencies, communication, value added contribution, quality of information and decision making.</p> <p>Assessment on performance of individual Directors is based on integrity and ethics, governance, strategic perspective, judgement and decision making, teamwork, communication and commitment. The Nominating Committee will deliberate on the relevant assessments through a set of questionnaire and a summary of the assessments on whether there is a need to change the composition of the Board or any of the board committees to the Board would be presented to the Board.</p> <p>For the assessment of the level of independence of its Independent Directors, on yearly basis, the Board obtains confirmation of independence from the Independent Directors. The Board will conduct assessment on the Independent Directors and based on the assessment will conclude that whether all the Independent Directors has fulfill the criteria of independence as defined in the Main Market Listing Requirements of Bursa Securities Malaysia Berhad.</p> <p>The Nominating Committee is satisfied with the effectiveness demonstrated by the Board, Board Committees and individual Directors based on the annual assessments described above for the financial year ended 30 June 2018.</p>
<b>Explanation for departure</b>	:	

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

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

## Intended Outcome

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 objective of the Remuneration Committee ("RC") is to recommend the remuneration framework of Directors to the Board. The remunerations and entitlements of Executive Directors and the Non-Executive Directors including the Non-Executive Chairman shall be a matter to be decided by the Board as a whole with the director concerned abstaining from deliberation and voting on his individual remuneration.</p> <p>The RC reviews the Board remuneration policy on need basis as per the market practices and Code and other new requirements.</p> <p>The remuneration package of Executive Directors and Key Management Team is determined based on their nature of job, company's performance and individuals' performance in the job. The remuneration level of Non-Executive Directors is reflected by the experience, level of responsibilities and time commitment undertaken by particular Non-Executive Director concerned. The remuneration package to be paid to Non-Executive Directors are subject to the approval of the shareholders of the Company at its AGM.</p> <p>The Remuneration Policy and Procedures is available on the Company's website at <a href="http://www.owg.com.my">www.owg.com.my</a>.</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>	:	<p>The Board has set up a Remuneration Committee which comprises of only Independent Non-Executive Directors.</p> <p>The primary responsibility of the Remuneration Committee is to assist the Board with the following functions:</p> <ul style="list-style-type: none"><li>• To review and to consider the remuneration of Executive Directors is in accordance with the skill, experience and expertise they possess and make recommendation to the Board on the remuneration packages of them.</li><li>• To conduct continued assessment of Executive Directors to ensure that remuneration is directly related to corporate and individual performance.</li><li>• To review the Directors' fees, subject to the approval of the shareholders at annual general meeting.</li><li>• To establish the remuneration policy and procedures for Directors and senior management for recommendation to the Board.</li></ul> <p>The Terms of Reference of the Remuneration Committee is made available for reference in the Company's website at <a href="http://www.owg.com.my">www.owg.com.my</a>.</p>
<b>Explanation for departure</b>	:	

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

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

### Intended Outcome

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>	:	The Company has disclosed on named basis the remuneration of individual directors and breakdown of their remuneration in its 2018 Annual Report under the Corporate Governance Overview Statement. The breakdown of remuneration of individual directors includes fees, salary, bonus and allowances.
<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>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board is of the view that such disclosure may not be in the best interest of the Group due to confidentiality and security concerns, for example, vulnerability of these personnel being poached by competitors as well as potential disgruntlement amongst the personnel concerned when they note how much their fellow colleagues are drawing, notwithstanding that the disclosure is in bands of RM50,000 each. In addition, the Group is operating in a niche industry, increasing the risks of its key management personnel being poached by competitors.</p> <p>As an alternative, the Board is of the opinion that disclosure on the top 5 senior management's compensation and benefit packages received from the Group for the financial year under review in the bands of RM50,000 on an unnamed basis would provide pertinent insights to shareholders on whether such senior management are remunerated responsibly and fairly with in a view of attracting, motivating and retaining talents. Accordingly, the remuneration of the top senior management in bands of RM50,000 on an unnamed basis, is disclosed in the Company's Annual Report.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 7.3 - Step Up**

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

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The positions of the Chairman of the Board and Audit Committee are held by separate individuals. The Audit Committee is chaired by Mr. Ooi Guan Hoe while the Chairman of the Board is Dato' Dr. Tengku Rethwan Bin Tengku Mansor.</p> <p>Terms of Reference that outlines the functions of the Audit Committee is made available for reference in the Company's website at <a href="http://www.owg.com.my">www.owg.com.my</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board does not have such policy at the moment as the Board has no intention to appoint a former key audit partner as a member of the Audit Committee at the moment.	
<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 Audit Committee had assessed the suitability and independence of the external auditors, namely Crowe Malaysia.</p> <p>In its assessment, the Audit Committee considered several factors such as:</p> <ul style="list-style-type: none"><li>• Adequacy of experience;</li><li>• Resources of the firm;</li><li>• The professional staff assigned to the audit;</li><li>• Independence of Crowe Malaysia; and</li><li>• The level of non-audit services rendered by Crowe Malaysia.</li></ul> <p>The Audit Committee undertakes an annual assessment of the qualifications, expertise and resources and effectiveness, as well as independence of the external auditors.</p> <p>The Terms of Reference of the Audit Committee which lays out the complete responsibilities of the Audit Committee with regards to the external auditor is made available for reference in the Company's website at <a href="http://www.owg.com.my">www.owg.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### **Intended Outcome**

There is an effective and independent Audit Committee.

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

### **Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	At present, the Audit Committee is comprised solely of Independent Directors.

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All Audit Committee ("AC") members are financially literate and are able to understand matters under the purview of the AC including financial reporting process.</p> <p>The qualification and experience of the individual AC members are disclosed in the Profile of Board of Directors in the Annual Report.</p> <p>During the financial year, the members of the AC were briefed by the external auditors and company secretaries on the following updates:</p> <ul style="list-style-type: none"><li>• Financial Reporting developments;</li><li>• Adoption of Malaysian Financial Reporting Standards;</li><li>• Malaysian Code on Corporate Governance; and</li><li>• Companies Act 2016 and MMLR of Bursa Securities.</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 make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

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

### Practice 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges that it is ultimately responsible for the adequacy and effectiveness of the Group's system of risk management and internal controls to safeguard its stakeholders' interests and the Group's assets. This is vital to ensure that they are consistent with the overall Group's objectives with the help of the systems operating within an environment where losses and liabilities arising from risks, uncertainty and random events may be minimized, protected against and even avoided altogether. However, such a system is designed to manage the Group's key areas of risk within an acceptable level, rather than eliminate the risk of failure to achieve the policies and business objectives of the Group. Accordingly, due to the inherent limitation in any system, the system of risk management and internal control can only provide reasonable but not absolute assurance against material misstatement of financial information and records or against financial losses or fraud. The Board, has established an ongoing process to identify, analyse, evaluate, manage and monitor key risks faced by the Group and has put in place a structured risk management framework and policy guided by ISO31000 Risk Management - Guidelines.</p> <p>The internal audit function is outsourced to a professional consulting firm which assists the Audit Committee ("AC") and the Board in reviewing the adequacy and effectiveness of the Group's risk management and internal control system as a whole. The internal audit function reports directly to the AC and provides reasonable assurance through its internal audit works, which include the audit activities, presenting findings and recommendations, and follow-ups on action plans devised to address any weaknesses in the internal control system, as agreed by Management. In carrying out its audit activities, the internal audit function has unrestricted access to relevant records, personnel and physical properties.</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 9.2

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>	:	The risk management and internal control framework is set out in the Statement on Internal Control and Risk Management contained in the Annual Report.  The said Statement had been reviewed by the external auditors.
<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 Group appointed an independent outsourced internal audit service provider to carry out internal audit reviews, and to support the Board in assessing the adequacy and integrity of the internal control systems of the business units within the Group.</p> <p>The outsourced internal audit service provider reports to the Audit Committee directly. To ensure independency of the internal audit function, the internal audit service providers are not allowed to act on behalf of the management in deciding and implementing management action plans. Any proposed internal audit plan is subject to the review and approval of the Audit Committee which comprises solely of Independent Directors.</p> <p>The internal audit service provider is given unrestricted access to all records, information, property, personnel and relevant resources of the Group as the internal audit review covers all key functional areas and processes of the Group.</p> <p>The internal audit team highlights to the executive and operational management on areas for improvement and subsequently reviews the extent to which its recommendations have been implemented. The reports are submitted to the Audit Committee, which reviews the findings with Management at its quarterly meetings.</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 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–

- (i) whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- (ii) the number of resources in the internal audit department;
- (iii) name and qualification of the person responsible for internal audit; and
- (iv) 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 Audit Committee is supported by an independent outsourced internal audit service provider, who provides independent assurance on the adequacy and integrity of internal controls.</p> <p>An independent outsourced internal audit service provider had declared their conduct of work is carried out in accordance with the Institute of Internal Auditors' International Professional Practices Framework for Internal Auditing.</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 ongoing engagement and communication with stakeholders, to build trust and understanding between the Company and stakeholders and, to provide stakeholders with a better appreciation of the Company's objectives and quality of the management.</p> <p>The Board provides stakeholders with quarterly results and Audited Financial Statements as well as corporate announcements on significant developments affecting the Company through announcement in Bursa Securities in accordance with MMLR of Bursa Securities.</p> <p>The Annual General Meeting provides a means of communication with shareholders. Shareholders who are unable to attend are allowed to appoint a proxy to attend and vote on their behalf. Members of the Board as well as the Auditors of the Company are present to answer questions raised at the meeting.</p> <p>The Company's website is freely accessible to the public at <a href="http://www.owg.com.my">www.owg.com.my</a> and the Directors welcome feedback channelled through the 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

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>	:	The Group, which is not a Large Company under the definition of Paragraph 2.6 of the Malaysian Code on Corporate Governance, does not adopt integrated reporting.
	:	To enable stakeholders to make informed decisions, the Group has disclosed in its Annual Report 2018 various statements in accordance with the requirements under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These include the Management Discussion and Analysis, Corporate Governance Overview Statement, Sustainability Statement, Audit Committee Statement and Statement on Risk Management and Internal Control.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 12.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The notice of AGM is sent out to shareholders at least 28 days before the date of the meeting, exceeding the 21 days requirement under the Companies Act 2016 and Listing Requirements.</p> <p>The Notice of the 6th Annual General Meeting of the Company is issued on 31 October 2018 together with the Annual Report to shareholders, giving more than 28 days notice of the AGM which will be held on 10 December 2018.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	At the Company's 5 <sup>th</sup> Annual General Meeting ("AGM") held on 18 December 2017, all directors were present at the AGM.
		However, at the Extraordinary General Meeting ("EGM") held on 12 September 2018, all directors were present with the exception of Tan Sri Foong Cheng Yuen, who was absent with apology due to a prior commitment which he was obliged to keep.
		In the absence of Tan Sri Foong Cheng Yuen at the EGM, the Board members present appropriately addressed all questions posed by the shareholders at the meeting. For the forthcoming General Meetings, the Board will adhere to the practice to ensure full Board presence at General Meetings which include the Chairman of the various Board Committees.
<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>	:	The Board is committed to engaging with its stakeholders. The Company has always held its General Meeting within Peninsular Malaysia and accessible via public transport.
	:	Shareholders are allowed to appoint proxies to attend, participate, speak and vote on their behalf at the General Meeting. The Company has yet to make available the platform to facilitate voting in absentia and for remote shareholders to participation at General Meetings.  However, voting by proxy is provided and allowed for those members who are unable to present in person at the general meetings. The Company would explore the possibility of having voting done in absentia at various locations using technology, its cost of and the possible legal implications, etc.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

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

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

N/A
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