

# STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors is committed to safeguarding the interests of its stakeholders and recognises the importance of corporate governance in achieving this objective. The Board knows that transparent disclosure of its organizational and management structure as well as other aspects of its corporate governance helps stakeholders to assess the quality of the Group and its management and assists investors in their investment decisions.

This Statement outlines the key aspects of how the Company has applied and taken into account the Principles enumerated under the Malaysian Code of Corporate Governance 2012 (the "Code") during the financial year ended 31 December 2016. Where there are gaps in the Company's observation of any of the Recommendations of the Code, these are disclosed herein with explanations.

## A. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

### Board Charter and Board Committees

The Board retains full and effective control of the Group. Its roles are essentially providing leadership, management oversight, setting strategic direction premised on sustainability and promoting ethical conduct in business dealings. The Board has adopted certain responsibilities for effective discharge of its functions through formalizing its Board Charter.

As set out in the Board Charter, the Board is responsible for:

- (a) Establishing and reviewing the strategic direction and plans of the Company.
- (b) Monitoring the implementation of strategic plans by Management.
- (c) Timely review and approve all quarterly and annually financial statements for declaration to Bursa Malaysia and stakeholders. The Audit Committee reviews and recommends the financial statements prior to presentation to the Board. A robust approach and engagement with the Audit Committee had been carried out.
- (d) Overseeing and evaluating the conduct of the businesses of the Company including the value system.
- (e) Evaluate performance of the Management in accordance to pre-determined set of performance measurement and KPIs.
- (f) Identifying and evaluating business risks and ensure implementation of a managed sound risk management framework.
- (g) Reviewing the adequacy and integrity of the internal control system and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
- (h) To review and oversee the appointment, resignation or termination of Directors, Company Secretaries, Auditors and key management are properly carried out and documented.
- (i) Ensure establishment of succession plans for the Board members and senior management.
- (j) Ensure the Board is supported by at least a suitably qualified and competent Company Secretary to whom shall have advice on compliance with applicable laws and any amendment to the laws and regulations related to the listing.
- (k) Formalise ethical standards of conduct through a Code of Conduct for Directors and Management and ensure compliance.
- (l) Developing and implementing an investors' relations programme, shareholders or stakeholders communication policy and ensure the Company's strategies to promote sustainability.

The salient features of the Board Charter had been uploaded on the Company's website at [www.ock.com.my](http://www.ock.com.my)

The Board has delegated specific responsibilities to various Board Committees namely the Audit Committee, the Nomination Committee and the Remuneration Committee whose functions are within their respective terms of reference approved by the Board. The said terms of reference are periodically reviewed by the Board, as and when necessary and the Board appoints the Chairman and members of each committees. These Committees assist the Board in making informed decisions through in-depth discussions on issues in discharge of the respective committees' terms of reference and responsibilities. The Chairmen of the various committees will report to the Board the outcome of the Committee meetings which will be recorded in the minutes of the Board meeting. The ultimate responsibility for decision making, however, lies with the Board.

# STATEMENT ON CORPORATE GOVERNANCE

## A. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (continued)

### Board Charter and Board Committees (continued)

For certain day-to-day operations, the Board has delegated authorities and powers to Management with the prescribed limits of authority.

### Code of Ethics and Conduct

The Board acknowledges and emphasises the importance for all Directors and employees of OCK to embrace the highest standards of corporate governance practices and ethical standards.

In this respect, the Board has formalised a Code of Ethics and Code of Conduct. These codes are aimed to emphasise the Company's commitment to ethics and compliance with applicable laws and regulations. The Code of Ethics and Conduct had been uploaded on the Company's website at [www.ock.com.my](http://www.ock.com.my)

### Whistle-Blowing Policy

To enhance corporate governance practices across the Group, a whistle-blowing policy was adopted which provide Directors, Employees, Shareholders, Vendors or any parties with a business relationship of the Group with an avenue to report suspected wrongdoings that may adversely impact the Group.

The aim of this policy is to encourage the reporting of such matters in good faith, with the confidence that the person filing the report, as far as possible, be protected from reprisal, harassment or subsequent discrimination.

### Sustainability

The Board recognises the importance of sustainability and its increasing significance in the business. The Board is committed to understanding and implementing sustainable practices and to exploring the benefits to the business whilst attempting to achieve the right balance between the needs of the wider environment, the requirements of shareholders and stakeholders and economic success.

In transition, the Company will consider formalising a Sustainability Policy which aims to endeavour to integrate the principles of sustainability into the Company's strategies, policies and procedures and ensure that the Board and senior management are involved in implementation of this policy, review the sustainability performance and create a culture of sustainability within the Company, and the community, with an emphasis on integrating the environmental, social and governance considerations into decision making and the delivery of outcomes.

### Supply and Access to Information

Board meetings were held to discuss matters that require members' input and decision. The Chairman ensures that all directors have full and timely access to information. Prior to the meetings of the Board and the Board Committees, notice of agenda together with previous minutes and other relevant information were circulated to all directors on a timely basis in order to enable the directors to be well informed and briefed before the meetings.

All directors also have full and free access to information within the Group and can as individual Director or as a full Board have unrestricted access to all information pertaining to the Group's business and affair. This is to enable them to carry out their duties effectively and diligently. As and when necessary, the Board may obtain independent professional advice, in furtherance of their duties, at the expense of the Group, in furtherance of their duties.

The external auditors also briefed the Board members on the Malaysian Financial Reporting Standards that would affect the Group's financial statements during the year.

# STATEMENT ON CORPORATE GOVERNANCE

## A. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (continued)

### Company Secretary

Every director also has unhindered access to the advice and services of the Company Secretary. The Board believes that the current Company Secretary is capable of carrying out his duties to ensure the effective functioning of the Board. In the event that the Company Secretary fails to fulfil his functions effectively, the terms of the appointment permits their removal and appointment of successor which is a matter for the Board to decide.

The Company Secretary plays an advisory role to the Board in relation to the Company's constitution, the Board's policies and procedures, and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretary is suitably qualified, competent and capable of carrying out the duties required and has attended training and seminars conducted by relevant regulatory bodies to keep abreast with the relevant updates on statutory and regulatory requirements and updates on the MMLR of Bursa Securities.

The Company Secretary also serves notice to the Directors and Principal Officers to notify them of closed periods for trading in the Company's shares, in accordance with Chapter 14 of the MMLR of Bursa Securities. Deliberations during the Board and Board Committees' meetings were properly minuted and documented by the Company Secretary.

## B. STRENGTHEN 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.

# STATEMENT ON CORPORATE GOVERNANCE

## B. STRENGTHEN COMPOSITION (continued)

The profile of the Board members are set out in this annual Report on pages 18 to 26.

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.

### Nomination Committee

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

Name	Designation	Directorship
YBhg Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman	Chairman	Senior Independent Non-Executive Director
Mahathir Bin Mahzan	Member	Independent Non-Executive Director
YM Syed Hazrain Bin Syed Razlan Jamalullail	Member	Independent Non-Executive Director

The Board has identified YBhg Dato' Indera 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' Indera Syed Norulzaman Bin Syed Kamarulzaman is also the Chairman of the Nomination Committee in observance with recommendation 2.1 of the MCCG 2012.

During the financial year ended 31 December 2016, one (1) NC meeting was held on 25 April 2016 and attended by all the NC members.

The NC has reviewed and assessed the size of Board, required mix of skills, experience, performance and contribution of Directors; effectiveness of the Board as a whole; independence of Independent Directors and training courses required by the Directors, and is satisfied with the current composition and performance of the Board.

The NC also considered the performance and contribution of the Director who stand for re-election at the forthcoming Annual General Meeting to determine whether they are eligible for re-election. The NC will recommend the re-election of Director to the Board for approval. All the retiring Director will abstained from deliberations and decisions on their own eligibility to stand for re-election at the Board Meeting.

With the current composition, the NC opines that all the Board members have the necessary knowledge, experience, requisite range of skills and competence to enable them to discharge their duties and responsibilities effectively. All Directors on the Board have extensive experience with their many years of experience on the Boards of other companies and/or also as professionals in their respective fields of expertise.

# STATEMENT ON CORPORATE GOVERNANCE

## B. STRENGTHEN COMPOSITION (continued)

### Nomination Committee (continued)

The NC will recommend to the Board on suitable candidates for appointment as Board members, member of Board Committees and Executive Director of the Company based on the following evaluation criteria:

- skills, knowledge, expertise and experience;
- professionalism;
- time commitment to effectively discharge his role as a director;
- contribution and performance;
- character, integrity and competence;
- boardroom diversity including gender diversity; and
- in the case of candidates for the position of Independent Non-Executive Directors, the NC shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from independent non-executive directors.

The NC will arrange for the induction of any new Directors appointed to the Board to enable them to have a full understanding of the nature of the business, current issues within the Company and corporate strategies as well as the structure and management of the Company.

The Board has no specific policy on gender, age and ethnicity for candidates to be appointed to the Board. The evaluation of the suitability of candidates is based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company. The NC, will however continue to take steps to ensure that gender, age and ethnicity of the candidates will be taken into consideration as part of its recruitment exercise.

### Remuneration Committee

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' Indera Syed Norulzaman Bin Syed Kamarulzaman	Chairman	Senior Independent Non-Executive Director
Ooi Chin Khoon	Member	Managing Director
Mahathir Bin Mahzan	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.

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.

# STATEMENT ON CORPORATE GOVERNANCE

## B. STRENGTHEN COMPOSITION (continued)

### Remuneration Committee (continued)

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	-	4
RM300,001 – RM400,000	-	-
RM400,001 – RM450,000	3	-
RM450,001 – RM500,000	-	-
RM500,001 – RM550,000	-	-
RM600,001 – RM650,000	-	-
RM650,001- RM700,000	-	-
RM700,001 – RM750,000	1	-
RM750,001- RM800,000	-	-
RM800,001 – RM850,000	-	-
RM850,001 – RM900,000	1	-

The aggregate remuneration of the Executive Directors and Non-Executive Directors for the financial year ended 31 December 2016 is as follows:

### Group Level

Category	Salaries and other emoluments* (RM)	Bonus (RM)	Benefit-in-kind (RM)	EPF and SOCSO (RM)	Total (RM)
Executive	3,336,939	449,401	126,837	381,751	4,294,928
Non-Executive	167,500	-	17,400	-	184,900
<b>Total</b>	<b>3,504,439</b>	<b>449,401</b>	<b>144,237</b>	<b>381,751</b>	<b>4,479,828</b>

\* Other emoluments include salaries, bonuses, allowance, Employees Provident Fund contributions, and SOCSO contribution.

For security and confidential reasons, the details of individual Directors' remuneration are not shown. The Board is of the opinion that the transparency and accountability aspects of corporate governance as applicable to Director's remuneration as appropriately served by the disclosure made above.

# STATEMENT ON CORPORATE GOVERNANCE

## C. REINFORCE INDEPENDENCE

The Board recognises the importance of independence and objectivity in its decision making process which is in line with the Code.

The directors with their different backgrounds and specialisation, collectively bring with them a wide range of experience and expertise in areas such as finance, corporate affairs, marketing and operations. The executive director is responsible for implementing the policies and decisions of the Board, overseeing the operations as well as co-ordinating the development and implementation of business and corporate strategies. The independent non-executive directors play key supporting roles, contributing their knowledge and experience towards formulating policies and in the decision-making process. They do not engage in day-to-day management of the Company and do not participate in any business dealings with the Company. The independent non-executive directors also bring with them objective and independent judgement to decision-making and provide a capable check and balance for the executive director.

The strong presence of Independent Non-Executive Directors on the Board who are neither related to any Director and/or major shareholders nor have any conflict of interests of the shareholders and the Group ensures that the interests of the shareholders and the Company are adequately protected.

The Board is also satisfied that its composition fairly reflects the investment of minority shareholders in the Company.

### **Annual Assessment of Independence**

The Independent Non-Executive Directors play a key role in corporate accountability and provide unbiased views and impartiality to the Board's deliberations and decision-making process. In addition, the Independent Non-Executive Directors ensure that matters and issues brought to the Board are given due consideration, fully discussed and examined, taking into account the interest of all stakeholders in the Group.

An assessment on the independence of the Directors based on the provisions of the MMLR of Bursa Securities is carried out before the appointment of any new Independent Non-Executive Director. Further, the Board with the assistance from the NC will undertake to carry out annual assessment of the effectiveness of the Board as a whole, including Independent Non-Executive Directors and consider whether the Independent Non-Executive Director can continue to bring independence and objective judgment to Board deliberations.

Any Director who considers that he has or may have a conflict of interest or a material personal interest or a direct or indirect interest or relationship that could reasonably be considered to influence in a material way the Director's decisions in any matter concerning the Company is required to immediately disclose to the Board and to abstain from participating in any discussion or voting on the respective matter.

For the financial year ended 31 December 2016, the Board assessed the independence of its Independent Non-Executive Directors based on the criteria set out in the MMLR of Bursa Securities. The Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company.

### **Tenure of Independent Directors**

The Board in its Board Charter provided that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, an Independent Director may continue to serve the Board upon reaching the 9 year limit subject to the Independent Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as Independent after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at general meeting. In justifying the decision, the NC is entrusted to assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria on independence and the candidate's performance.

# STATEMENT ON CORPORATE GOVERNANCE

## C. REINFORCE INDEPENDENCE (continued)

### Tenure of Independent Directors (continued)

At this juncture, none of the independent director of the Company has exceed a cumulative term of nine (9) years.

### Chairman and Executive Director

The position of Chairman is held by YBhg Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman, an Senior Independent Non-Executive Director of the Company. The Managing Director, Mr. Ooi Chin Khoon 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. The Executive Directors are involved in the day-to-day management of the Company. The positions of Chairman and Executive Directors are held by different individuals. The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board, acts as facilitator at the meetings and ensure that Board proceedings are in compliance with good conduct and best practices. Whilst the Executive Directors are responsible for making and implementing operational and corporate decision as well as developing, coordinating and implementing business and corporate strategies.

The distinct and separate roles of the Chairman and Executive Directors, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

## D. FOSTERING COMMITMENT

### Time commitment

The Board endeavours to meet at least four (4) times a year, at quarterly intervals which are scheduled well in advance at the commencement of the financial year to help facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened where necessary to deal with urgent and important matters that require attention of the Board. Where appropriate, decisions are also made by way of circular resolutions in between scheduled meetings during the financial year.

Senior management staff and/or external advisors may be invited to attend Board meetings to advise the Board and to furnish the Board with information and clarification needed on relevant items on the agenda to enable the Directors to arrive at a considered decision.

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 Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities which is evidenced by the satisfactory attendance record of the Directors at Board meetings. The Board members are required to notify the Board prior to their acceptance of new directorships in other companies with indication of time that will be spent on the new appointment.

All pertinent issues discussed at the Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretary.

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



# STATEMENT ON CORPORATE GOVERNANCE

## D. FOSTERING COMMITMENT (continued)

### Time commitment (continued)

The Board met five (5) times during the financial year ended 31 December 2016 and the attendance records of each Director at the Board Meetings is set out below:-

Name of Directors	No. of Meetings Attended
Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman	5/5
Abdul Halim Bin Abdul Hamid	5/5
Ooi Chin Khoon	5/5
Low Hock Keong	5/5
Chang Tan Chin	5/5
Chong Wai Yew	5/5
Rear Admiral (R) Dato' Mohd Som Bin Ibrahim	5/5
Mahathir Bin Mahzan	4/5
YM Syed Hazrain Bin Syed Razlan Jamalullail	5/5

### Directors' Training

All Directors are encouraged to participate in relevant training programmes for continuous professional development and to further enhance their skills and knowledge. The Directors are aware that they shall receive appropriate training which may be required from time to time to keep them abreast with the current developments in the industry as well as new statutory and regulatory developments including changes in accounting standards.

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.

# STATEMENT ON CORPORATE GOVERNANCE

## D. FOSTERING COMMITMENT (continued)

### Directors' Training (continued)

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

Name	Date	Training	Training Provider
Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman	06-Apr-16	Focus Group Series: Corporate Governance	Malaysian Directors Academy
Abdul Halim Bin Abdul Hamid	14-Apr-16	Driving Employees Engagement Workshop	Innovative Training Expert Sdn Bhd
	20-Aug-16	Tackling Staff Fraud And Dishonesty	Law Kah Kit
Chang Tan Chin	14-Apr-16	Driving Employees Engagement Workshop	Innovative Training Expert Sdn Bhd
	27-Aug-16	Tackling Staff Fraud And Dishonesty	Law Kah Kit
Chong Wai Yew	20-Aug-16	Tackling Staff Fraud And Dishonesty	Law Kah Kit
Low Hock Keong	14-Apr-16	Driving Employees Engagement Workshop	Innovative Training Expert Sdn Bhd
	11-Aug-16	Navigating Through Shifting Sands	Affin Hwang Capital
Ooi Chin Khoon	14-Apr-16	Driving Employees Engagement Workshop	Innovative Training Expert Sdn Bhd
	21-Apr-16	Infrastructure Investor Tokyo Forum 2016	Infrastructure Investor

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 2017.

## E. UPHOLD INTEGRITY IN FINANCIAL REPORTING

### Financial Reporting

The Board upholds integrity in financial reporting by ensuring that shareholders are provided with reliable information of the Company's financial performance, its position and future prospects, in the Annual Audited Financial Statements and quarterly financial reports.

The AC assist the Board in overseeing the Group's financial reporting processes and the quality of its financial reporting. One of the key responsibilities of the AC is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial report announced to Bursa Securities and the annual statutory financial statements.

# STATEMENT ON CORPORATE GOVERNANCE

## E. UPHOLD INTEGRITY IN FINANCIAL REPORTING (continued)

### Financial Reporting (continued)

The AC comprises of three (3) members of whom all are Independent Non-Executive Directors. The composition of the AC, including its roles and responsibilities are set out on pages 26 to 29 of this Annual Report.

### Suitability and Independence of External Auditors

The Audit Committee and Board place great emphasis on the objectivity and independence of the external auditors in providing true and fair report to the shareholders. Through the Audit Committee, the Board maintains a transparent relationship with the External Auditors in ensuring compliance with the appropriate accounting standards. The Audit Committee is empowered to communicate directly with the external auditors and vice versa to highlight any issues of concern at any point in time.

The External Auditors met the Audit Committee during the financial year to discuss the nature, scope of the audit, internal controls and issues that may require the attention of the Audit Committee or the Board. Audit Plan was also discussed on that score taking into account of the historical risk and control matters and the ongoing risk exposure to the Group.

During the financial year under review, the fees for External Auditors of the Group were RM406,997 in audit fee and RM10,000 for non-audit fee for services rendered by the External Auditors to the Group for the financial year ended 31 December 2016.

The External Auditors of the Company have confirmed to the Audit Committee that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence requirements set out by the Malaysian Institute of Accountants.

In compliance with MMLR of Bursa Malaysia and the Code, the Audit Committee within its duties reviews the scope of work, independence, objectivity and findings and recommendations of the audit conducted by the External Auditors.

## F. RECOGNISE AND MANAGE RISKS

The Board has overall responsibility of maintaining a system of internal controls and risk management which provides reasonable assurance of effective and efficient operations and compliance with laws and regulations as well as with internal policies and procedures.

The Board recognizes that risks cannot be fully eliminated. As such, the systems, processes and procedures being put in place are aimed at minimizing and managing them and to provide reasonable and not absolute assurance against material misstatement, loss or fraud.

The Board has mandated the AC with the overall responsibility of ensuring adequacy, completeness and effectiveness of the internal control system and risk management. The AC undertakes periodic reviews and monitors the compliance to these systems via the Internal Audit Function who carries out audit checks on such control processes and provides feedback on its effectiveness and compliance at the operating level. Any weaknesses or variances reported by the Internal Auditor to the AC will be turned into management actions to rectify any weaknesses in those control processes.

The Company has outsourced its internal audit function to an independent internal audit service provider namely IA Essential Sdn. Bhd. who is tasked with the aim of providing assurance to the AC and the Board on the adequacy, integrity and effectiveness of the system of internal control and risk management of the Company. The appointed internal auditor reports directly to the AC.

The key activities covered by the internal audit function during the financial year under review is provided in the AC Report of the Company as set out on page 28 to 29 of this Annual Report.

# STATEMENT ON CORPORATE GOVERNANCE

## G. TIMELY AND HIGH QUALITY DISCLOSURE

The Group recognises the importance of communication with its shareholders and utilises many channels to disseminate information and to interact with them. To augment the process of disclosure, the Group has a website in which shareholders and the public can access up-to-date information about the business and the Group. The Group's website can be accessed via [www.ock.com.my](http://www.ock.com.my)

In addition, the Group also releases financial results on a quarterly basis. The Group also aims to have full interaction with fund managers, bankers and analysts. The Group has established a Corporate Affairs department designated for the Executive Director and Senior Management to communicate and meet with bankers and analysts to brief them on the ongoing business scenario. Information is disseminated in strict adherence to disclosure requirements of Bursa Malaysia Securities Berhad.

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Group to the regulators, shareholders and stakeholders. Steps will be taken to formalise pertinent corporate disclosure policies to comply with the disclosure requirements as stipulated in the MMLR of Bursa Securities, and to set out the persons authorised and responsible to approve and disclose material information to shareholders and stakeholders.

## H. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Company aims to ensure that the shareholders and investors are kept informed of all major corporate developments, financial performance and other relevant information by promptly disseminating such information to shareholders and investors via announcements to Bursa Securities, which is in line with Bursa Securities' objectives of ensuring transparency and good corporate governance practices, through dialogue with analysts and the media.

The annual report and the quarterly announcements are the primary mode of communications to report on the Group's business activities and financial performance to all shareholders.

The Company also maintains an effective communication channel between the Board, shareholders and the general public through timely dissemination of all material information. Minority shareholders may communicate with the Company through the Company's website.

The AGM is the principal forum for dialogue with the shareholders. Shareholders are notified of the meeting and provided with a copy of the Company's Annual Report before the meeting. All shareholders are encouraged to attend the AGM and participate in its proceedings. Every opportunity is given to the shareholders to ask questions and seek clarification on the business and performance of the Group.

The Notice of AGM will be circulated at least twenty-one (21) days before the date of the meeting to enable shareholders sufficient time to peruse the Annual Report and papers supporting the resolutions proposed. The Board encourages participation at general meetings and will generally carry out resolutions by show of hand, except for Related Party Transaction if any (wherein poll will be conducted) and unless otherwise demanded by shareholders in accordance with the Articles of Association of the Company. The Chairman of the Board will inform the shareholders of their right to demand a poll vote at the commencement of the general meeting.

The AC is available at the AGM to answer questions and consider suggestions. The External Auditors are also present to provide their professional and independent clarification on issues of concern raised by the shareholders, if any.

# STATEMENT ON CORPORATE GOVERNANCE

## STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group at the end of financial year and of the results and cash flows of the Company and of the Group for the financial year then ended.

The Directors are satisfied that in preparing the financial statements of the Company and of the Group for the financial year ended 31 December 2016 the Company and the Group have used the appropriate accounting policies and applied them consistently and prudently. The Directors also consider that all relevant approved accounting standards have been followed in the preparation of these financial statements.

## COMPLIANCE STATEMENT

The Board confirms that the Group has made significant effort to maintain high standards of corporate governance throughout the year under review. The Board acknowledges that achieving excellence in corporate governance is a continuous process and is committed to play a pro-active role in steering the Group towards the highest level of integrity and ethical standards.