CORPORATE GOVERNANCE OVERVIEW STATEMENT

THE BOARD OF DIRECTORS ("THE BOARD") OF OPCOM HOLDNGS BERHAD AND ITS SUBSIDIARIES ("OPCOM" OR "THE GROUP") RECOGNISES THE IMPORTANCE TO MAINTAIN HIGH STANDARDS OF TRANSPARENCY, ACCOUNTABILITY AND INTEGRITY IN THE CONDUCTS OF THE GROUP'S BUSINESS AND AFFAIRS, AS THE BOARD BELIEVES THESE ARE THE KEY TO CONTINUOUS DELIVERING OF SHAREHOLDERS' VALUE.

The Board adopts and applies the Principles and Best Practices as governed by the Bursa Malaysia Securities Berhad ("Bursa Securities") ACE Market Listing Requirements ("Listing Requirements") and Guidance Note 11 on Corporate Governance, undertakes additional measures, principles and recommendation embodied in the Malaysian Code on Corporate Governance ("MCCG") and strives to adopt the substance and not merely the form behind the corporate governance prescription.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board delegates certain responsibilities to the Board Committees, all of which operate within the defined terms of reference to assist the Board in discharging its fiduciary duties and responsibilities. The Board Committees include the Audit Committee, Nominating and Remuneration Committee, Tender Committee and Risk Management Committee. The respective committees report to the Board on matters considered and their recommendation thereon for decision-making and approval.

The Board is responsible for the Company's overall strategic direction and objectives, its acquisition and divestment policies, financial policy, major investments and the consideration of significant financial matters. The Board's spectrum of skills and experience gives added strength to the leadership, thus ensuring the Group is under the guidance of an accountable and competent Board.

The Executive Directors have many years of combined experience and have in-depth industry and market knowledge to lead and manage the Group's business operations. The Executive Directors are supported by a core team of Senior Management who manage the Group's various business activities on a day-to-day basis. The management leadership team executes and implements the policies and strategies approved by the Board in compliance with the corporate governance, risk management and internal control framework of the Group.

The Group has a well-structured and process oriented communications framework to keep the Board and its committees informed of the Group's business activities on a continuous basis. Business workgroup activities are reported and measured against agreed Key Performance Indicator of the Group's yearly business plan on a monthly basis. The Group's financial and operational performance are reviewed by the various relevant committees of the Board on a quarterly basis (or as and when required). The Board meets with the management team at least once every quarter to review the Group's business activities, including important issues relating to business goals and objectives and internal controls.

The Board operates within a robust set of governance as set out below:

The Board has formally adopted a Board Charter, which provides guidance to the Board in the fulfilment of its roles, duties and responsibilities which are in line with the principles of good corporate governance. The Board Charter provides guidance for Directors and Management on the responsibilities of the Board, its Committees and requirements of Directors and it is subject to periodical review to ensure consistency with the Board's strategic intent as well as relevant standards of corporate governance.

The Board is also committed to conducting business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations. The Code of Conduct of the Board provides guidance for Directors regarding ethical and behavioural considerations and/or actions as they address their duties and obligation during their appointment. In ensuring that the direction and control of the Company is in the hand of the Board, a formal Schedule of Reserved Matters has been implemented, to guide and reserved matters specifically to the Board for decision making. The Schedule of Reserved Matters is provided to Directors upon appointment and it is kept up to date on quarterly basis.

The Board Charter, Code of Conduct and the Schedule of Reserved Matters of the Board are made available for reference in the Company's website, www.opcom.com.my.

The Board Meeting

For the financial year ended 31 March 2018, the Board held five (5) meetings. Directors' profiles and attendance to these meetings can be found in the Board of Directors' profile on pages 18 to 19. At Board Meetings, strategies and performance of the Group are being reviewed and evaluated in the light of any changing circumstances whether economic, social or political.

The Board meets regularly, at least once in every quarter, to review the Group's operations and performance. Additional meeting would be convened when urgent and important decision needs the Board's review and consideration between scheduled meetings.

Supply of and Access to Information and Advice

The Board has a formal schedule of matters reserved specifically for its decision. The Directors have full and timely access to all information pertaining to the Group's business and affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties. Prior to the Board meetings, the agenda for each meeting together with a full set of Board papers containing information relevant to the business of the meetings are circulated to the Directors. This allows sufficient time for any of the Board members to obtain further explanations or clarifications as may be needed from senior management and/or the company secretary or to consult independent advisers before the meetings.

Senior management personnel are invited to attend Board meetings to report on their areas of responsibility when necessary, to furnish the Board with detailed explanations and clarifications on issues that are tabled and/or raised at the Board meetings. External advisers may be invited to attend Board meetings at the expense of the Company when necessary.

At all times, all members of the Board have direct and unrestricted access to the senior management and the company secretary of the Company for information relating to business and affairs of the Group.

Training

The Directors assessed their own training needs and attended courses, seminars, conferences and talks to enhance their skill sets and knowledge to enable them to carry out their duties and discharge their responsibilities as directors of the Company. Additionally, the Directors kept themselves updated with the changes in the business and regulations through sharing and discussion in official Board meetings and unofficially through small group discussions among the Directors. Throughout the financial under review, regular updates/briefing on regulatory and industry trends were held at Board and Committee meetings.

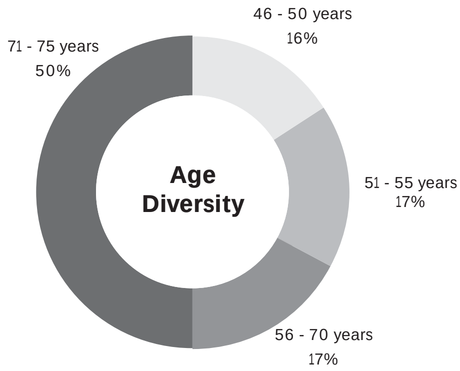
The Board has taken steps to ensure that its members have ongoing access to appropriate continuing education programmes in order to effectively discharge their functions effectively as directors.

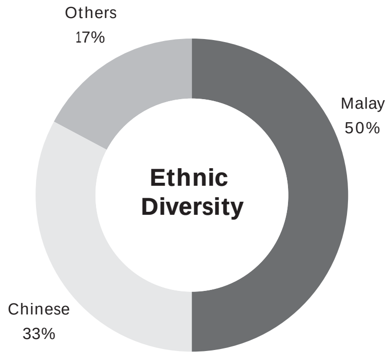
Composition and Balance of the Board

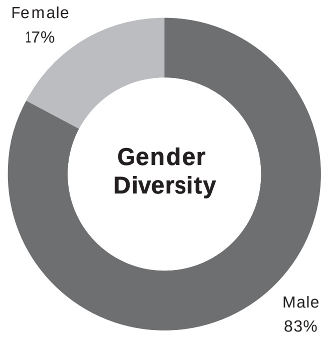
The Board has six (6) members comprising two (2) Executive Directors and four (4) Non-Executive Directors. All four (4) Non-Executive Directors are Independent Non-Executive Directors, thus, this complies with Rule 15.02 of the Listing Requirements that at least one-third (1/3) of the Board is independent directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The current board composition is illustrated as below:







The Directors have wide ranging experience and all have occupied or are currently occupying senior positions in the public and/or private sectors. A brief profile of each Board member is as set out on pages 18 to 19 of this Annual Report. The presence of independent directors fulfils a pivotal role in corporate accountability and the role of the independent directors is particularly important as they provide unbiased and independent views, advice and judgement.

Re-election of Directors

In May 2018 meeting, the Board approved that the two (2) Directors, namely, Tan Sri Mokhzani Mahathir and Chhoa Kwang Hua, Eric, who are due to retire by rotation at the forthcoming twenty-third AGM, be eligible to stand for re-election. Both the Directors have expressed their intention for re-election at the forthcoming twenty-third AGM.

Independent Directors

Criteria have been set to assess the independence of candidate for directors and existing directors based on the guidelines set out in the Listing Requirements. On an annual basis, the Directors are required to confirm their independence by completing the independence checklist.

The Company does not have term limits for Independent Directors as the Board believes there are significant advantages to be gained from the long-serving Directors who possess tremendous insight and in-depth knowledge of the Company's business and affairs.

The NRC had undertaken a review and assessment of the level of independence of the independent directors of the Board and based on the assessment, the Board is generally satisfied with the level of independency demonstrated by the Independent Directors, i.e. they are independent of management and free from any business dealing or other relationship with the Group that could reasonably be perceived to materially interfere with their exercise of unfettered and independent judgement. Therefore, it has determined at the assessment carried out that Lt. Jen. Dato' Seri Panglima Zaini Bin Hj. Mohd Said SP (B) and Abdul Jabbar Bin Abdul Majid, who have served the Board for more than twelve (12) years, remain objective and independent in expressing their views and in participating in deliberation and discussion making of the Board and Board Committees. The length of their service on the Board does not in any way interfere with their exercise of independent judgement and ability to act in the best interest of Opcom Group. Lt. Jen. Dato' Seri Panglima Zaini Bin Hj. Mohd Said SP (B) and Abdul Jabbar Bin Abdul Majid have been demonstrably independent in carrying out their roles as members of the Board and Board Committees, notably in fulfilling their roles as Chairman of the Audit Committee and NRC. Both are also serve as directors of Opcom Engineering Services Sdn Bhd, a 90% equity owned subsidiary of Opcom Holdings Berhad. The Board is therefore recommending to the shareholders at the forthcoming twenty-third Annual General Meeting to retain Lt. Jen. Dato' Seri Panglima Zaini Bin Hj. Mohd Said SP (B) and Abdul Jabbar Bin Abdul Majid as the independent directors of the Company via a two-tier voting process respectively.

The Board has commitment to increase the representation of women and people from cultural and linguistically diverse background. In addition, the Board supports broad diversity principles across the full range of diversified groups of people. The Group is committed to creating a supportive, flexible and fair work environment where difference among employees is respected. The aim is to provide a workplace that is free from all forms of discrimination and harassment and where all employees are given equal opportunities.

Nominating & Remuneration Committee

The Nominating and Remuneration Committee ("NRC") is responsible for the annual review of the required mix of skills and experience and core competency which Directors should bring to the Board and the annual assessment of the effectiveness of the Board as a whole, the Board Committees, the performance of each existing Director and its Independent Directors. With the latest compliance to the listing requirements, the NRC is responsible to review the term of office of the audit committee and performance of the audit committee and each of its members annually.

NRC evaluates the performance of the Board and Board Committees as a whole by way of questionnaires completed by respective Board Members and Board Committees. The evaluation process is led by the NRC Chairman supported by the Company Secretary and Corporate Services Workgroup.

The NRC Report is as set out on pages 33 to 36 of this Annual Report, which outlines the NRC's membership, its responsibilities and summary of activities carried out during the year.

Directors' Remuneration

The aggregate remuneration of the Directors for the financial year ended 31 March 2018 is as follows:

	Group				Company	
Director	**Directors' Fee (RM)**	**Salaries (RM)**	**Allowances (RM)**	**Benefits-in-Kind (RM)**	**Directors' Fee (RM)**	**Allowances (RM)**
Tan Sri Mokhzani Mahathir	36,000	252,342	16,000	–	24,000	16,000
Chhoa Kwang Hua, Eric	60,000	124,815	95,960	101,800	24,000	–
Lt. Jen. Dato' Seri Panglima Zaini Bin Hj. Mohd Said SP (B)	35,000	–	41,000	–	24,000	41,000
Abdul Jabbar Bin Abdul Majid	35,000	–	25,500	–	24,000	25,500
Sven Janne Sjöden	24,000	–	19,500	–	24,000	19,500
Chan Bee Lean	24,000	–	18,000	–	24,000	18,000

The determination of the remuneration of the Non-Executive Directors will be a matter to be determined by the Board as a whole on the recommendation of the Chairman and Executive Director. Non-Executive Directors receive a fixed annual fees, and allowances for attending Board and Board committee meetings.

The Board has established a policy and procedure to facilitate the NRC to review, consider and recommend to the Board for decision the remuneration package of the Executive Directors and Senior Management and is to be reviewed by the Board as required. The remuneration policy is made available for reference in the Company's website, www.opcom.com.my.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

As of financial year ended 31 March 2018, the Company has in place an Audit Committee which comprises three (3) independent Non-Executive Directors. The role of the Audit Committee is to oversee the processes for preparation and completion of the financial data. The Audit Committee reviews financial reports, related party transactions, situations of potential conflict of interests and the internal controls of the Group.

The Audit Committee has established formal and transparent arrangements to maintain an appropriate relationship with the Company's External Auditors. This includes policies and procedures to review the suitability and independence of the external auditor. During the year under review, the AC has received written assurance from external auditor confirming that it is and has been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Financial Reporting

The Board aims to present a fair, balanced and meaningful assessment of the Group and the Company's financial performance and prospects. This is achieved primarily through the announcements of quarterly financial results and annual financial statements to Bursa Securities and the circulation of annual report to the shareholders. The Audit Committee assists the Board by reviewing the financial information to be disclosed, to ensure completeness, accuracy and adequacy prior to release to Bursa Securities.

Statement of Directors' Responsibility for Preparing the Financial Statements

The Directors are required by the Companies Act 2016 to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year. In preparing the financial statements, the Directors have ensured that the applicable approved accounting standards in Malaysia, the provisions of the Companies Act 2016 and the Listing Requirements of Bursa Securities have been applied. In preparing the financial statements, the Directors have:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that are prudent and reasonable;
- Ensured that all applicable accounting standards have been adopted; and
- Prepared financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring that the Group keeps accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Companies Act 2016. The Directors have overall responsibility for taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal control and the need to review its effectiveness regularly in order to safeguard the Group's assets and therefore shareholders' investments in the Group. This system, by its nature, can only provide reasonable but not absolute assurance against material misstatement, fraud or loss.

Currently, the Group does not maintain an Internal Audit Department but had outsourced its internal audit function to Messrs Moore Stephens Associates PLT, who reports directly to the Audit Committee, to ensure independent reviews be carried out on the adequacy and integrity of the Group's system of internal controls. The Board considers the system of internal controls instituted throughout the Group sound and sufficient. The total cost incurred for the Internal Audit activities of the Group for the financial year under review was RM60,000.00. The Statement on Risk Management and Internal Control furnished on pages 37 and 39 of the Annual Report provides an overview on the state of internal controls within the Group.

Relationship with the Auditors

Through the Audit Committee, the Board has established and maintained a formal and transparent relationship with the Group's external and internal auditors. A summary of the activities of the Audit Committee during the financial year is set out under the Audit Committee Report on pages 31 to 32 of the Annual Report.

The Audit Committee reviews and evaluates the performance of the external auditors on annual basis through a series of questionnaires assessment, based on feedback from management and against agreed performance criteria as outlined in the audit plan. The Audit Committee was overall satisfied with the services delivered for the financial year ended 31 March 2018 and has made recommendation to the Board on their re-appointment and remuneration.

Risk Management Committee

Risk Management Committee holds monthly meetings and reports to the Audit Committee. This Committee regularly reviews all risks including financial, operation and market risks and ensures risks and controls are kept updated to reflect current business situations and ensure relevance at any given time. Steps are taken to eliminate outdated and irrelevant risks and identify new and vulnerable risks, for which new controls will be affected. The Management, in keeping with good corporate governance practices, takes a serious view of ensuring that the Group is always on alert of any situation that might adversely affects its assets, income and ultimately, its profits.

Tender Committee

The Tender Committee of the Board is mandated to review the Group's procurement activities as well as the Group's commitment to undertake major business mandates with third parties. For procurement activities, the Tender Board reviews the recommendation of the management team to undertake expenditure or investment activities which require Board approvals.

The Committee also looks into and review business transactions beyond a certain financial threshold set by the Board, including the nature of the transaction, risks associated with the proposed transaction and the risk-reward considerations of the proposed transaction.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Dialogue between the Company and Investors

The Company strives to maintain an open and transparent channel of communication with its shareholders, institutional investors and the investing public at large with the objective of providing as clear and complete a picture of the Group's performance and position as possible. Such information is communicated on a timely basis through the following channels:

- the various disclosures and announcements on Bursa Securities website including quarterly and annual results;
- the website developed by the Group known as www.opcom.com.my;
- the yearly annual report; and
- participating in investor forum with research analysts, fund managers and investors.

The Shareholders' Communication Policy is made available for reference in the Company's website.

General Meeting

The AGM is the principal forum for dialogue with shareholders. The Company values feedback from its shareholders and encourages them to actively participate in discussion and deliberations. AGM is held yearly to consider the ordinary business of the Company and any other special businesses. Each item of special businesses included in the notice is accompanied by a full explanation of the effects of the proposed resolution. During the annual and other general meetings, shareholders have direct access to Board members who are on hand to answer their questions, either on specific resolutions or on the Company generally. The Chairman ensures that a reasonable time is provided to the shareholders for discussion at the meeting before each resolution is proposed.

In line with the requirements of the Listing Requirements, poll voting will be conducted at the forthcoming twenty-third AGM. Summary of key matters will be published on the Company's website at www.opcom.com.my.

Shareholders who are unable to attend are allowed to appoint proxy(ies) to attend and vote on their behalf. Announcement will be made on the detailed results showing the numbers of votes cast and against each resolutions tabled at general meetings.

OTHER INFORMATION

Audit Fees and Non-Audit Fees

The fees incurred for services rendered to the Group by the Group's external auditors for the financial year ended 31 March 2018 is as follows:

	Group (RM)	Company (RM)
Audit fees	180,000	58,000
Non-audit fees	6,000	6,000

Non-audit fees payable to the external auditors for the financial year ended 31 March 2018 by the Group is for review of Statement on Risk Management & Internal Control.

Material Contracts

There was no material contract entered into by the Group involving the directors' or major shareholders' interest during the financial year ended 31 March 2018.

Compliance with MCCG

The Board considers that the Company has complied with the provisions and applied the key principles of the MCCG throughout the FYE 2018 except for the below where the explanation for departure is disclosed in the Corporate Governance Report:

- Practice 1.3: The positions of Chairman and CEO are held by different individuals.
- Practice 4.6: In identifying candidates for appointment of directors, the Board utilises independent sources to identify suitably qualified candidates.
- 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.
- 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 (2) years before being appointed as a member of the Audit Committee.
- Practice 11.2: Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.
- 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.

- Practice 12.3: Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate –

  (a) including voting in absentia; and

  (b) remote shareholders' participation at General Meetings.

Corporate Sustainability Statement

The Group ensures its business strategies to drive a long-term corporate growth and profitability also inherently embrace social responsibility, good governance and overall sustainability. The Group maintains continual vigilance on all of its activities so that these have positive impact and enrich to communities, environment, employees and stakeholders on surrounding the Group operates.

The strategy to promote sustainability and its implementation is made available for reference in the Company's website, www.opcom.com.my.

Recurrent Related Party Transactions

The recurrent related party transactions of a revenue or trading nature of Opcom Holdings Berhad ("Opcom") and its subsidiaries ("Opcom Group") made during the financial year ended 31 March 2018 pursuant to the shareholders' mandate were as follows:

Transacting Party	Nature of Transaction	Interested Directors, Major Shareholders and Persons Connected	Aggregate Value (RM)
Opcom Sdn Bhd ("OSB") Group and associated companies	Purchase of goods and services from OSB • Accessories and related training • Business development commission • Motor vehicle expenses • Turnkey for plant and machineries • Supply of capital equipment and related project management	Tan Sri Mokhzani Mahathir [a] Dato' Seri Mukhriz Mahathir [b] Tok Puan Norzieta Zakaria [c] Mirzan Mahathir [d] MOCSB [e]	2,539,229
	Letting of office space of 225 sq.ft. at No. 11 Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan at RM225 per month to OSB		2,700
Airzed Broadband Sdn Bhd ("ABSB")	Letting of Opcom's open area of 4,890 sq. ft. at No. 11 Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan at RM1,650 per month to ABSB	Dato' Seri Mukhriz Mahathir [b] Tok Puan Norzieta Zakaria [c] MOCSB [e] Chhoa Kwang Hua [f]	19,800
Perennial Renaissance Sdn Bhd ("PRSB")	Renting of PRSB's office space at 2,870 sq. ft. at D-10-P2 Plaza Mont' Kiara, No. 2 Jalan Kiara, Mont' Kiara, 50480 Kuala Lumpur, Wilayah Persekutuan at RM5,600 per month by Opcom	Chhoa Kwang Hua [f] Emile Chhoa Yin-Ling [g]	67,200
Unigel (UK) Limited Group ("Unigel Group") and associated companies	Supply of goods and services to Unigel Group and its associated companies • All chemical including petroleum based products	Chhoa Kwang Hua [f] UL [h] Hikari [i]	30,696,444
	Purchase of goods and services from Unigel Group and its associated companies • Cable related raw materials, components and other such related merchandise		12,131,760

Notes

Nature of interest:

[a] Tan Sri Mokhzani Mahathir is the Chairman/Chief Executive Officer of Opcom and Opcom Cables Sdn Bhd ("OCSB"). Tan Sri Mokhzani Mahathir is the brother of Dato' Seri Mukhriz Mahathir and Mirzan Mahathir. He is also the brother-in-law of Tok Puan Norzieta Zakaria.

[b] Dato' Seri Mukhriz Mahathir is a major shareholder of Opcom.

[c] Tok Puan Norzieta Zakaria, the spouse of Dato' Seri Mukhriz Mahathir is a director of OCSB, Unigel Compounds Sdn Bhd and Opcom Shared Services Sdn Bhd ("OSSSB"). She is a major shareholder and director of M Ocean Capital Sdn Bhd ("MOCSB"), OSB and ABSB.

[d] Mirzan Mahathir, the brother of Tan Sri Mokhzani Mahathir and Dato' Seri Mukhriz Mahathir and the brother-in-law of Tok Puan Norzieta Zakaria is a director of OCSB and a shareholder of OSB. He is also a shareholder and director of MOCSB.

[e] MOCSB is a major shareholder of Opcom.

[f] Chhoa Kwang Hua, an Executive Director/Deputy Chief Executive Officer of Opcom is a director of UCSB and OSSSB. He is an alternate director to Tok Puan Norzieta Zakaria in OCSB. He is a director and major shareholder of ABSB, Hikari Capital Limited ("HCL") and Unigel Limited ("UL").

[g] Emile Chhoa Yin-Ling, the daughter of Chhoa Kwang Hua is a major shareholder and director of PRSB.

[h] UL, a 60% shareholder of Unigel Group.

[i] HCL is the holding company of UL.